Comparative analysis on a corporate sponsorship for art museums in Korea and the United States

Hayoung Chung
Sotheby's Institute of Art

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Comparative analysis on a corporate sponsorship for art museums in Korea and the United States

by

Hayoung Chung

A thesis submitted in conformity with the requirements for the Master’s Degree in Contemporary Art Sotheby’s Institute of Art

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Comparative analysis on a corporate sponsorship for art museums in Korea and the United States

By Hayoung Chung

The Korean art museum scene is still in its infancy, and the performance of the private museums is relatively weaker than that of the public ones despite their higher number. This study aims to understand the reasons behind their weak performance within the unique system of Korean private art museums; Korean corporations prefer establishing their art foundation and operating private museums rather than supporting independent and external museums. This study will discuss a relatively inefficient tax benefit structure for companies when they support arts and Korean art museums’ lack of corporate sponsorship schemes compared to the American art museums. Moreover, the comparison study between the Guggenheim Foundation and the Kansong Foundation will suggest a way that Korean private art museums can nurture sustainable support from companies under this circumstance.
TABLE OF CONTENTS

TABLE OF CONTENTS .................................................................................................................. i
LIST OF ILLUSTRATIONS ........................................................................................................... ii
I. INTRODUCTION ..................................................................................................................... 1
  1. Statement of Problem ............................................................................................................. 1
  2. Purpose of the study .............................................................................................................. 6
  3. Limitations .......................................................................................................................... 7
  4. Methodology ......................................................................................................................... 7
II. CHAPTER 1: OVERVIEW OF PRIVATE ART MUSEUMS & FOUNDATIONS IN KOREA ................................................................................................................................. 9
III. CHAPTER 2: REASON BEHIND USE OF CORPORATE ART FOUNDATION IN KOREA; WEAK TAX REDUCTION BENEFIT ......................................................... 13
  1. Tax reduction benefit of charitable giving to art museums .................................................. 13
  2. Korea: Tax benefit of establishing an art foundation ......................................................... 17
IV. CHAPTER 3: LACK OF EFFECTIVE CORPORATE SPONSORSHIP SCHEME IN KOREA ................................................................................................................................. 20
  1. United States: A long history of supporting arts ................................................................. 20
  2. Korea: The culture of giving is still in an early phase ....................................................... 23
  3. Case: Solomon R. Guggenheim Foundation .................................................................. 27
  4. Case: Kangsong Art and Culture Foundation ................................................................. 34
V. CHAPTER 4: CONCLUSION .................................................................................................... 46
ILLUSTRATIONS ......................................................................................................................... 48
APPENDICES ............................................................................................................................. 59
BIBLIOGRAPHY ......................................................................................................................... 69
LIST OF ILLUSTRATIONS

Chart 1 Korea: Number of art museums per million people........................................48
Chart 2 Korea: Number of registered museums.........................................................48
Chart 3 Korea: Annual operational expense of museums...........................................49

Table 1 Korea: Overview of exhibitions, participating artists, and visitors to art museums .........................................................................................................................49
Table 2 Korea: Operating profit of private museums...................................................50
Table 3 Korea: Corporate art foundation’s program overview (visual art)...............50
Table 4 United Sates: Corporate tax rate schedule.....................................................51
Table 5 Korea: Corporate tax rate schedule.................................................................51
Table 6 Samsung Foundation of Culture's stakes in Samsung Group affiliates ..........52
Table 7 Guggenheim: List of exhibitions in 2017.........................................................53
Table 8 Kansong: List of recent exhibition at DDP ......................................................54

Image 1 Bohwagak: Museum view in 1930s.................................................................55
Image 2 Kansong Art Museum: Museum view in 2000s..............................................55
Image 3 Kansong Collection: "Celadon vase with inlaid crane and cloud designs" ....56
Image 4 Kansong exhibition at DDP .......................................................................56
Image 5 Kansong Collection: "Hunmin Jeongeum" ....................................................57
Image 6 Kansong Collection: "Poonak Naesan Chongramdo" ...................................57
Image 7 Kansong: Samsung video zone in exhibition.................................................58
Image 8 Kansong: Naver online exhibition ...............................................................58
I. INTRODUCTION

1. Statement of Problem

The Korean art museum scene is still in its early stages, although there is a growing international audience for Korean artists. The sustainable growth of the field of the arts comes from the establishment of infrastructure to support artists and connect them with the audience. In this regard, museums, one prominent form of a non-profit art organization, play an essential role by providing a platform for the emerging artist through exhibitions or by offering cultural education to the public, thereby enhancing the public’s understanding of art.

It is difficult to argue that existing Korean art museums have efficiently served the Korean public, although public access to the museums has been improving steadily over the past decade. The number of art museums per million people (Chart 1) grew from 2.9 in 2009 to 4.2 in 2014, increasing by approximately 45% during the period. However, according to the Korean Ministry of Culture, Sports and Tourism’s (MCST) recent survey on the Korean public’s cultural activities, the average number of annual visits to all type of museums remained at 0.24 in 2016.

Before the primary subject of this study, art museums in Korea, can be investigated, it is important to examine the terminology for categorizing art museums. In Korea, the defining characteristic of museums is the entity which established and currently operates them. According to the Museum and Art Gallery Support Act (Appendix 1), the

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institutions fall under one of four categories: national, public, private, and university museum.

Both national and public museums are established and run by public entities such as the states or local government. The Act defines these museums as institutions which are created and operated by the state government and local government, respectively. Meanwhile, according to the Act, private art museums are the institutions built and run by a private organization. Specifically, the body could be both foundation and individual, and the legal entity should be pursuant to the Civil Act, the Commercial Act, or other Special Act passed by the Korean government. In particular, the Museum and Art Gallery Support Act (Appendix 1) classifies a museum established and operated by a university as a university museum.

For this study, “public” museum includes both national and public museums, and “private” museum refers to both university and private museums. This is because each group of entities shares the same revenue source, government subsidy vs. others, and most research on cultural institutions in Korea uses this simplified categorization.

Following this classification, examining the number of art museums by type will provide a brief overview of the Korean museum scene (Chart 2). Over two-thirds of art museums in Korea were private museums as of 2015. Among the 193 art museums in Korea, the number of public art museums was 54, which is 28% of the total, while the

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3 Sawoong Hong et al., 미술시장실태조사 [Survey of the Art Market 2016], (Seoul: Ministry of Culture, Sports and Tourism & Korea Arts Management Service, 2016), 44.
number of private ones reached 139, 72% of the total.\textsuperscript{4} Nearly half of the private museums are operated by individuals in Korea.\textsuperscript{5}

Other quantitative figures raise significant questions about art museums in Korea. Despite the higher number of private institutions, the performance of the private museums is relatively weaker than that of the public museums. The times of exhibitions, participating artists, and number of visitors suggest that private art museums in Korea have weakly performed compared to the public ones. In their annual report on the Korean art market survey, the MCST evaluated the performance of art museums based on those numbers, primarily using annual visitors to the museums. While the number of shows held at private museums amounted to 1,213, higher than the 873 exhibitions held at public institutions, the average number of exhibitions held each year at a private museum is only 8.7, a figure nearly half the average held each year at public museums (Table 1).\textsuperscript{6} Furthermore, the average number of participating artists for the exhibitions held in private museums was 132.9, only slightly above half of the figure for public museums (Table 1).\textsuperscript{7}

Previous research by Jinyoung Hwang and others, \textit{The influence of visit determinant on the satisfaction of audience: Focusing on the private art museums in Seoul}, supports the idea that differences in exhibitions and participating artists would correlate with the numbers of visitors to each type of museum. Hwang and others concluded that the

\textsuperscript{4} Ibid.  \\
\textsuperscript{5} Ibid.  \\
\textsuperscript{6} Ibid., 173.  \\
\textsuperscript{7} Ibid.
primary determinants of art museum visitors in Korea are the exhibitions and facilities.\(^8\)

To this end, a smaller number of exhibitions and participants per private museum (Table 1) would be one of the reasons which has led to notably lower numbers of average visitors to each venue. During 2013-15, the average number of visitors to each private museum was around 5,000 annually, while visitors to public museums totaled on average 15,000.\(^9\)

Furthermore, the difference in exhibition types is another reason for the lower number of visitors to private art museums. Regarding exhibition type, private art museums tend to focus more on showcasing their permanent collection rather than designing special exhibitions. During 2015, 85.5% of private art museums held special exhibitions; in contrast, all public institutions held 7.3 special shows in average.\(^{10}\)

Meanwhile, 74.4% of private art museums held their permanent exhibition, a percentage slightly higher than the 69.2% of public museums.\(^{11}\) This tendency of private art museums to serve permanent exhibitions rather than special exhibitions compared to public institutions continued over 2013-15.\(^{12}\)

Most of all, the financial instability of private art museums is the most significant problem they face. In their research *Study on Improvement Plan of Museum and Art Gallery Support Act*, Sohyun Park and others provided a comparison of the annual operating expense of museums, including art museums, by type (Chart 3). The yearly expense of around ninety percent of museums regardless of their type is less than Korean

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\(^9\) Hong et al., *Survey of the Art Market 2016*, 173.

\(^{10}\) Ibid., 174.

\(^{11}\) Ibid.

\(^{12}\) Ibid.
Won (KRW) 1bn which is equivalent to US Dollar (USD) 1mn.\textsuperscript{13} Moreover, 48% of private museums operate the institution with an annual expense of less than KRW 100mn (=USD 100,000).\textsuperscript{14} Park and others also pointed out their chronic insufficient budgets and high dependency on limited fundraising sources as the primary reasons for the poor management of the institutions.\textsuperscript{15}

Meanwhile, in her research \textit{Study on Revitalization of Private Museum Operation in Cooperation with Local Governments}, Hyein Kim highlighted the fact that the limited revenue source of a private art museum is one of the main reasons for their financial instability.\textsuperscript{16} Kim analyzed the operating profit of private museums based on their revenue sources. Remarkably, only 4.3\% of private institutions are self-sufficient (Table 2).\textsuperscript{17}

According to Kim, these are the only institutions that can make an operating profit with their sales of admission tickets and relevant programs.\textsuperscript{18} In other words, over 95\% of private museums depend on government support, the private wealth of the founder, or different types of sponsorship. Furthermore, around half of private museums derive more than fifty percent of their revenues from external support rather than from sales related to exhibitions or programs. Kim also addressed the restriction of governmental assistance to private museums, pointing out its lack of continuity and limited scope.\textsuperscript{19} For instance,

\begin{itemize}
  \item \textsuperscript{13} Sohyun Park et al., 박물관 및 미술관 진흥법 개선방안 연구 [Study on Improvement Plan of Museum and Art Gallery Support Act], (Seoul: Korea Culture & Tourism Institute, 2012), 135-136.
  \item \textsuperscript{14} Ibid.
  \item \textsuperscript{15} Ibid.
  \item \textsuperscript{16} HyeIn Kim et al., 지방자치단체 연계 사립박물관 운영활성화 방안 연구 [Study on Revitalization of Private Museum Operation in Cooperation with Local Governments], (Seoul: Korea Culture & Tourism Institute, 2011), 15-16.
  \item \textsuperscript{17} Ibid.
  \item \textsuperscript{18} Ibid.
  \item \textsuperscript{19} Ibid.
\end{itemize}
both the Korean national government and local government support private museums’
exhibitions or education programs with a lottery fund, or they provide in-kind support by
operating internship/curator programs.\textsuperscript{20}

\section*{2. Purpose of the study}

Korean private art museums have unique concerns which have hindered their further
growth. This study aims to understand the reasons behind their weak performance within
the unique system of Korean private art museums, to attempt to derive solutions to
improve their situation within the current structure of the Korean museum scene.

To understand the reasons behind the financial instability of private art museums,
this study will focus on their unique relationship with corporations in Korea; in which
they establish corporate art foundations rather than supporting external/independent
museums. The first chapter will provide an overview and history of corporate art
foundations, who run most of the prominent private art museums in Korea. To explain the
specific reason behind this preference (for owning an art foundation), the study will
discuss the detailed tax benefits that corporations can enjoy when they support the arts in
various ways. It is this tax reduction benefit that is one of the most critical philanthropic
motivations for the corporations.

Furthermore, to discover a way to enable Korea’s private museums to be sustainable,
this study will compare corporate sponsorship in the United States and Korea. For private
art museums in the US, support from corporations has been a major revenue source over

\textsuperscript{20} Ibid.
time. After an examination of a brief history of corporate sponsorship for the arts in both countries, case studies of two private art museums run by non-corporate foundations, the Solomon R. Guggenheim Foundation in the US and Kansong Art and Culture Foundation in Korea, will follow.

3. Limitations

The first limitation of this study is the lack of previous research and resources regarding the Korean art museum scene. Because of Korea’s fast economic growth, the discussion or research on private corporations’ philanthropic responsibility began in the 1990s. Thus, the range or depth of the previous studies is limited. Furthermore, most private museums or art foundations in Korea tend not to disclose details of their operation. In this regard, interviews with the relevant figures at the museums, corporations, and related associations are useful. However, most art organizations are not open to external communication.

Furthermore, an apple to apple comparison of the system and capability of art museums in the US and Korea is less viable because of their economic growth history and the different current legal/cultural environment of the museums. To this end, this study addresses the background information to improve the understanding of these points.

4. Methodology

This study relies on existing research related to the donation culture and its history to understand the background of the current environment. In addition, to gain an
understanding of recent trends in the art museum scene in the US and Korea, this study analyzes existing surveys and statistical data from other specialized institutions. Furthermore, analysis of the original text of the related law in both countries and an informal discussion with an expert took place. In case studies, many articles have been utilized to understand recent trends, as well as the documentation provided by each museum. Moreover, in the case of the Guggenheim, an in-depth interview with a senior manager in its development department adds further depth to the argument.
II. CHAPTER 1: OVERVIEW OF PRIVATE ART MUSEUMS & FOUNDATIONS IN KOREA

In her research *Study on the Status and Characteristics of Cultural Foundation in Korea*, Seonmi Yoon defines the meaning of a corporate art foundation as a non-profit entity which is established based on the corporation’s asset donations but legally separated.\(^{21}\) Despite its legal independence, a corporate art foundation has a close relationship with the corporation in question. In most cases, the significant revenue sources for operation come from the corporation even after its establishment. Thus, the activity of the foundation tends to have a high dependency on the corporation’s performance or business strategy. For instance, the management of the corporation decides on beneficiary selection and the amount or type of support (i.e., financial or in-kind support). To this end, corporate art foundations tend to support art and cultural events or organizations which have an influence in the local community that the corporation has a presence in, or are in line with the corporation’s interests.\(^{22}\)

In Korea, some foundations under the umbrella of conglomerates actively offer a wide range of programs to encourage public access to the visual arts (Table 3). Among several corporations’ art and cultural foundations, the presence of foundations under Samsung, Kumho, Doosan, and Daelim Group is notable in the visual arts. In general, the activities and programs which the foundations offer fall under four categories: art museum or exhibition venues; artist residency programs and other artist incubating programs; awards and contests; and education programs for the public. For example, the

\(^{21}\) Seonmi Yoon, “한국의 문화재단 현황 및 특성에 관한 연구” [Study on the Status and Characteristics of Cultural Foundation in Korea], (MA diss., Kyung Hee University, 2003), 7-9.

\(^{22}\) Ibid.
Doosan Yonkang Foundation, which was ranked tenth in the list of corporate foundations with the highest operating expenses in 2015,\(^\text{23}\) has offered comprehensive support in the contemporary visual arts. The Foundation operates its non-profit gallery spaces in Seoul and New York and provides an artist fostering program through Doosan Art Lab and its residency program in New York.\(^\text{24}\) Moreover, they hold contests, such as the Doosan Yonkang Art Awards for young artists under forty, and run Doosan Art School, which is a public education program that includes free lectures for adults and children.\(^\text{25}\)

In Korea, there is rarely a direct correlation between the activities of the art foundation and the business strategy of its founding company. Instead, the key decisions are usually made by a few top managers of the company. For example, the owner or founder of Korean conglomerates tend to have significant influence over the activities of the foundation.

For instance, the Doosan Yonkang Foundation was set up to realize the group founder Yongkang’s belief that “education is the driving force of national development.”\(^\text{26}\) Regarding their support to the visual arts, any direct synergy with the Group’s business cannot be easily defined, although it is fair to say that the foundation has stuck to its initial mission. The Doosan Group’s business focus is more on business-to-business—such as industrial sectors including engineering, construction, and machinery—than business-to-consumer. Although some of its subsidiaries are doing business targeting consumers, including fashion retail companies or fashion magazine

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\(^{25}\) Ibid.

publishers, the Group has a much stronger presence in the business-to-business market. Considering that one of the primary reasons for corporation sponsorship is to increase the firms’ brand reputation to its clients and the end consumer in general, it is questionable whether synergy with the existing business is the primary purpose of the Doosan Yonkang Foundation.27

It is worth examining the history of corporate foundations in Korea to understand their above-mentioned characteristics. According to Yoon, Korea’s corporate foundation focusing on art and culture activities appeared along with rapid economic growth during the 1960-70s.28 During this period of growth, several companies which were backed by the Korean government grew faster and became dominant players in the market. These major conglomerates, so-called Chaebol, began to actively participate in philanthropic activities through the establishment of their foundations in the 1960s.29 For instance, Samsung Group founded its Samsung Foundation of Culture, which established Leeum, the most prominent private art museum in Korea, and LG also founded the Yonam Foundation in 1969.30 Following the 1970s, when the notion of corporate social responsibility was first introduced to the public, democratization in the 1980s promoted corporations’ establishment of foundations, and approximately fifty percent of today’s corporate foundations were established in the 1980s.31

Yoon’s explanation suggests that corporate art foundations’ dependency on a few individuals such as the top manager of the company, and the problems that arise as a

29 Ibid.
30 Ibid.
31 Ibid.
result, could be generalized. She explained the character of art foundations in Korea, which is distinguished from organizations in other countries. From a financial perspective, Yoon suggested several noteworthy common features of art foundations in Korea. First, most of the foundations are privately operated by the owner, and thus its actual asset size or giving amount is rarely trackable. Second, initial fundraising for the establishment of corporate art foundations is mainly based on the private wealth of the individual (i.e., a chairman of the company). Among the cases studied here, private wealth takes 51.9%, corporations 33.3%, and collaborative donation 14.8% each.

Yoon also highlighted the general problems of art foundations in Korea, noting that most art foundations’ operations are not independent of the organization who supports the foundation. This background raises several issues, such as lack of expertise or systematic organization structure, meager budget, unfairness in the beneficiary selection process (depending on the chairman's personal preference), and lack of diversity regarding genre.

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32 Ibid., 55-59.
33 Ibid.
34 Ibid.
35 Ibid.
36 Ibid.
III. CHAPTER 2: REASON BEHIND USE OF CORPORATE ART FOUNDATION IN KOREA; WEAK TAX REDUCTION BENEFIT

1. Tax reduction benefit of charitable giving to art museums

In general, a variety of tax mechanisms contribute to the financial indirect aid system for art institutions such as art museums.\(^{37}\) Two types of devices exist: directly exempting arts institutions from tax or rewarding third parties when they confer benefits on the institutions.\(^{38}\) For instance, in the US, corporations have been allowed income tax deductions for their charitable contributions since 1935.\(^{39}\)

A tax deduction is still one of the most robust motivations for private donors of an art museum. For example, in recent years, some European museums have been searching for a way to expand their international supporter base by providing proper tax deduction benefits to donors.\(^{40}\) While favorable tax laws help institutions in the US by creating a culture of giving by private donors, this culture was not common in Europe, where governments often support museums.\(^{41}\) However, European governments have recently been reducing their support to museums, and thus even these museums are following the American way.\(^{42}\) For instance, the Prado museum in Spain received 64.9\% of its funding from the government in 2006, and in 2015, the government provided only 32.4\% of the museum’s budget.\(^{43}\) One of their efforts is to attract American donors by making it


\(^{38}\) Ibid.

\(^{39}\) Ibid.


\(^{41}\) Ibid.

\(^{42}\) Ibid.

\(^{43}\) Ibid.
possible for the donors to contribute cast or art objects and receive a tax deduction.\textsuperscript{44} A provision in the tax code says that cash gifts from living people that go to a 501(c)(3) entity allows the donor to receive a tax-write off, providing the gifts do not exceed fifty percent of the donor’s adjusted gross income.\textsuperscript{45}

Even in the US, the American Alliance of Museums recently emphasized the importance of tax deduction benefits to encourage donors’ charitable giving. It was part of the proposal against the Trump Administration’s tax reform outline released in November 2017, the reform that seeks to significantly scale back itemized deductions and increase the standard deduction.\textsuperscript{46} The Association explained that charitable giving accounts for more than one-third of American museums’ operating funds and that tax incentives have been one of the significant motivations for charitable gifts for over a century.\textsuperscript{47} For instance, a public opinion poll commissioned by the United Way found that 79\% of American think that reducing or removing the charitable tax deduction would have a negative impact on charities and the people they serve.\textsuperscript{48}

While corporations are subject to a different tax rate schedule, the annual charitable deduction is limited to ten percent of the company’s taxable income if the entity donate to any of the organizations being qualified under section 170(c) of the Internal Revenue Code.\textsuperscript{49} The organizations include “A community chest, corporation, trust, fund, or foundation, organized or created in the US or its possessions, or under the laws of the US,

\textsuperscript{44} Ibid.
\textsuperscript{45} Ibid.
\textsuperscript{47} Ibid.
\textsuperscript{48} Ibid.
any state, the District of Columbia or any possession of the US, and organized and operated exclusively for charitable, religious, educational, scientific, or literary purposes, or for the prevention of cruelty to children or animals,”⁵⁰ and most of the art museums fall under this category.

In Korea, the fundamental structure of tax deductions for corporations’ charitable contributions is similar to that of the US. The Corporate Tax Act (Appendix 2) specifies corporations’ tax deductibility by the type of organization receiving the donation. For a designated donation, contributions prescribed by Presidential Decree giving due consideration to the public interest, the limitation is ten percent of the income before subtracting donations as an expense.⁵¹ Meanwhile, for a statutory donation, a gift through the Korean government such as a donation fund, the limit is higher, at fifty percent.⁵²

In their research Study on Tax Reduction Effect and Improvement Plan of Private Museum Operation, Wontae Lee and others concluded that one of the main obstacles hindering the charitable giving of corporations in Korea is not the limitation of a tax deduction, considering that Korea has a higher than average ceiling for deductions.⁵³ Instead, the language in the Corporate Tax Act (Appendix 2) is hard to understand and corporations and art organizations have found it difficult applying the language to the reality.⁵⁴ For example, to be an organization which offers tax deduction benefits to the corporation, they are require to meet detailed criteria laid out in the articles of the Act,

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⁵⁰ Ibid.
⁵² Ibid.
⁵³ Wontae Lee et al., 사립박물관 운영의 세금감면 효과 및 개선 방안 연구 [Study on Tax Reduction Effect and Improvement Plan of Private Museum Operation], (Seoul: National Museum of Korea, 2006), 6-40.
⁵⁴ Ibid.
and the Act includes a specific list of those organizations. Furthermore, to be recognized as a charitable contribution, corporations must meet several requirements, which cause additional administrative cost burdens for the companies.

Moreover, a difference in the corporate tax rate schedule is another factor that determines corporations’ charitable giving. The first difference is the absolute level of corporate income tax rate. The worldwide average statutory corporate income tax rate, measured across 202 tax jurisdictions, is 23.0%. The US has the fourth highest statutory corporate income tax rate in the world, levying a 38.9% tax on corporations’ earnings. Meanwhile, compared to the US, Korea has a lower rate of 24.1%, which is slightly above the global average. Although some of the largest companies in Korea are paying comparable corporate taxes to American companies, the lower tax rate on average is one of the reasons which dilutes the impact of the tax deductions of Korean corporations’ charitable contributions.

Additionally, the wide interval in Korea’s corporate tax rate schedule also implies that corporations have less motivation for charitable giving in the US. In the US, a corporate income tax schedule (Table 4) has eight intervals and thus companies can expect a supplementary benefit from reducing their taxable amount and enjoy a lower tax rate if the new amount falls under a different bracket. However, in Korea, corporations

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55 Ibid.
56 Jinsoo Kim, Taehoon Kim, and Jeongah Kim, 주요국의 기부관련 세제지원제도와 시사점 [Tax Support System and Implications for Donations in Major Countries], (Seoul: Korea Institute of Public Finance, 2009), 94-101.
58 Ibid.
59 Ibid.
hardly benefit from a change in tax brackets as the schedule has only three brackets (Table 5).

To summarize, tax deductibility for corporations’ charitable contributions to non-profit organizations including museums is essentially similar to that of the US, whose culture of giving has flourished more. Instead, the specific definition of a receiving organization and the overall corporate income tax rate and tax rate schedule could hinder Korean corporations’ donations to museums.

**2. Korea: Tax benefit of establishing an art foundation**

Other than the less effective tax deduction benefit of charitable giving for a corporation, several tax advantages regarding the direct operation of art and cultural foundations and private museums exist in Korea. These benefits include tax exemption in the case of the purchase and establishment of a private museum (i.e., registration tax); exemption of inheritance, gift, and transfer income tax; deduction of special purpose business reserve; and exemption from tariff and value-added tax.61 Interestingly, a brief analysis of the relationship between corporate art foundations and their groups suggests that benefits regarding inheritance tax can be the main reason that Korean corporations prefer establishing their art foundation and operating private museums.

For Korean conglomerates who are in a transition period, management succession has been a significant issue. In this context, owner families, who have accumulated wealth including substantial stakes in the group affiliates, have a substantial interest in

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61 Lee et al., *Study on Tax Reduction Effect and Improvement Plan of Private Museum Operation*, 6-40.
the exemption or deferment of inheritance tax. According to the latest Inheritance Tax and Gift Tax Act (Appendix 3), two significant inheritance tax benefits exist in the case of a corporation establishing and operating an art museum. For instance, property bequeathed as a public organization, including an art museum, is exempt from inheritance tax. In addition, an inheritance tax payment on museum or art gallery materials, which are exhibited or preserved in a museum or art gallery, can be deferred.62

Moreover, a brief analysis of the ownership structure of major conglomerates in Korea suggests that the tax exemption benefit is a crucial factor for those conglomerates to consider when establishing their art foundation and museum. The Samsung Foundation of Culture’s stakes in Samsung Group affiliates (Table 6) is a representative example. Despite continuous controversies surrounding the foundation’s intervention in management succession, the Samsung Foundation of Culture still owns shares in major Samsung Group affiliates such as Samsung Life Insurance or Samsung F&M, and the market value of their total stake in these subsidiaries is over two trillion Korean Won (=USD 2bn). Considering that the chief director of the foundation is Jaeyong Lee, the son of the current Samsung Group chairman, it is reasonable to conclude that the foundation’s stake in the affiliates is based on management succession methods that avoid taxation.

Meanwhile, the study by Lee and others suggests that the effectiveness of the current tax deduction mechanism in Korea can be improved through the enhancement of the external environment rather than a revision of the existing legislative structure.63 In their research, the external environment comprises a lack of public understanding of a private

63 Lee et al., Study on Tax Reduction Effect and Improvement Plan of Private Museum Operation, 6-40.
museum’s role in Korean society and an absence of a culture of giving to art institutions (i.e., only eight percent of the total donations go to art and cultural organizations).\textsuperscript{64} Furthermore, the environment includes the inefficient operation of private museums such as their lack of transparency in management.\textsuperscript{65} In the following chapter, we will continue to discuss other obstacles for private art museums, focusing more on the lack of efficient sponsorship system for those institutions.

\textsuperscript{64} Ibid.
\textsuperscript{65} Ibid.
IV. CHAPTER 3: LACK OF EFFECTIVE CORPORATE SPONSORSHIP SCHEME IN KOREA

1. United States: A long history of supporting arts

In his book, Strategic Giving: The Art and Science of Philanthropy, Peter Frumkin describes the US as a country with a developed philanthropic culture. In the US, the total monetary donations to all types of charity from corporations, individuals, and institutions has surpassed USD 200bn a year, an amount far greater than any other nation. Philanthropic activity in the US has developed constantly and modestly over time, shaped in part by the state of the economy, the performance of the market, and other economic factors. Although individuals still constitute the majority of donors, the role of institutions and corporations is increasingly being highlighted.

The idea of giving in the US has developed over time. In explaining the difference between charity and philanthropy, Frumkin notes that charity can be understood as “the uncomplicated and unconditional transfer of money or assistance to those in need with the intent of helping.” Meanwhile, philanthropic practice has challenged the traditions of charity. The principles of self-help and opportunity creation are key differences of philanthropy compared to charity. This new concept of giving was introduced by two wealthy industrialists in the early twenties: Andrew Carnegie and John D. Rockefeller. Rockefeller in particular stressed the idea of helping others to help themselves in his book

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67 Ibid.
68 Ibid.
69 Ibid.
70 Ibid.
71 Ibid.
72 Ibid.
The Difficult Art of Giving, remarking that “If the people can be educated to help themselves, we strike at the root of many evils of the world. The only thing that is of lasting benefit to a man is that which he does for himself.”

In her book Patronizing the Arts, Marjorie Garber locates the beginning of corporate art sponsorship in two events in the 1960s. First, Esquire Magazine established a series of annual Business in the Arts awards in 1966 to spot the contributions of businesses to arts organizations. Then, in the following year, David Rockefeller founded the Business Committee for the Arts (BCA), a national task force made up of heads of corporations committed to increasing philanthropic support for the arts. In 1968, the two art-and-business initiatives were integrated, and the BCA became the cosponsor of the Esquire prizes.

Over the last few decades, the BCA has continued to emphasize the role of corporations in supporting cultural organizations. In the late 1970s, the president of the Committee argued that business should offer not only financial support but also other business support such as marketing skills to art institutions. Furthermore, the Committee maintained the importance of an active art community surrounding the corporate sponsorship of the arts, and this was reinforced in the late 1990s, as over 90 percent of business resources given to the arts were at the local level.

Interestingly, Garber also wrote that “the intrinsic definition of a corporation had undergone a tremendous change” until late 2008, when the idea of corporations as public

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73 Ibid.
74 Marjorie Garber, Patronizing the Arts (Princeton: Princeton University Press, 2008), 97-139.
75 Ibid.
76 Ibid.
77 Ibid.
78 Ibid.
79 Ibid.
citizens was still valid. What Garber noted is that the goal of corporations’ cultural support became part of a business strategy that went beyond philanthropic motivation, instead focusing on triumphing over the competition and maximizing their profit.

Giuliana Garzone’s recent research on corporation sponsorship also supports Garber’s view. Garzone considers sponsorship for the arts as one of the factors in the marketing communication mix, a mix which also includes traditional techniques such as advertising or sales promotion. Although the goals of corporate sponsorship (i.e., to increase revenues and maximize profit) are the same as those of traditional marketing communication methods, corporations achieve them indirectly, such as through their public relations departments. Specifically, sponsorship works by creating a link between the company or brand and an event or organization, which its target consumers value highly. Through this process, sponsorship generates brand awareness, improves brand image, and leverages corporate reputation as an efficient marketing tool.

Ragnar Lund and Stephen A. Greyser, in their study on corporate sponsorship in culture, accentuate the increasing importance of partnership between corporations and art organizations. Lund and Greyser write that art sponsorship is now taking the form of active partnerships, moving away from transactional donor-recipient actions. In such a partnership, resources are combined and knowledge is shared to reach mutual benefits,

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80 Ibid.
81 Ibid.
83 Ibid.
84 Ibid.
85 Ibid.
thus such partnerships require similarity or suitability between the organizations.\textsuperscript{87} For instance, corporations and art organizations should come to an agreement in terms of shared resources, values, or objectives when they build a partnership.\textsuperscript{88}

By examining how the wealth management department of UBS, one of the major Swiss banks, could benefit from its partnership with Guggenheim, Lund and Greyser also suggest that a partnership between an art museum and corporation can result in successful synergy not only in terms of marketing but also in terms of broader business strategy. Their partnership strengthens the bank’s relationship with clients by establishing cultural bonds and demonstrating shared values.\textsuperscript{89} It also serves to stimulate interaction among clients with an interest in arts and makes opportunities for interaction and interaction between the bank and its clients in informal settings.\textsuperscript{90}

2. Korea: The culture of giving is still in an early phase

In the 1990s, even when art organizations in the US were already benefiting from a mature philanthropic culture, in Korea the culture of giving was still in a very early phase. In his book \textit{Corporate Culture Support and Methodology}, Jonghan Lee assumes that the financial support of Korean companies toward the field of arts and culture is much lower than that of advanced countries such as the US.\textsuperscript{91} Lee adds that management teams of major corporations have very little interest in culture and rarely participate in art related

\begin{flushright}
\textsuperscript{87} Ibid.
\textsuperscript{88} Ibid.
\textsuperscript{89} Ibid.
\textsuperscript{90} Ibid.
\textsuperscript{91} Jonghan Lee, \textit{기업의 문화예술 지원과 방법} [Corporate Culture Support and Methodology]. (Seoul: Shingu Media, 1994), 31-36.
\end{flushright}
One of the biggest problems is that Korean corporations do not have the financial capacity to support the arts because the companies’ activities are shrinking due to the deterioration of internal and external environments, such as the worsening economic conditions in Korea. Furthermore, Lee highlights that the total number of companies who support cultural organizations is still low, and current support remains in the form of one-off sponsorship for a particular event.

It is also pointed out, in Seongkyu Kim’s book *Fundraising and Funding For the Arts*, that the culture of giving has remained insufficient in Korea during the 2000s. Until the early 1990s, Korea's fundraising activities were not based on the voluntary participation of citizens or corporations, but part of a semi-mandatory campaign led by the government. This resulted in problems such as double taxation and lack of transparency in operating donations, and these problems hindered the formation of donation culture. However, since the 1990s when the non-governmental organizations (NGOs) emerged and Korean society underwent a severe financial crisis, the culture of giving has expanded while being supported by these NGOs and corporations. However, support for the arts and culture is still deficient in terms of scale and prospective donors are not aware of the necessity of supporting the arts.

The phrase “Corporate Mecenat” is widely used to refer to the art sponsorship activities of companies in Korea. The Korea Mecenat Association defines Corporate
Mecenat as a corporate culture and art sponsoring activity, based on a mutual reciprocal relationship between a company and an art organization.\textsuperscript{99} This concept began to be used in 1994 following the establishment of the Association.\textsuperscript{100} Mecenat is similar to sponsorship and partnership in terms of the mutually beneficial relationship between the enterprises.\textsuperscript{101} Unlike in France, where Mecenat refers to a broader range of philanthropic activities including support for the environment or social welfare, in Korea, it is used in a limited sense to refer to the support of culture and the arts.\textsuperscript{102}

A survey conducted in 2016 by the Korea Mecenat Association shows that the motivation of art sponsorship of Korean companies is shifting from merely making contributions to making sustainable support. Among the purposes of Korean corporations’ support for the arts, to contribute to society was still the highest, with 72.7\%, while marketing or strategic purposes received 23.5\% and 3.8\%, respectively.\textsuperscript{103} Among support with social contribution purposes, 51.2\% was unconditional aid to art organizations.\textsuperscript{104} In other words, Korean companies’ art support activities remain one-sided and there is a lack of sustainability without structure, from which both corporations and art organizations can benefit.

A detailed analysis of corporations’ support for art organizations with a marketing purpose also implies that current support is lacking in a sustainable partnership or sponsorship structure. Among support activities with a marketing purpose, 70.4\% of corporations simply aim to expose their brand through the support of artists or art

\textsuperscript{99} Ibid., 65.
\textsuperscript{100} Ibid.
\textsuperscript{101} Ibid.
\textsuperscript{102} Ibid.
\textsuperscript{103} Samgu Park, \textit{Korea Mecenat Association 2016 Annual Report} (Seoul: Korea Mecenat Association, 2016), 52-72
\textsuperscript{104} Ibid.
Meanwhile, only 19.1% of those corporations support the arts for long-term corporate brand building. A survey on sponsorship periods also reveals the absence of long-term strategies. In 2016, 41.5% of corporations’ art sponsorship continued for less than a year. In contrast, long-term projects lasting more than 10 years made up only 13.3%.

Most of the difficulties that Korean companies experience in their arts support activities arise from the absence of the culture of giving and infrastructure. It is true that the lack of relevant funds within the corporation accounted for 26.2%, which is the largest single factor; however, other major reasons can be grouped into one broad category: the lack of a culture of giving and related infrastructure. The factors in this group include lack of information on artist and cultural organizations (19.7%); lack of a dedicated department or staff within the company (18.0%); and a lack of understanding about art or cultural support activities.

To summarize, unlike the US, where corporations’ art sponsorship culture is commonplace, Korea does not have a nurtured culture of giving in the private sector. From patronage to partnership, the US culture of giving has gradually developed and has begun paying attention to sustainability. In Korea, however, the concept of corporations’ art sponsorship was only introduced in the 1990s, and corporations and art organizations do not even have an exact understanding of the difference between the several types of philanthropic activities. Less monetary motivations, such as the limited tax reduction benefits discussed in the previous chapter, may be a significant reason behind this. If so,

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105 Ibid.  
106 Ibid.  
107 Ibid.  
108 Ibid.  
109 Ibid.
how do art organizations, such as museums, approach corporate sponsorship by overcoming the current weak philanthropic culture and system in Korea? To answer this question, this study will examine the cases of two representative non-profit foundations which run private art museums in the US and Korea: the Solomon R. Guggenheim Foundation and Kangsong Art and Culture Foundation.

3. Case: Solomon R. Guggenheim Foundation

1) History

The Solomon R. Guggenheim Foundation (Guggenheim Foundation) was established in 1937, originating from the private collection of the wealthy American industrialist Solomon R. Guggenheim. Its Museum of Non-Objective Painting, which presented its collection, opened in 1939. With its exhibitions of Solomon’s unconventional art collection, the shows provided many visitors their first encounter with great art works by Vasily Kandinsky and his followers.

The need for a permanent building to manage and present Solomon’s art collection increased in the early 1940s. In 1943, the architect Frank Lloyd Wright began construction of a museum in New York City based on the commission, and the Solomon R. Guggenheim Museum opened on October 21, 1959.

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111 Ibid.
112 Ibid.
113 Ibid.
114 Ibid.
Today, the Guggenheim Foundation is strengthening its international presence. The Guggenheim Constellation of museums began in the 1970s when it was joined by the Peggy Guggenheim Collection in Venice.\textsuperscript{115} Since then, the Constellation has expanded to include the Guggenheim Museum Bilbao and the Guggenheim Abu Dhabi.\textsuperscript{116} Furthermore, the Foundation has extended its reach to projects and exhibitions globally through several partnerships with external organizations. Recent examples are the Robert H. N. Ho Family Foundation Chinese Art Initiative and the Guggenheim UBS MAP Global Art Initiative, a multiyear collaboration with UBS in support of art, artists, and curatorial talent across the globe.\textsuperscript{117} Overall, the Guggenheim Foundation’s global network of museums attracts around 2.2 million visitors annually.\textsuperscript{118}

2) Exhibition

The Guggenheim Foundation continues to make efforts to realize its mission: “Committed to innovation, the Solomon R. Guggenheim Foundation collects, preserves, and interprets modern and contemporary art, and explores ideas across cultures through dynamic curatorial and educational initiatives and collaborations.”\textsuperscript{119} In realizing its mission, the Foundation holds approximately 25 exhibitions yearly at its museums worldwide.\textsuperscript{120} In the list of its exhibitions in 2017 (Table 7), the Foundation keeps making attempts to go beyond simply showing its existing collection. For instance, the Solomon R. Guggenheim Museum in New York introduced international artists and

\textsuperscript{115} Ibid.
\textsuperscript{116} Ibid.
\textsuperscript{117} Ibid.
\textsuperscript{118} Ibid.
\textsuperscript{119} Ibid.
helped visitors to understand the artists in their historical context (i.e., *Art and China after 1989: Theater of the World*) or supported emerging artists with its platforms and awards (i.e., *Hugo Boss Prize 2016: Anicka Yi, Life Is Cheap*).

3) Collection

The Guggenheim Foundation’s collection is considered as an integrated whole which can fill critical gaps in art history, from the late 19th-century to the present.\(^\text{121}\) The Foundation’s collection is an aggregation of several different private collections.\(^\text{122}\)

Around 600 artworks held by the Guggenheim Foundation were given by Solomon Guggenheim or purchased by the Foundation during 1937-49.\(^\text{123}\) With the German artist Hilla Rebay’s guidelines, Solomon built a collection focusing on nonobjective art, including over 150 works by Vasily Kandinsky, as well as paintings by his followers such as Rudolf Bauer, Robert Delaunay, and László Moholy-Nagy.\(^\text{124}\)

Solomon’s niece Peggy Guggenheim’s collection of abstract and Surrealist paintings and sculptures also contributes to the entire collection. She assembled her collection in Venice, Paris, London, and New York during the late 1930s until her death in 1979.\(^\text{125}\) The collection covers the major movements of Cubism, Futurism, European Abstraction, Surrealism, and early American Abstract Expressionism.\(^\text{126}\) Over 1970–1976, she donated


\(^{122}\) Ibid.

\(^{123}\) Ibid.

\(^{124}\) Ibid.


\(^{126}\) Ibid.
her entire collection to the Foundation, filling in gaps, with Surrealist works and paintings by Jackson Pollock in her collection.\(^{127}\)

The Foundation’s collection also includes Justin K. Thannhauser’s array of Impressionist, Post-Impressionist, and early modern masterpieces; Count Giuseppe Panza di Biumo’s assets of European and American Minimalist, Post-Minimalist, and Conceptual art; and donations from The Robert Mapplethorpe Foundation and The Bohen Foundation.\(^{128}\) Furthermore, the Foundation continues to commission a series of contemporary art, supported by Deutsche Bank and Guggenheim UBS MAP Global Art Initiatives.\(^{129}\)

4) Corporate sponsorship

The Guggenhein Foundation actively playing a role as a prominent art museum through its exhibitions, initiatives, and physical expansion of the museum network across the globe. In addition, its fundraising, for which its development department is responsible, lays the groundwork for carrying out these projects. The Foundation’s development department is divided into three categories: Corporate, Institutional, and Individual. Aside from the support of board members, corporate sponsorship is estimated to contribute the most substantial portion of total fundraising.

How can we define the role of development at the Guggenheim Foundation? In an interview with Claire Stephanie (Appendix 4), the senior manager of Corporate Development at the Guggenheim Museum, she explains that the purpose of the

\(^{127}\) Ibid.  
\(^{128}\) Ibid.  
\(^{129}\) Ibid.
development department “is to raise money for the museum. It is to meet our operating expenses. So, that is first and foremost, the role of all three of those; corporate, institutional, and individual.” Specifically, regarding the role of corporate development, she adds, “Secondly, the role would be to create programs that we would not otherwise be able to, whether it is funding or resources from a corporate sponsor.”

The Guggenheim Foundation has by far one of the most developed corporate sponsorship structures. First, the foundation operates a corporate development department under two subdivisions: corporate membership and corporate sponsorship. Its well-structured process to attract corporations’ support for specific exhibitions or events and to retain the support clearly demonstrates its fundraising capability. Furthermore, the Foundation’s understanding and approach to corporate sponsorship is also noteworthy.

In its corporate development department, the Foundation manages a relationship with corporate supporters under two subdivisions: corporate membership and sponsorship. The Museum currently has about 30 corporate members. The membership provides free admission tickets to employees of the company. According to Stephanic, the corporations use this benefit as a part of employee welfare to attract talented staff. In the case of membership, it is easy to track the number of visitors with the corporate membership, and thereby the impact (or return of membership cost from the perspective of the corporation) can be easily measured. The corporations usually decide whether or not to renew the membership according to the results. Meanwhile, the weak internal communication within the company sometimes hinders its employees from enjoying the

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131 Ibid.
benefits. Thus, the Foundation also seeks ways to improve their internal communication based on previous cases and suggests these to the corporations to maximize the impact of the corporate membership offered by the Museum.

The corporate sponsorship department focuses on finding sponsors for exhibitions and related projects (i.e., Young Collectors Council Events). In this case, companies aim for marketing impact, such as brand improvement, rather than employee welfare. The process of developing corporate sponsorship is different every time, but the standard procedure has six steps and start as early as two years in advance of the event, according to Stephanie. The six steps are:

Step 1. Brainstorming ideas: Understating the artist and the exhibition and figuring out what kinds of companies would be a good fit for various reasons (i.e., aesthetic, geographic similarity, sponsorship history) based on preliminary research.

Step 2. Making outreach to companies: Contacting the brand or marketing manager and asking questions about their business (i.e., targeted demographic, marketing priorities, if they support the arts, how they support the arts). Responding with a couple of programs based on what the museum thinks would be a good fit.

Step 3. Sending a preliminary proposal: Usually sending a deck; this is just information about the exhibition, images, dates of opening events, maybe some examples of past sponsorships to spark corporations’ interest.

Step 4. Discussing more specifics and making a customized proposal: Communicating more about the specifics and putting together a narrative proposal based on the company’s feedback (i.e., sponsorship level and relevant benefits, licensing agreement). The proposal needs to be detailed as much as possible because that proposal will inform the contract.

Step 5. Going to contract: Drafting contracts with a legal team and sending it to the company for review. Finalizing and signing the contract.

Step 6. Fulfilling benefits: Putting together all the benefits (i.e., event description, deadline) and recording who is responsible for that benefit in one spreadsheet. Executing the benefits.
Most of all, the Guggenheim development department’s understanding of and approach to corporate sponsorship is also noteworthy. Stephanie emphasizes that what their corporate sponsors are looking for from their sponsorship is usually not philanthropic. Rather, “it is almost always marketing and it is usually not general marketing. It is marketing to a niche audience because we don't have broad viewers like a sporting event or a music festival.”

The Museum understands the value they can offer, which is “niche,” and targets “companies who want to associate their brand with the arts and want access to a certain segment of the demographic.” For instance, one of the luxurious fashion brands wants to sponsor the Guggenheim’s Young Collectors Council Events. The company wants access to these young collectors and philanthropists, and the Guggenheim can appeal to the company through the fact that the brand can have very direct access to this relevant demographic through sponsorship.

The Guggenheim Foundation’s efforts have led to a sustainable partnership with corporations and has become the object of academic analysis. In his study on corporate sponsorship in culture, Lund and Greyser offer an in-depth analysis of the case of the Guggenheim UBS MAP Global Art Initiative; the partnership between the Foundation and UBS, one of the leading Swiss banks, which was launched in 2012. This arts sponsorship project is part of the international strategy of both organizations and was designed to support art, artists, and museum curators from different regions of the world, namely South and Southeast Asia, Latin America, the Middle East, and North Africa.

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133 Ibid.
Lund and Greyser conclude that “The collaboration with a major arts museum and the support of local arts scenes enable the bank to develop and accumulate cultural and symbolic resources and thereby strengthen its social resources in specific international markets.”

4. Case: Kangsong Art and Culture Foundation

1) History

Kansong Art Museum is the first private art museum in Korea and was founded by Kansong Hyungpyo Jeon. The Museum is currently located in the center of Seoul. Born in 1906, Kansong was the member of a wealthy family who owned a commercial area in Seoul and a vast area of farmland. During the Japanese colonial period, Kansong concentrated his efforts on cultural, education, and scholarship projects. For instance, he founded Bohwagak (Image 1), meaning the treasure halls, by collecting cultural properties.

Beginning in 1934, Kansong began to purchase the surrounding lands of the museum’s current location. The first Korean modern architect, Gilryong Park, commissioned the construction of a Western-style museum, and it was completed in 1938. However, due to worsening political pressure from Japanese imperialism, the

134 Lund and Greyser, “Corporate Sponsorship in Culture.”
136 Ibid.
137 Ibid.
138 Ibid.
139 Ibid.
exhibition could not continue for an extended period.\textsuperscript{140} During the Korean War that followed independence, many archives and collection were in a danger of losing. In this regard, Kansong supported research on art history by publishing the academic magazine \textit{Kokomisul}.\textsuperscript{141}

With Kansong’s sudden death in 1962, the function of Bohwagak as an art museum was suspended.\textsuperscript{142} In 1966, Seongwoo Jeon, his eldest son, founded the Korean National Art Research Center.\textsuperscript{143} In the fall of 1971, its permanent collection was opened to the public under the name of Kansong Art Museum (Kansong Museum, Image 2).\textsuperscript{144} Since then, the Museum has held an exhibition twice under various themes along with the biannual publication of the catalog and research magazine \textit{Kansongmisul}.\textsuperscript{145}

2) Exhibition

Since its first exhibition of the collection to the general public, the Museum has provided a wider range of, and more in-depth, exhibitions as time has gone by. Retrospective exhibitions of major artists in the Chosun Dynasty, such as Jeonghee Kim (1972) and Hongdo Kim (1973) continued throughout the 1970s.\textsuperscript{146} In the 1980s, group exhibitions with a specific genre or theme, such as true-view landscape painting, began to be held.\textsuperscript{147}

\begin{thebibliography}{99}
\bibitem{11} Ibid.
\bibitem{12} Ibid.
\bibitem{13} Ibid.
\bibitem{14} Ibid.
\bibitem{15} Ibid.
\bibitem{16} Ibid.
\bibitem{17} Ibid.
\bibitem{18} Ibid.
\bibitem{19} Ibid.
\end{thebibliography}
In the 1990s, the Museum began to consider the public interest as well as the importance of art history itself, and attempted to engage the audience and prompt their understanding of Korean traditional art. For example, there were special exhibitions such as the 60th anniversary of the establishment of Bohwagak (1998). This exhibition showcased 100 selective art works with various media, such as calligraphy, books, and ceramics, from its permanent collection. Significant artworks such as “Celadon Porcelain Inlaid with Crane and Asiatic Globeflower (National Treasure No. 68, Image 3)” attracted total audiences of 100,000 despite the short exhibition period of only 15 days.

In the 2000s, the Museum began to hold in-depth exhibitions along with more research on Korean art history. In particular, exhibitions about the artistic movements in the Chosun Dynasty and the mutual influence between such movements were held. Furthermore, its exhibitions started to introduce historically underestimated genres, such as Buddhist painting or still-life painting, which had received little attention from the public compared to major subjects such as portrait or landscape painting. For example, the 250th anniversary exhibition of the demise of Gyeomjae Jeongseon, (Gyeomjae School, 2009) showcased the major works of the artist and his followers and effectively conveyed the important artists of the Chosun Dynasty and the artists’ influence on their contemporaries.

In August 2013, the Kangsong Art and Culture Foundation (Kansong Foundation) was established by Sungwoo Jeon, son of Kansong, to meet the public's increasing

148 Ibid.
149 Soohye Kim, “As soon as the firmly opened door of 'Kansong' opens ... I see a beauty,” Chosun Daily, October 17, 2008, http://art.chosun.com/site/data/html_dir/2008/10/07/2008100700247.html.
150 Ibid.
151 Kansong Art and Culture Foundation, “Overview.”
expectations and to build a sustainable growth plan for the Museum. In the early 2000s, as the public’s attention toward the Kansong Museum increased, its building and facilities, which were built in 1938, were required to be renovated. This non-profit foundation aims to seek active support for its ongoing projects such as conservation, research, and exhibitions. The Kansong Museum’s exhibitions, which have been held since April 2014 at the Dongdaemun Design Plaza (DDP, Image 4), a multicultural complex located in Seoul, is a part of the Foundation’s efforts and clearly demonstrates the Museum’s desire to gain a wider audience.

3) Collection

Although the Kansong Museum is well known for its permanent collection that has a high historical value, the scale of the collection is hard to track. In his interview with the art magazine Misulsegye, Inkeon Jeon (Director of the Foundation, grandson of Kansong) explained the reason behind this. At the Museum, the criteria for how to count the number of artworks is ambiguous. For instance, in the case of Hwacheop (a book including paintings and writings), the number of art pieces in one book varies from four to as many as forty. However, the Museum calculates the book as one artwork. According to these criteria, the Museum estimates that its collection has more than 6,000 artworks.

152 Ibid.
153 Ibid.
154 Ibid.
156 Ibid.
157 Ibid.
As of December 2017, the permanent collection of the Museum includes 12 artworks registered as national treasures and 17 treasures. Although there are artworks of age unknown, the collection roughly covers the period from the Seventh to the early 19th centuries. The type of artworks varies, including metal and stone sculptures, ceramics, paintings, and books. Among the collections, “Hunmin Jeongeum (1446, Image 5),” the Korean script made by the royal family Sejong of the Chosun Dynasty, and the “Celadon Porcelain Inlaid with Crane and Asiatic Globeflower,” made in the 13th century Koryeo Dynasty period, were registered as national treasures because of their historical and artistic value. In the case of “Hunmin Jeongeum,” it was also listed as a UNESCO Memory of the World in October 1997. Of the 17 collections designated as treasures, five 18th-century landscape paintings by Jeongseon (Image 6) were selected as treasures in December 2017 in appreciation of their historical value. In this way, not only did the Kansong Museums’ books, sculptures, and ceramics became accepted as treasures, but so did the paintings.

Active collections of artworks were discontinued after Kansong's death. Inkeon Jeon, the current director of the Foundation, said, in an interview with the art magazine Misulsegye, “Most of the collections were collected as part of Kansong’s activities to preserve our culture under the Japanese occupation. After the independence, he more

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159 Ibid.
161 Jeong, “Jeongseon’s five landscape paintings are registered as treasures.”
162 Kansong Art and Culture Foundation, “Overview.”
focused on artworks by his contemporary artists to support those artists. Until 2005, our institution has been operated as a research and conservation center, and there is no plan to expand our collection actively by purchasing additional artworks in the near term.”

4) Recent transformation

Kansong Museum has been making efforts to transform itself from a conservative and enclosed art institution since the establishment of the Kangsong Foundation in 2013. The Museum and Foundation’s recent activities can be categorized into four major areas: establishing partnerships with corporations and external institutions, securing display space to enable permanent exhibitions, organizing a supporters’ association to raise external funding, and developing content to attract wider audiences, such as the younger generation.

Since the Foundation was established, most of its major projects to date have been based on partnerships with external institutions. In particular, its partnership with Seoul Design Foundation is noteworthy. At DDP, the Kansong Museum’s exhibitions have been held more than once a year from March 2014 to the present (Table 8). This project is based on the Memorandum of Understanding signed between the Kansong Foundation and Seoul Design Foundation, which owns and operates DDP, in November 2013. The initial agreement includes that (1) The Seoul Design Foundation offers an approximately 15,300 square foot exhibition space located at the second floor of the DDP for the Museum’s exhibitions for three years from March 2014, and (2) The Kangsong

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163 Park, “Interview: Jean Inkeon Kansong Art and Culture Foundation Director.”
Foundation co-hosts the shows and splits admission sales with the Seoul Design Foundation.\footnote{Ibid.}

This partnership has efficiently solved the practical problem Kansong Museum faced in the early 2000s: a poor exhibition environment due to the deterioration of existing buildings and facilities. In Kansong Museum’s bi-annual exhibition in autumn 2013, which was held at the former museum space, 80,000 visitors attended the event. Because of the short fifteen-day viewing time, on weekends, 10,000 people visited the show in one day, and they had to endure the resultant overcrowding.\footnote{Hyowon Kim, Interview with Jean Inkeon Kansong Art and Culture Foundation Director,” \textit{Sports Seoul}, June 29, 2015, http://kansong.org/20150629_sportsseoul/.} However, during the first two exhibitions at DDP, which took place over six months in 2014, the total number of visitors reached 250,000.\footnote{Ibid.} Despite the larger numbers, visitors could enjoy the collection more comfortably as the exhibition continued for a longer period and in a vast space.

As one of the long-term strategies to promote greater communication with visitors, the Kansong Foundation is executing a plan to form a space to show its collections permanently. In December 2016, the Foundation announced plans to build a permanent exhibition space, the Daegu Kansong Art Museum, adjacent to Daegu Art Museum.\footnote{Changoh Jeong, “Kansong Art Museum is to open its permanent museum in Daegu,” \textit{Newsis}, December 12, 2016, http://kansong.org/뉴시스-간송미술관-대구에-상설미술관-연다/.} The Foundation plans to hold permanent and special exhibitions and to offer educational programs at the new venue.\footnote{Ibid.} As a project partner, the Daegu municipal government is running this museum as a municipal institution and supporting the operating expenses.\footnote{Ibid.}
Currently, the Foundation is making efforts to raise public and private funds to cover the estimated total project cost of USD 40mn.\textsuperscript{171} If the plan is on track, the construction will be completed in the first half of 2021.\textsuperscript{172} The exhibition space will be approximately 28,000 square feet, and the storage capacity will be approximately 10,000 square feet.\textsuperscript{173} The museum will not only serve as an alternative space for the current deteriorated exhibition facilities of the Kansong Museum, but also spread its influence to visitors from other parts of Korea outside Seoul.

Along with this expansion plan, the Kansong Foundation announced the establishment of a supporters association in March 2016. Currently, the Association mainly offers membership benefit programs for individual supporters.\textsuperscript{174} Its individual membership has two types, general individual members and VIP members, who have accumulated a donation amount of over KRW 3mn (USD 3,000).\textsuperscript{175} The VIP membership has five levels depending on the amount of the cumulative donation.\textsuperscript{176} The highest level, Kansong members whose total donation amount is over KRW 10mn (USD 100,000), can enjoy benefits such as an invitation to member’s dinner, the renting of facilities, and recognition on the museum wall.\textsuperscript{177}

Kansong’s individual memberships are simpler than the detailed membership structure of some leading US museums, such as New York’s The Museum of Modern Art

\textsuperscript{172} Ibid.
\textsuperscript{173} Ibid.
\textsuperscript{175} Ibid.
\textsuperscript{176} Ibid.
\textsuperscript{177} Ibid.
or The Metropolitan Museum of Art. However, Kansong’s membership structure and its benefits program, which are similar to most museums in the US, seem to be sufficient at this stage, considering the relatively small number of visitors compared to the big names. Meanwhile, interestingly, any details on corporate and institutional membership and benefits have not been available until now, while other art museums in the US are equally focusing on these kinds of membership in general.

Kansong continues to develop various content and platforms to appeal to broader audiences and to give them more access. The Foundation’s projects from 2013 fall under three categories: to reinterpret the value of its existing collections in a contemporary context, to incorporate new technologies and communicate with audiences through new platforms, and to offer educational opportunities to both the people in the field and the public. Some articles on notable projects follow:

1) Projects to reinterpret the value of its existing collections in a contemporary context

Museum of the hermit came out, this time held hands with young artists (October 10, 2016)\textsuperscript{178}: Kansong Art Museum’s seventh show at DDP, \textit{Old and New: Contemporary Artists Remembering Kansong}, is the first exhibition to collaborate with contemporary artists, and was planned for the 110th anniversary of the birth of the founder Kansong. The chief curator Jinmyung Lee said the primary purpose of this collaboration is to understand the meaning of the time in which we live now, adding that this is aligned with what Kansong’s mission was.

Nam June Paik Art Center, Art Foundation Kansong made business agreement (November 12, 2015)\textsuperscript{179}: The agreement was to conduct joint research and


exhibitions to promote Korean visual art. The Center and Foundation plan to hold a joint exhibition, *The Encounter between Kansong and Paik Nam June: Changing the World with Culture*, at DDP in late 2016 based on in-depth research aiming to establish a connection between digital artworks by Nam June Paik and the Kansong Museum’s collection.

(2) Projects to incorporate new technologies and to communicate with audiences through new platforms

Samsung Electronics sponsored Kansong exhibition with its SUHD TV (April 19, 2016)\textsuperscript{180}: Samsung Electronics made an in-kind sponsorship for the exhibition, *The Treasures of Kansong Series 6: Korean Genre and Figure Paintings*. The company organized the Samsung SUHD TV video zone in the exhibition and presented 10 artworks as 4K UHD content (Image 7).

Kansong made a step to online (February 2, 2014)\textsuperscript{181}: Based on a partnership with Naver, the most prominent online portal site in Korea, Kansong held an online exhibition. This exhibition is additional content for the main off-line show at DDP, *The Treasures of Kansong Series 1: Preserving National Identity through Culture*. Although this event demonstrates Kansong’s new strategy of reaching out to wider audiences through various platforms, the number of artworks is limited, and the images have a lower quality compared to other online exhibitions such as Google’s Art & Culture Project (Image 8).

(3) Project to offer educational opportunities to both the people in the field and the public

Kansong and Kyobo republished “Hunmin Jeongeum” (October 7, 2015)\textsuperscript{182}: The Foundation and Kyobo Bookstore have collaborated to reissue an original version of “Hunmin Jeongeum” to encourage the public’s access to the original script and foster their understanding of Hangul, the traditional Korean language.

Korea National University of Cultural Heritage and Kansong made partnership for graduate course (December 11, 20)\textsuperscript{183}: Based on the agreement, the Kansong Foundation provides on-site training to graduate students of the University, which aims to cultivate expertise in Korean traditional culture.


5) Implications and summary

The most significant characteristic of the Kansong Museum is its remarkable collection. The value of its collection will be appreciated more thanks to efforts to interpret its meaning in a contemporary context. The recent example of paintings and the celadon among its collection becoming accepted as official treasures suggests that even the Korean government recognizes the value of the collection. Furthermore, after the establishment of the Foundation, it successfully executed projects with several well-known organizations, including the Nam June Paik Art Center, Kyobo Bookstore, and even the Daegu Municipal government, by utilizing its collection. This strong track record reaffirms the possibility that the Kansong Foundation will use its collection to develop more diverse projects and to engage more with its audience.

However, regarding seeking corporate sponsorship, the performance of the Kansong Foundation is still inadequate. It has been approximately one year since the supporter’s association was organized to look for external fundraising opportunities, including individual and corporate sponsorship. Compared with existing membership programs or partnership in the US, the Foundation does not yet seem to have prepared an effective benefits program for corporate sponsors, both members or one-time sponsors.

Considering the list of companies who sponsor the exhibitions held at the DDP, an increasing number corporations have become sponsors of recent shows because of the appealing collaborations with other art institutions or contemporary artists. But this is still only one-off support and there is still a lack of a mutual benefit structure which is one of the necessary conditions of sustainable sponsorship. Other than Naver, the media partner,
only Hyundai F&M sponsored Kansong’s exhibition for more than two years throughout 2014–15. Although Samsung Electronics had an opportunity to promote its products through the video zone in the show, most sponsors did not seem to enjoy substantial benefits, such as brand image enhancement that utilizes the theme of the exhibition through their support.

An enhancement of the external environment is also necessary, but it seems there is room for the Kansong Foundation to make greater efforts within the current environment. Inkeon Jeon, the director of the Foundation, said, "It is urgent for us to realize the weakness of current systems and laws surrounding Korean museum scene, such as limited tax benefits for donations, and to improve them to meet international standards."184 His statement is consistent with the argument of the previous chapter in this study. However, changes in the external environment usually take longer. During that time, the crucial task for Kansong is to establish a strategy to utilize its collection and curatorial ability to seek further external revenues sources, including corporate sponsorship, in order to continue its mission to connect the past, present, and future of Korean art.

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184 Park, “Interview: Jean Inkeon Kansong Art and Culture Foundation Director.”
V. CHAPTER 4: CONCLUSION

This study was conducted to determine why Korean private museums are not operated efficiently. Except for institutions run by art foundations founded by large corporations, Korean private art museums still suffer from financial hardships and personnel shortages. In this situation, with a lack of diversity among venues and operating institutions, it is difficult to convey works by artists with various backgrounds or art with diverse curatorial themes to the public. This contrasts with the situation in the US, where private museums dominate the art museum scene.

This study suggested the reasons for this situation by looking at the historical background and the operating structure of Korean private museums. Briefly put, large companies in Korea tend to create their own art foundations and operate art museums themselves instead of supporting independent, external private art museums. Compared with American companies, Korean corporations receive lower tax reduction benefits when they sponsor outside art museums. Corporations only enjoy tax reduction benefits when they donate to specific organizations listed in laws in Korea. The differences in the corporate tax schedule also make these benefits for Korean companies less effective. In contrast, Korean corporations receive bigger tax benefits when they establish their own art foundations and operate their own art museums. Corporations seem to prefer the inheritance tax benefit for establishing and operating museums rather than the simple tax reduction for their operation.

Under these legal constraints, it is natural that Korean private museums have not actively embraced corporate sponsorships. In the US, the concept of corporate
sponsorship of art has developed over time. American private art museums have attracted sustainable support from corporations not only through emphasizing the tax reduction benefits but also providing mutually beneficial partnerships. In Korea, however, corporate sponsorships still provide only one-sided and one-off support. Korean companies cited a weak culture of giving and the absence of an attractive scheme structure as reasons for not sponsoring private art museums. In the cases of the Guggenheim Foundation and the Kansong Foundation, these differences become visible. Both foundations began with personal collections and shared a similar mission to offer more viewers the joy of seeing and experiencing artworks. However, whereas the Guggenheim attracts active corporate sponsorships, the Kansong seems to remain in a very immature phase.

Within this uncontrollable surrounding environment with numerous legal and cultural constraints, it might not be feasible for Korean private art museums to proactively seek corporate sponsorships. However, the importance of culture is growing in Korea, and there is room for this environment to improve gradually. In this context, understanding the limitations museums face and examining precedents and American private art museums’ approaches to sustainable corporate sponsorship can provide a good model for Korean private art museums. To develop ways to nurture sustainable support from companies, it is necessary for Korean private museums to strengthen their capacity to reach out to wider audiences with the goal to become the next Guggenheim.
ILLUSTRATIONS

Chart 1 Korea: Number of art museums per million people

<table>
<thead>
<tr>
<th>Year</th>
<th>Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2.9</td>
</tr>
<tr>
<td>2010</td>
<td>3.0</td>
</tr>
<tr>
<td>2011</td>
<td>3.1</td>
</tr>
<tr>
<td>2012</td>
<td>3.7</td>
</tr>
<tr>
<td>2013</td>
<td>3.9</td>
</tr>
<tr>
<td>2014</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Korean Statistical Information Service, “Number of art museums.”

Chart 2 Korea: Number of registered museum

<table>
<thead>
<tr>
<th>Year</th>
<th>Public*</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>31</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>33</td>
<td>108</td>
</tr>
<tr>
<td>2011</td>
<td>36</td>
<td>110</td>
</tr>
<tr>
<td>2012</td>
<td>47</td>
<td>124</td>
</tr>
<tr>
<td>2013</td>
<td>47</td>
<td>124</td>
</tr>
<tr>
<td>2014</td>
<td>47</td>
<td>124</td>
</tr>
<tr>
<td>2015</td>
<td>62</td>
<td>140</td>
</tr>
</tbody>
</table>
Chart 3 Korea: Annual operational expense of museums\textsuperscript{186}

Table 1 Korea: Overview of exhibitions, participating artists, and visitors to art museums\textsuperscript{187}

<table>
<thead>
<tr>
<th>No. of museums</th>
<th>Exhibitions</th>
<th>Participating artists</th>
<th>Visitors ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Average</td>
<td>Total</td>
</tr>
<tr>
<td>Public</td>
<td>54</td>
<td>873</td>
<td>11,600</td>
</tr>
<tr>
<td>Private</td>
<td>139</td>
<td>1,213</td>
<td>18,476</td>
</tr>
<tr>
<td>Total</td>
<td>193</td>
<td>2,086</td>
<td>30,076</td>
</tr>
</tbody>
</table>

\textsuperscript{186} Park et al., \textit{Study on Improvement Plan of Museum and Art Gallery Support Act}, 135-136.

\textsuperscript{187} Hong et al., \textit{Survey of the Art Market 2016}, 173.
### Table 2 Korea: Operating profit of private museums\(^{188}\)

<table>
<thead>
<tr>
<th>Operating profit</th>
<th>No. of museums</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case 1: Revenues from admissions and other sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>8</td>
<td>4%</td>
</tr>
<tr>
<td>Zero</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Negative</td>
<td>177</td>
<td>95%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>186</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Case 2: Revenues from admission and other sales + external subsidy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>23</td>
<td>12%</td>
</tr>
<tr>
<td>Zero</td>
<td>89</td>
<td>48%</td>
</tr>
<tr>
<td>Negative</td>
<td>74</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>186</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Table 3 Korea: Corporate art Foundation’s program overview (visual art)\(^{189}\)

<table>
<thead>
<tr>
<th>Type</th>
<th>Foundation</th>
<th>Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art Museum &amp; Exhibition spaces</td>
<td>Samsung</td>
<td>Ho-Am Art Museum, Leeum</td>
</tr>
<tr>
<td></td>
<td>Kumho</td>
<td>Kumho Museum of Art</td>
</tr>
<tr>
<td></td>
<td>Doosan</td>
<td>Doosan Gallery</td>
</tr>
<tr>
<td></td>
<td>Daelim</td>
<td>Daelim Museum, D Museum, D Project Space</td>
</tr>
<tr>
<td>Residency &amp; Artist incubating program</td>
<td>Samsung</td>
<td>Residency in Cité Internationale des Arts</td>
</tr>
<tr>
<td></td>
<td>Doosan</td>
<td>Doosan Art Lab, Doosan residency New York</td>
</tr>
<tr>
<td></td>
<td>Kumho</td>
<td>Kumho Art Studio</td>
</tr>
<tr>
<td>Awards &amp; Contest</td>
<td>Doosan</td>
<td>Doosan Yonkang Art Awards, Doosan Big Boy Award</td>
</tr>
<tr>
<td></td>
<td>Kumho</td>
<td>Kumho Young Artist</td>
</tr>
<tr>
<td>Education program</td>
<td>Daekyo</td>
<td>Daekyo Int'l 3D Symposium</td>
</tr>
<tr>
<td></td>
<td>Doosan</td>
<td>Doosan Art School</td>
</tr>
<tr>
<td></td>
<td>Kumho</td>
<td>Kumho Art Class, Kids Popcorn</td>
</tr>
</tbody>
</table>

\(^{188}\) Kim et al., *Study on Revitalization of Private Museum Operation in Cooperation with Local Governments*, 15-16.

### Table 4 United States: Corporate tax rate schedule\(^\text{190}\)

<table>
<thead>
<tr>
<th>Over</th>
<th>But Not Over</th>
<th>Tax is</th>
<th>Of Amount Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$50,000</td>
<td>15%</td>
<td>$0</td>
</tr>
<tr>
<td>$50,000</td>
<td>$75,000</td>
<td>$7,500 + 25%</td>
<td>$50,000</td>
</tr>
<tr>
<td>$75,000</td>
<td>$100,000</td>
<td>$13,750 + 34%</td>
<td>$75,000</td>
</tr>
<tr>
<td>$100,000</td>
<td>$335,000</td>
<td>$22,250 + 39%</td>
<td>$100,000</td>
</tr>
<tr>
<td>$335,000</td>
<td>$10,000,000</td>
<td>$113,900 + 34%</td>
<td>$335,000</td>
</tr>
<tr>
<td>$10,000,000</td>
<td>$15,000,000</td>
<td>$3,400,000 + 35%</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>$15,000,000</td>
<td>$18,333,333</td>
<td>$5,150,000 + 38%</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>$18,333,333</td>
<td></td>
<td>35%</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Table 5 Korea: Corporate tax rate schedule\(^\text{191}\)

<table>
<thead>
<tr>
<th>Over</th>
<th>But Not Over</th>
<th>Tax is</th>
<th>Of Amount Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$184,000</td>
<td>10%</td>
<td>$0</td>
</tr>
<tr>
<td>$184,000</td>
<td>$18,400,000</td>
<td>$18,400 + 20%</td>
<td>$184,000</td>
</tr>
<tr>
<td>$18,400,000</td>
<td></td>
<td>$3,661,600 + 22%</td>
<td>$18,400,000</td>
</tr>
</tbody>
</table>


\(^{191}\)Statutes of The Republic of Korea, “Corporate Tax Act.”
Table 6 Samsung Foundation of Culture's stakes in Samsung Group affiliates (as of 11/25/2017)\(^{192}\)

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of shares (thou)</th>
<th>% of total shares (%)</th>
<th>Share price (W)</th>
<th>Value of the stake (W bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Life Insurance</td>
<td>9,360</td>
<td>4.68</td>
<td>135,000</td>
<td>1,264</td>
</tr>
<tr>
<td>Samsung F&amp;M</td>
<td>1,451</td>
<td>3.06</td>
<td>264,500</td>
<td>384</td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>1,144</td>
<td>0.60</td>
<td>138,500</td>
<td>158</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>401</td>
<td>0.58</td>
<td>232,500</td>
<td>93</td>
</tr>
<tr>
<td>Samsung Securities</td>
<td>196</td>
<td>0.22</td>
<td>38,150</td>
<td>7</td>
</tr>
<tr>
<td>Samsung Electronics</td>
<td>38</td>
<td>0.03</td>
<td>2,773,000</td>
<td>104</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,011</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 7 Guggenheim: List of exhibitions in 2017\(^{193}\)

<table>
<thead>
<tr>
<th>Museum</th>
<th>Location</th>
<th>Exhibition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solomon R. Guggenheim Museum</td>
<td>New York</td>
<td>Guggenheim Collection: Brancusi</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Josef Albers in Mexico</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Art and China after 1989: Theater of the World</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jackson Pollock: Exploring Alchemy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mystical Symbolism: The Salon de la Rose+Croix in Paris, 1892-1897</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Visionaries: Creating a Modern Guggenheim</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lenka Clayton and Jon Ruben: …circle through New York.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Doug Wheeler: PSAD Synthetic Desert III</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Hugo Boss Prize 2016: Anicka Yi, Life Is Cheap</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A Year with Children 2017</td>
</tr>
<tr>
<td>Guggenheim Museum Bilbao</td>
<td>Bilbao</td>
<td>Art and Space</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amie Siegel: Winter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>David Hockney: 82 Portraits and 1 Still-life</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Anni Albers: Touching Vision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ken Jacobs: The Guests</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bill Viola: A Retrospective</td>
</tr>
<tr>
<td></td>
<td></td>
<td>George Baselitz. The Heroes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pierre Huyghe: (Untitled) Human Mask</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pello Irazu: Panorama</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Abstract Expressionism</td>
</tr>
<tr>
<td>Peggy Guggenheim Collection</td>
<td>Venice</td>
<td>Mystical Symbolism: The Salon de la Rose+Croix in Paris, 1892-1897</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mark Tobey: Threading Light</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rita Kernn-Larsen. Surrealist Paintings</td>
</tr>
</tbody>
</table>

\(^{193}\) The Solomon R. Guggenheim Foundation, “Exhibition.”
Table 8 Kansong: List of recent exhibition at DDP\textsuperscript{194}

<table>
<thead>
<tr>
<th>Title</th>
<th>Period</th>
<th>Corporate Sponsor/Partner</th>
<th>Media Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Treasures of Kansong Series 1: Preserving National Identity through Culture</td>
<td>Mar 21, 2014</td>
<td>Hyundai F&amp;M, Samsung</td>
<td>Naver</td>
</tr>
<tr>
<td>The Treasures of Kansong Series 2: Preserving National Identity through Culture</td>
<td>~Jun 15, 2014</td>
<td>Electronics, Shinhan Bank</td>
<td></td>
</tr>
<tr>
<td>The Treasures of Kansong Series 3: Korean True-view Landscape Paintings</td>
<td>Dec 14, 2014</td>
<td>Hyundai F&amp;M</td>
<td>Naver</td>
</tr>
<tr>
<td>The Treasures of Kansong Series 4: The Four Gracious Plants</td>
<td>Jun 4, 2015</td>
<td>Hyundai F&amp;M</td>
<td>Naver</td>
</tr>
<tr>
<td>The Treasures of Kansong Series 5: Flowers, Birds, and Animals in Korean Painting</td>
<td>Oct 23, 2015</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>The Treasures of Kansong Series 6: Korean Genre and Figure Paintings</td>
<td>Apr 6, 2016</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Old and New: Contemporary Artists Remembering Kansong</td>
<td>Sep 10, 2016</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>The Encounter between Kansong and Paik Nam June: Changing the World with Culture</td>
<td>Nov 9, 2016</td>
<td>Samsung Electronics, Daejeon Terminal Complex, Faber-Castell, KAI</td>
<td>Naver</td>
</tr>
<tr>
<td>Hunminjeongeum and Nanjung Ilgi: Look, Again</td>
<td>Apr 13, 2017</td>
<td>SBS, Seah Steel, Altos Ventures, Yes 24, Faber-Castell</td>
<td>Naver</td>
</tr>
<tr>
<td>Drawn by the Wind: Shin Yun-bok &amp; Jeongseon</td>
<td>Nov 24, 2017</td>
<td>SBS, Samsung Electronics</td>
<td>Naver</td>
</tr>
<tr>
<td></td>
<td>~May 24, 2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Image 1 Bohwagak: Museum view in 1930s\textsuperscript{195}

Image 2 Kansong Art Museum: Museum view in 2000s\textsuperscript{196}


\textsuperscript{196} Sooho Choi, “Kansong Art and Culture Foundation is to open its new venue in Daegu,” Yonhap News, October 24, 2016, http://www.yonhapnews.co.kr/bulletin/2016/10/24/0200000000AKR20161024080500053.HTML.
Image 3 Kansong Collection: 청자상감운학문매병 [Celadon vase with inlaid crane and cloud designs] (13C)\textsuperscript{197}

![Celadon vase with inlaid crane and cloud designs]

Image 4 Kansong exhibition at DDP (2016)\textsuperscript{198}


Image 5 Kansong Collection: 훈민정음 [Hunmin Jeongeum] (1446)\textsuperscript{199}

![Hunmin Jeongeum](image)

Image 6 Kansong Collection: 풍악내산총람도 [Poonak Naesan Chongramdo] (Jeongseon 676)\textsuperscript{200}

![Poonak Naesan Chongramdo](image)

\textsuperscript{199} Kansong Art and Culture Foundation, “Collection.”

\textsuperscript{200} Ibid.
Image 7 Kansong: Samsung video zone in exhibition\textsuperscript{201}

![Image 7 Kansong: Samsung video zone in exhibition](image7)

Image 8 Kansong: Naver online exhibition at\textsuperscript{202}

![Image 8 Kansong: Naver online exhibition at](image8)

\textsuperscript{201} Yoon, “Samsung Electronics sponsored Kansong exhibition with its SUHD TV.”

\textsuperscript{202} Moon, “Kansong made a step to online.”
APPENDICES

Appendix 1: Relevant Article from Museum and Art Gallery Support Act (No. 14204, May 29, 2016) in Korea\(^\text{203}\)

**Article 3 (Classification of Museums and Art Galleries)**

(1) A museum shall be classified into any of the following categories, depending upon what the entity that established and operates the museum is:

1. National museum: A museum established and operated by the State;
2. Public museum: A museum established and operated by a local government;
3. Private museum: A museum established and operated by a legal entity or an organization established pursuant to the Civil Act, the Commercial Act, or other Special Act or a private individual;
4. University museum: A museum established and operated by a school established pursuant to the Higher Education Act or an educational institution established pursuant to another Act to provide a university curriculum.

(2) An art gallery shall be classified into a national art gallery, a public art gallery, a private art gallery, or a university art gallery, depending upon what the entity that established and operates the art gallery is, and paragraph (1) shall apply mutatis mutandis to the entity that established and operates an art gallery.

Appendix 2: Relevant Article from Corporate Tax Act (No. 14386, Dec. 20, 2016) in Korea\(^\text{204}\)

**Article 24 (Non-Inclusion of Donations in Deductible Expenses)**

(1) Among donations prescribed by Presidential Decree giving due consideration to public interest, such as social welfare, culture, art, education, religion, charity, and science (hereinafter referred to as "designated donation") with respect to donations made by a domestic corporation in each business year, the amount in excess of 10/100 of the amount computed by subtracting the amount referred to in subparagraph 2 from the amount referred to in subparagraph 1 (referred to as "ceiling on inclusion in deductible expenses" hereafter in this Article) and donations, other than designated donations, shall not be included in deductible expenses for the purpose of calculating the amount of income for the relevant business year:

1. The amount of income for the relevant business year (the amount prior to the inclusion of donations computed pursuant to paragraph (2), excluding transfer gains or losses prescribed in Articles 44, 46 and 46-5 and designated donations in deductible expenses; the same shall apply hereafter in this Article);
2. The sum of the donations included in deductible expenses pursuant to paragraph (2) and the losses referred to in subparagraph 1 of Article 13.

(2) Paragraph (1) and Article 29 shall not apply to any of the following donations (hereinafter referred to as "statutory donation"): Provided, That, where the sum of the statutory donations exceeds the amount computed by multiplying 50/100 of the losses referred to in subparagraph 1 of Article 13 from the amount of income for the relevant business year (referred to as "ceiling on inclusion of statutory


donations in deductible expenses" hereafter in this Article), the excess shall not be included in deductible expenses for the purpose of calculating the amount of income for the relevant business year: <Amended by Act No. 10907, Jul. 25, 2011; Act No. 11128, Dec. 31, 2011; Act No. 11607, Jan. 1, 2013; Act No. 12166, Jan. 1, 2014; Act No. 13230, Mar. 27, 2015>

1. The value of money and valuables gratuitously donated to the State or a local government:
   Provided, That this shall be limited to money and valuables received under Article 5 (2) of the Act on Collection and Use of Donations, if such money and valuables are subject to the said Act;
2. The value of contributions for national defense and money and valuables contributed for the consolation and comfort of soldiers of the national armed forces;
3. The value of money and valuables contributed for victims of natural disasters;
4. Donations given to the following institutions (excluding hospitals) for facility expenses, educational expenses, scholarships, or research funds:
   (a) Private schools established under the Private School Act;
   (b) Non-profit educational foundations (limited to non-profit incorporated foundations established for the purpose of paying facility expenses, educational expenses, scholarships, or research funds for national, public or private schools);
   (c) Polytechnic colleges as defined in the Act on the Development of Workplace Skills of Workers;
   (d) Lifelong educational facilities that may use the name of major college under the Lifelong Education Act and lifelong educational facilities in the form of a distance college;
   (e) Foreign educational institutions founded under the Special Act on Establishment and Management of Foreign Educational Institutions in Free Economic Zones and Jeju Free International City;
   (f) Industry-academic cooperation groups as defined in the Industrial Education Enhancement and Industry-Academia-Research Cooperation Promotion Act;
   (g) The Korea Advanced Institute of Science and Technology established under the Korea Advanced Institute of Science and Technology Act, the Gwangju Institute of Science and Technology established under the Gwangju Institute of Science and Technology Act, the Daegu Gyeongbuk Institute of Science and Technology established under the Daegu Gyeongbuk Institute of Science and Technology Act, and the Ulsan National Institute of Science and Technology Act established under the Ulsan National Institute of Science and Technology Act;
   (h) Seoul National University established under the Act on Establishing and Administrating Seoul National University, Incheon National University established under the Act on Establishing and Administrating Incheon National University, and other similar schools prescribed by Presidential Decree;
   (i) Korean schools as defined in subparagraph 3 of Article 2 of the Act on the Educational Support, etc. for Korean Nationals Residing Abroad (limited to schools that meet requirements prescribed by Presidential Decree);
5. Donations given to the following hospitals for facility expenses, educational expenses, or research funds:
   (a) National university-affiliated hospitals established under the Act on the Establishment of National University-Affiliated Hospitals;
   (b) National university-affiliated dental hospitals established under the Act on the Establishment of National University-Affiliated Dental Hospitals;
   (c) Seoul National University Hospital established under the Establishment of Seoul National University Hospital Act;
   (d) Seoul National Dental Hospital established under the Establishment of Seoul National Dental Hospital Act;
(e) Hospitals operated by private schools as defined in the Private School Act;
(f) National Cancer Center established under the Cancel Control Act;
(g) Local medical centers established under the Act on the Establishment and Management of Local Medical Centers;
(h) National Medical Center established under the Act on Establishing and Administering National Medical Center;
(i) Hospitals operated by Korean National Red Cross established under the Organization of the Korean National Red Cross Act;
(j) Hospitals operated by Korea Veterans Welfare and Healthcare Corporation established under the Korea Veterans Welfare and Healthcare Corporation Act;
(k) Korea Institute of Radiological and Medical Sciences established under Article 13-2 of the Radiation and Radioisotope Use Promotion Act;
(l) Hospitals operated by National Health Insurance established under the National Health Insurance Act;
(m) Medical institutions referred to in Article 43 (1) 1 of the Industrial Accident Compensation Insurance Act;

6. Donations given to corporations that meet requirements prescribed by Presidential Decree, as non-profit organizations that mainly aims to raise and distribute funds necessary for supporting social welfare services and other social welfare activities;

7. Donations given to the following institutions that meet requirements prescribed by Presidential Decree in terms of the purpose of establishment and revenue amount, etc.:
(a) Public institutions referred to in Article 4 of the Act on the Management of Public Institutions (excluding public corporations referred to in Article 5 (3) 1 of the same Act);
(b) Institutions directly established under the Acts;

(3) Corporations or institutions referred to in paragraph (2) 6 or 7 shall be determined by Ordinance of the Ministry of Strategy and Finance, as prescribed by Presidential Decree.

(4) The amount in excess of the ceilings on inclusion of designated donations in deductible expenses and the amount in excess of the ceilings on inclusion of statutory donations in deductible expenses that are not included in deductible expenses pursuant to paragraphs (1) and (2), shall be carried forward and included in deductible expenses for each business year which ends within five years from the start date of the business year following the relevant business year, as prescribed by Presidential Decree. <Amended by Act No. 11128, Dec. 31, 2011; Act No. 12166, Jan. 1, 2014>

Appendix 3: Relevant Articles from Inheritance Tax and Gift Tax Act (No. 13796, Jan. 19, 2016) in Korea

Article 12 (Non-Taxable Inherited Property)
The following property is exempt from inheritance tax: <Amended by Act No. 10361, Jun. 8, 2010>

1. Property bequeathed (including donations becoming effective due to the death of the ancestor; hereinafter referred to as “bequest, etc.”) to the State, a local government, or a public organization prescribed by Presidential Decree (hereinafter referred to as "public organization");

Article 74 (Deferment of Collection of Inheritance Tax on Cultural Heritage Resources, etc.)
(1) Where inherited property includes any of the following property, the head of the tax office having

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jurisdiction over the place for tax payment shall defer the collection of the amount of inheritance tax that is imposed on the value of such inherited property calculated under Presidential Decree: *Amended by Act No. 10000, Feb. 4, 2010*

1. Cultural heritage resources pursuant to Article 2 (2) 3 of the Cultural Heritage Protection Act and the registered cultural heritage assets pursuant to Article 53 (1) of the same Act (hereafter referred to as "cultural heritage resources, etc." in this Article) and land prescribed by Presidential Decree within a protected area pursuant to Article 27 (1) of the same Act;

2. Among museum materials or art gallery materials (hereafter referred to as "museum materials" in this Article) registered pursuant to the Museum and Art Gallery Support Act, property being exhibited or preserved in a museum or an art gallery (referring to those falling under public service corporations, etc. in cases of private museums or private art galleries) pursuant to the said Act.

**Appendix 4: Interview with a senior manager at Guggenheim Museum (December 4, 2017)**

**Interviewer:** What is the exact role of Corporate Sponsorship in Guggenheim?

**Interviewee:** I think all of the roles really when it comes down to it is to raise money for the museum. It's to meet our operating expenses. So that's first and foremost, the role of all three of those; corporate, institutional, and individual. I guess, secondly, the role would be to create programs that we would not otherwise be able to, whether it's funding or resources from a corporate sponsor. And then below that is perhaps reaching audiences that we wouldn't otherwise reach if it weren't for our corporate sponsor or a program supported by a corporate sponsor. Those tend to be a little bit secondary compared to meeting our fund raising goal and meeting the operating budget.

**Interviewer:** In terms of percent of the fund raising amount, corporate sponsorship takes how much percentage?

**Interviewee:** I would have to look at our budget. I can send that to you. I can't think of it off the top. It's fairly close -- it depends how you break down individuals. If you add Board Members to individuals, then it's definitely the biggest. If you're breaking out Board as a separate thing then, I think corporate is probably the highest.

**Interviewee:** And it's at that goal you see every week in our meeting. That goal is about 4.5. And above that... so to the next question about the corporate sponsorship, can you just briefly explain the entire process from the beginning?

**Interviewee:** So, the very first step in the process is to brainstorm ideas. Whenever exhibitions and programs are confirmed on the calendar and we know they're happening, we start the brainstorming process. That could start as early as two years in advance. And we look into the artist and the exhibition and really try to understand it. Then think about, as you have done a lot, what kinds of companies would be a good fit for various reasons. It could be the aesthetic. It could be geographic similarity, sponsorship...
history. There are many reasons to put together a big list, and then do some preliminary research.

Step number two would be to send outreach to those companies. Oftentimes, it is completely cold. Sometimes we find the connection that we're lucky. And then, if they respond, the third step would be to set up a meeting, or a phone call. We always try for a meeting because face to face is just nicer. But a lot of times, it's a bit of a burden and it takes time, so sometimes a call is just easier. In that call, we really aim for the brand manager or marketing manager, or whoever we're talking to, to do most of the talking. We don't really do a hard pitch for a specific program or exhibition. We ask a lot of questions about their targeted demographic, their marketing priorities, if they support the arts, how they support the arts and when you get them to open up and do most of the talking, you learn a lot. You get a lot of intel, ask about timelines, how far in advance they work, that kind of thing.

Then we usually respond to that possibly mention a couple of programs based on what we think would be a good fit, and then we need to turn in the next steps, and the next steps. If there is not an immediate good fit, it could just be keep in touch. If there is, some interest, it would be for us to send a preliminary proposal. So that would be step number, I think four, to send a preliminary proposal. That's usually a deck, a PowerPoint deck with lots of images mainly and a description the program or exhibition we talked about. It could be a deck, say, it was one of the [exhibition title] ideas. It could be a deck just on [exhibition title], or if it's a company that we don't quite know what the fit is yet, we just wanted to talk to them, it could be a calendar of all our programs and exhibitions.

So after they evaluate that sponsorship deck which is not detailed -- it's just information about the exhibition, images, dates of opening events, maybe some examples of past sponsorships to spark their interest -- then we try to connect after they've had a chance to review that. And if there is further interest on their end, we'll talk about more specifics. So, say they're interested, when they saw that deck on [exhibition title], they're really interested in it, we try to discuss what kind of benefits they would want.

If it's a financial company, they might be most interested in client entertainment. So we'll talk about that. And then we'll talk about the level of sponsorship they're comfortable with. Then the next step is step number five. This would be to put together a narrative proposal based on that feedback. So we know what exhibition they're interested in. We know what sponsorship level they're willing to consider. Oftentimes they say, "Send me both sponsorship levels." And we know what kinds of benefits they're interested in, which is important because if it's events, we'd have to press that in. Or if it's like a licensing agreement, we have to take that all into consideration when presenting the sponsorship levels.

So that narrative proposal would be very detailed about the exhibition, the promotion of it, the marketing of it, all the events attached to it, and then it outlines the actual sponsorship levels and it puts forth proposed benefits. It's important to be as detailed as possible in that proposal, because if things move forward, that proposal will inform the contract. If they read it and they say, "Okay, let's go for it. We want to do
it." Whatever is agreed upon in that proposal will then inform the contract. So if there is an issue or a problem, which sometimes happen, you should always have that proposal to go back to and say, "No, we said this."

If they agree to move forward, the next step is... I mean, it sort of depends on the account and how complicated it is, and how customized it is. There could be a lot of meetings between that proposal and going to contract. And there could be a lot of brainstorming and discussion, but that is just also dependent. If we're talking about a really standard exhibition sponsorship, like the financial company. It's really standard, so we haven't had a ton of phone calls of brainstorming ideas, and whatever. We've mainly had phone calls talking about expenses, like if they do host an event, if they have to pay for audio visual, and decor, and catering, and that kind of thing, then the next step would be to -- once that has all been agreed upon to go to contract.

That is a huge process that usually takes a lot of time. We prefer that we're going to have to draft those contracts, because we draft it with our own language, but there's a lot of back and forth because their legal team refuse it, and their legal team has their own language that they like, and there's a lot of back and forth with that. That's what you're actually agreeing upon. So it's really important to make sure that you're comfortable with everything in the contract. And if you want to keep going, once that contract is finalized and signed, the next step on our end is the benefit fulfillment process. We usually put together a spreadsheet that has all of the benefits in it, who's responsible for that benefit. So if it has to do with PR marketing, we put our colleagues in PR marketing. If it has to do with events, we would put our colleagues in events. But the date or deadline, that needs to be executed by, and then any notes.

That's kind of our master guideline for the partnership. It's making sure that everything -- all of those benefits are taken care of, and all the sponsors taken care of. That's the process for a little bit more straightforward corporate partnership. We have had less conventional ones that maybe don't have such a linear process that are kind of a lot, a lot of brainstorming, and a lot of back and forth. And we have had partnerships where that initial contact defers a little bit. Maybe instead of us reaching out cold, it could be Richard, the Director of the museum, contacting a friend or an acquaintance, or it could be someone contacting us and saying, we would love to work with. But that is like -- I kind of outlined the most usual process, I think.

**Interviewer:** Right. I think you covered all these questions except -- you mentioned about the legal team and our corporate development team, and PR, is there any other department who are involved in the process?

**Interviewee:** Well, there are so many departments that are involved, probably, almost every department. A lot of times, if it's sponsorship of a program or exhibition, the curatorial staff is involved because we always want to make sure that they're comfortable with the partnership. So for example, the [company name] partnership, [company name], the clothing company sponsored the [exhibition title] last year in 2016. The Curatorial Department was very involved in that because of the activations they did. They had a micro site on their website describing that
partnership. So all of that language, all of that, had to be run through our Curatorial Department, because they want the exhibition and the artist described properly and to be presented properly. So that was a lot of cooperation with Curatorial.

There was also a lot of collaboration with PR because it costs a big PR push and they got articles in a lot of fashion publications. And they hosted an event at the museum, a press event. So PR was very involved in that. They ended up hosting three separate events at the museum. Our Special Events department was also involved because they plan and do the logistics for those events. They held a photo shoot and a video shoot at the museum so our Licensing department was also involved in that photo shoot and video shoot. Then they created a capsule collection inspired by the artist that was sold in the Guggenheim store, so our Director of Retail was involved. So it really depends on the size and the scope of the project, and how customized it is, what the activations are.

For me, that's probably the project that involved most people. For something like this financial company sponsoring [exhibition title], it will probably be pretty small. It will probably be PR and Social Media. I think every corporate sponsor, in some way, will want to promote their support. So PR is almost always involved and Special Events will probably be involved because they'll probably host a private event at the museum. So there are some departments that are usually involved, but it really just depends.

Interviewer: Regarding the process thing, that last question is that -- you mentioned that you offer various kinds of benefits to the company, but from the perspective of the companies, what is the most biggest motivation to give sponsorship to the art museum?

Interviewee: Well, it's a good question. I think it really depends on the company and what they're looking for. In our case, it's usually not philanthropic. It's almost always marketing and it's usually not general marketing. It's a marketing to a niche audience because we don't have -- we're not big in broad -- like a sporting event, or a music festival. We're pretty small a niche, and it's usually companies who wants to associate their brand with the arts and they want access to a certain segment of the demographic.

An example of [company name] the French fashion brand. They're sponsoring the upcoming YCC party which is the young collector's party. They want access to these young collectors, young philanthropists, and they're hosting an in store event. So they will have very direct access this really relevant demographic for them. So I would say, that's for the most part and you be as another example. They get access, and it's a very, very high level, but they get access to high level donors and VIPs and things like that.

Interviewer: It's very interesting actually. So we have like corporate membership and sponsorship departments separately, but do you think the main target of each department is different?

Interviewee: As in what they're looking for, sponsorship is definitely marketing and it's money that they would otherwise spend on marketing campaigns. They really have to see a return on it, or justify it in some way. They check it through number of articles
published, or you know, there are different ways to track it, and some of it is intangible, but it's really marketing, whereas with corporate membership, that is all about employee benefits. So it's companies who are mainly based in New York who have a lot of employees in New York and are often members of many cultural institutions in the city, and it's a benefit for their employees.

A lot of the companies like law firms, and consulting firms that are competitive with each other to retain and attract the best graduates and the best employees. So that's one way that they're competitive. They can offer all of these benefits and the way that they track it is, I believe it's quarterly, we track how many people from that company came to visit the museum, and we send them reports with those numbers. So it's very easy. They can see if a lot of people are attending. It's valued by their employees.

And if people are not attending, sometimes they don't renew their corporate membership. But that is a bit of a challenge for us because sometimes that's not necessary because they don't want to or they don't like it. Sometimes it has to do with the corporation just communicating well to their employees. Because if you don't communicate it well, then they don't know that they get a free access to the museum. But yes, it's very different.

Interviewer: You only explained about how they measure the outcome of sponsorship, like number of article published, what else?

Interviewee: That's only one way, and that really depends on -- if that was a specific initiative. So for [company name], that was a specific initiative. They did, and they retained a PR agency who does all of that for them. For other companies, it might just be brand association and you can't necessarily measure that. But you can measure activations or initiatives within. So for the French fashion brand [company name] and their in store event, you can see how many -- they'll be able to track how many people attended the event and I believe they are giving out gift cards, so they'll be able to see how many people used that gift card in store.

Another example that is measurable is [company name] . They sponsored our after dark. They host the lounge and our little cafe three. They have a table where if you sign up for [company name] streaming service, you'll get a little gift. So that's very traceable. They know exactly how many people signed up and the one thing they don't know, I don't think, because I don't think it's that sophisticated, it's how many people continued with the service, or how many people cancelled it after signing up.

But then, there are other companies that it's not so easy to track. And there are a lot of times to put that question to us. What's the ROI? What's the return of investment? We have a hard time answering that. It's a really difficult question. I think the Arts is not nearly as sophisticated with it as the sports or entertainment industry is.

Interviewer: Oh, it makes sense. And about those global partners, which are really long term partnerships, how do you maintain that relationship with the company?
Interviewee: Well, it all depends. It’s so varied depending on the global partner. They commit up front for at least three years. So we have that commitment. Within those three years our job is to just really deliver on the program and deliver on what we said we would and to keep them engaged and keep them happy. So, for our global partner like [company name] all of the activity happens mainly one time per year, during the exhibition that they’re sponsoring. It’s mainly about PR for them. And so it's accommodating the requests and hopefully they're happy with the amount of press that has come out of that.

But it’s also slightly intangible. For [company name], it’s a little bit more innovative. There are so many different ways to track it. And a consulting firm did a study. I believe it was after the first year or the second year of the partnership, to see -- it’s been a while since I looked at it, but I remember one of the questions was, they just asked like our world VIPs, Curators, Artists, Gallerists, what they associated with [project name].

So the answer they were looking for was contemporary art and even closer would have been the Guggenheim. So it’s kind of just brand association but anything that we can do to deliver contractual benefits and what's in the agreement and hopefully the outcome of it is what both parties wanted.

Interviewer: Got it. Interesting. When you talked about the sponsorship making process, looking for sponsorship, you talked about the acquaintance or friend of the Management, then like use your process, do you think it’s still very important part of the museum to look for sponsorships?

Interviewee: I think it's 50 - 50. I think people would probably disagree on this, but my perspective is that it gets your foot in the door. It gets that meeting with the CMO or the President, or whoever happens to be that high level connection. It gets your foot on the door. It gets you that meeting. But honestly, the value proposition still has to be there. It has to make business sense for the company to invest money. It's very rare that a company would do a whole marketing corporate sponsorship just because they're friendly with someone.

Some people disagree with that. Some people thinks it's all about friends doing each other favors, but I think that's more of an individual development strategy. I think with corporate, it helps. It gets your foot in the door, but you still have to present a really solid proposal that aligns with their business objectives and that has a very clear value proposition. Otherwise, this doesn't make sense for them to do it.

Interviewer: Yeah, you're right. I think only three questions remain. What is the difficulty you are looking for a corporate sponsorship? Any kind of challenging...?

Interviewee: I think the biggest challenge is presenting the value proposition, the value of sponsorship verse traditional marketing because it is less tangible. There is this sort of intangible value to it and companies just have to buy into that. They have to trust that sponsorship is worth it and is creating a good brand association. But also just presenting the platform of the Guggenheim verse any other platform out there and the art is very niche, so that can be difficult.
It's also difficult in the arts -- you know, other platforms, like sports and entertainment are a little bit more flexible on what they're able to provide to sponsors. In the arts we say no to a lot of requests. We're very particular. Some of them make sense. Some of them don't so much. We get all kinds of requests, like if we approach a jewelry company. This happens a lot.

They'd always say, "Great, we'd love to sponsor something. Can we host an exhibition of our jewelry in the museum?" That's just really, really, really misaligned. We would never ever do that. We could try to be creative and think of alternatives, but it's difficult when companies don't quite understand that the arts and museums are still upholding curatorial point of view and that we have to integrate the sponsor in ways that make sense for us and are probably more subtle than the commercial sponsorship world.

Interviewer: I think compared to other museums, Guggenheim has strong international presence, do you think that influence on corporate development?

Interviewee: I don't know. That's a hard question. I think we're trying to capitalize on that. And I think that a lot of companies are attracted to that aspect, the fact that the Guggenheim is global. But it's almost more of in terms of fit and in terms of finding an alignment. If the company is global, and then Guggenheim is global, we always kind of point that out as an alignment. But in terms of actual execution, we haven't really figured that piece out yet. Aside from maybe one of our global partners, [company name], who has hosted events in Venice, we haven't really done a whole lot of shared sponsorships and executing at the different museums.

Part of that is because we all have different operating budgets that are completely managed separately. And part of it is just because those markets aren't necessarily important to brands, even though, I think they like the message of it, and they like the PR aspect of it, that they're a global company and they are supporting a global museum, but for the most part, most companies that I've talked to, Venice is not a very important market to them and Bilbao is an even less important market to them. So, it's really the New York market that is important, so it might be valuable for them to include it in messaging in some sort of way. But in terms of like actual tangible on site activation, we have not done it a lot. I think there's a lot of opportunity there, but we have not. We just haven't done it.

Interviewer: All right. I think we all covered it. Thank you so much for your time.
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