

A Study of Sustainable Management in Arts and Cultural Activities

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Abstract

Regional development is an urgent issue in Japan, which is facing various challenges including a declining population, an aging society, and the concentration of the population in Tokyo. Artistic and cultural activities are expected to play a role in community revitalization as cultural capital unique to the community. However, art museums and festivals face the problem of being unable to cover their operating expenses with revenue from their enterprise, and support from non-beneficiaries is necessary for sustainable operations, which is a prerequisite for community revitalization. This paper discusses the management issues of arts and cultural activities, particularly museums and art festivals, from a community revitalization perspective. As the number of stakeholders in arts and cultural activities expands, management must take on the role of organically linking the cultural capital of museums and art festivals with education, welfare, tourism, and industry.

Introduction

In 2022, the Museum Act was revised to include an obligation for museums to make efforts to contribute to community vitality through collaboration and cooperation with various local actors. In the 70 years since the enactment of the Museum Act, the circumstances surrounding museums have changed dramatically, and the roles required of them have become more diverse and sophisticated.¹ This is consistent with the Law on the Promotion of Culture and Tourism, which was enacted in 2019 with the aim of linking the promotion of culture to that of tourism and community revitalization, and creating a virtuous cycle in which the economic benefits of these efforts are reinvested in promoting culture. Since 2010, art festivals such as the Setouchi International Art Festival have been held in various regions of Japan, aiming to solve local social issues. Although transforming museums into cultural tourism facilities has been the source of some debate, museums and art festivals are expected to serve as cultural capital unique to the community.

To achieve their missions, museums and art festivals must operate sustainably. However, generating sufficient

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¹ Agency for Cultural Affairs website, https://www.bunka.go.jp/seisaku/bijutsukan_hakubutsukan/shinko/kankei_horei/93697301.html (accessed July 14, 2022).

operating revenue to cover their operating expenses is difficult, and support and donations are essential for sustained operation. This has been an operational challenge.

Since the promulgation of the "Act on the Creation of New Towns, People and Work" in 2014, efforts to develop local communities to address issues such as population decline, aging, and the concentration of the population in Tokyo have been in full swing. This study examines sustainable management of artistic and cultural activities for art festivals and art museums, as an example of museums.

1. The community and artistic and cultural activities

Since 2000, the creative city has gained attention as a concept. In Japan, Kanazawa and Yokohama are known for their efforts. Watanabe (2014) defines the creative city as "a form of urban governance that seeks to respond to changes in the environment surrounding the city caused by structural changes in the economy and society, such as deindustrialization and the shift to a knowledge society, by drawing on the creative power of people, and aims to revitalize and develop local communities and achieve self-sufficiency." The enhancement of a city's creative power through arts and culture is expected to add value to industry and lead to the revitalization of local communities. In creative cities, the added value of creative industries, which are new industries, is often the focus of attention; however, the source of added value is the creativity of arts and culture and ability to link arts and culture with industry.

The Agency for Cultural Affairs defines a municipality that works to solve regional issues by utilizing the creativity of arts and culture for community development, tourism, industrial promotion, and other purposes as a Creative City for Culture and the Arts. Art festivals and museums are cultural capital (i.e., investment in cultural infrastructure) for creativity in arts and culture, and are expected to play a role in community development not only in cities but also in regions where the birthrate is declining and the population is rapidly aging.

1.1. The community and artistic and cultural activities

The basic goal of the second phase of the "Comprehensive Strategy for Urban, Human, and Workplace Creation" (2019) is to "create attractive communities where people can gather and live with peace of mind. In order to create communities that people want to visit and continue to live in, we must maintain and secure urban functions and daily life service functions, while maximizing community resources and adding value to the community." The policy aims to:

- ① Enhance community functions for quality living;
- ② Form unique communities that make the most of local resources; and
- ③ Create a community where people can live with peace of mind.

The second aim includes tourism, culture, sports, and health. In addition, the government's Tourism Vision Realization Program 2019 begins with "Tourism is the trump card for regional development and a pillar of the growth strategy." The number of international tourists to Japan exceeded 30 million in 2018, and with the Olympic Games to be held in Tokyo, the goal for 2020 was set at 40 million. However, the global spread of COVID-19 made it difficult to achieve this goal, and tourist destinations continue to see cancellations. In addition, after a one-year postponement, the Tokyo Olympics was held in 2021 without spectators. Once the spread of COVID-19 is over, tourism is expected to remain the mainstay of this effort.

In 2015, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) issued a guideline titled "Promotion of Regional Revitalization with Culture and the Arts at the Core." Its purpose is to "promote distinctive regional cultural and artistic activities, theaters, music halls, etc., and realize regional revitalization with culture and the arts as a catalyst."

The Development Bank of Japan (2010) states, "Contemporary art has come to be seen as a seed of regional revitalization. In Europe, the shift in industrial structure since the 1980s has led many cities to focus on the creativity of arts and culture, and to formulate urban renewal strategies that combine arts and culture with the existing resources of each city. As seen in Barcelona and Bologna, many cities have established themselves as cities of arts and culture. In Japan, Yokohama, Kanazawa, and other cities were among the first to adopt the concept of a 'Creative City,' advocating urban renewal through arts and culture, and have formulated and implemented urban strategies and are actively working toward community revitalization."

Art festivals focusing on contemporary art can be found throughout Japan, including the Yokohama Triennale (since 2001), Aichi Triennale (since 2010), Setouchi International Art Festival (since 2010), Sapporo International Art Festival (since 2014), Okayama Art Exchange (since 2016), and Okunoto International Art Festival (since 2017). They are expected to contribute to community revitalization.

Isogai (2019) explains why contemporary art is often featured in these efforts. Specifically, this is because of:

- ① Economic value as a speculative object; and
- ② Expectations for the effects that occur when contemporary art has a relationship with the "community" or "region."

Regarding (1), sustainable development cannot be expected in a situation in which contemporary artists and the individuals and organizations who develop accompanying businesses are economically impoverished. Although books and articles related to art projects do not often discuss economics, such discussions are essential for a project to take root and remain active in the future. If contemporary art is featured more often, it is expected to expand its market and increase its economic value. In (2), the communities have their own issues, and this is one possible method of solving them. This has been one mission of many international art festivals, and initiatives and new discoveries through contemporary art may contribute to community revitalization.

1.2. The art project

Art festivals are classified as art projects. According to Koizumi (2012), "Art projects are cultural projects or cultural activities developed with the aim of using art to approach various social and cultural issues, such as depopulation and exhaustion in local communities, welfare, and education." Kumakura (2014) also describes art projects as co-creative art activities focusing on contemporary art that have been developed in various parts of Japan mainly since the 1990s, and characterizes them as:

- ① Emphasizing and proactively disclosing the production process;
- ② Being a site-specific social context with activities appropriate to the place where the project takes place and its social context;²
- ③ Ongoing development with various expected ripple effects;

² It refers to a work of art that expresses its nature and belongs to the place, a work of art that takes advantage of the characteristics of the place where it is installed, or its nature or creation method (Kumakura, 2014).

- ④ Collaboration involving people with various attributes and the communication that triggers it; and
- ⑤ Interest in and outreach to sectors other than the arts.

In addition, Yoshizawa (2019) argues that art projects are a form of contemporary art that has spread throughout Japan since 2000, in which artists take the lead in creating and implementing projects together with local people. Further, he has listed four elements of art projects:

- ① From an artist's solo work to collaborative production by various participants equals collaboration;
- ② Permanent works as well as temporary objects and workshops;
- ③ Emphasizing the production process itself and its inherent nature; and
- ④ Using everyday objects rather than specialized tools and materials.

He also defines the art project as "the practice of finding 'art' in daily life and society rather than for the purpose of releasing art that has been enclosed in museums into the public sphere" (Yoshizawa, 2011). Although art projects are discussed separately from art festivals, which are held every few years for a limited period of time, this paper considers art festivals as one type of art project.

Historically, art projects have been focused on works completed in museums, which are closed spaces. However, a rise in interest in art installations in other public spaces, such as squares, streets, and parks (public art), as well as the spread of the concept of site-specificity, the concept has expanded from space to place (Kumakura, 2014).

Kumakura (2014) also argues that the "Echigo-Tsumari Art Triennale" established the path for art projects to work with other fields, such as urban development and social systems, rather than considering art as art alone. The Echigo-Tsumari Art Triennale is held every three years in the satoyama of Echigo-Tsumari (Tokamachi-shi and Tsunan-cho, Niigata Prefecture). The first festival was held in 2000, and more than 200 artworks based on satoyama, including fields, private houses, and abandoned schools, were created by artists and permanently installed across six areas (Tokamachi, Kawanishi, Matsudai, Matsunoyama, Nakasato, and Tsunan). One of its major features is its area, which reaches 760 km². Fram Kitagawa (2014), General Director of the Echigo-Tsumari Art Triennale and the Setouchi Triennale, states in his book that efficiency is a characteristic of cities, and Japan's urban concentration is leading to the homogenization of everything. He further argues that in Echigo-Tsumari, it is important to be the opposite of the city's value of "maximum demand for up-to-date information and shortest access." He also states that, "People travel around the community using artworks as a guide. It is important to experience the process of moving between works at a distance from each other. This distance will naturally cleanse the eyes and lead to new perspectives on the next work." Thus, one characteristic of the program is that visitors can experience the locality by moving between works of art.

One concept Kitagawa cites is "collaboration across communities, generations, and genres." In addition to local residents, 2,742 volunteers and 301 local supporters registered for the seventh festival in 2018. The event attracted 379 artworks, including permanent installations, artists from 44 countries, and a total of 548,380 visitors,³ thereby increasing the number of people interacting with the art project.

1.3. The community and museums

According to Article 2 of the Museum Act, a museum is "An institution where materials related to history, art, folklore, industry, natural science, etc. are collected, stored (including fostering, the same applies hereafter), and

³ Echigo-Tsumari Art Triennale website, <https://www.echigo-tsumari.jp/about/history/> (accessed June 25, 2022).

exhibited. It makes them available to the general public with educational consideration, and conducts activities necessary to contribute to their knowledge, research, recreation, etc., as well as conducting research and study related to these materials (hereafter omitted)." In general, the category of "museum" includes general museums, science museums, history museums, art museums, open-air museums, zoos, botanical gardens, zoological gardens, and aquariums, and their roles (missions) are defined as collection, conservation, exhibition, and research and investigation.

Nishizawa (2010) states, "Museums, whether private or public, have a certain public nature, which is in fact part of the town, an asset shared by the townspeople. It is in fact part of the town, an asset shared by the people of the town," indicating that a museum is a form of cultural capital unique to its community.

Art festivals are also initiatives, such as biennials (once every two years) and triennials (once every three years); however, locally run art museums often serve as the core of art festivals. Examples include the Chichu Art Museum and Lee Ufan Art Museum on Naoshima (Naoshima-cho, Kagawa-gun, Kagawa Prefecture), Teshima Art Museum on Teshima (Dojo-cho, Shodo-gun, Kagawa Prefecture), and Inujima Seirenscho Art Museum on Inujima (Higashi-ku, Okayama-shi, Okayama Prefecture) at the Setouchi International Art Festival. The mission of art festivals often includes the discovery of new local values and problem-solving. To realize this, not only art festivals held once every few years but also museums and art projects operated on a daily basis are essential. The 21st Century Museum of Contemporary Art in Kanazawa, Ohara Museum of Art in Kurashiki, Metropolitan Museum of Art in New York, and Louvre Museum in Paris are also leading tourist attractions and regional brands. The CEO of the Metropolitan Museum of Art states, "The Met is both a global destination and a hometown museum."⁴

Regarding community development using arts and culture, Koga (2011) identifies the following:

- ① "People development" that draws out people's ability to live as human beings and is linked to other fields, such as education and welfare; and
- ② "Community development" that revitalizes cities, gives vitality to communities, and is linked to tourism and industry.

Further, Koga defines community development as the combination of both people and community development.

Thus, in addition to their basic functions of collecting, conserving, exhibiting, and conducting research and surveys, museums are expected to play a role in various aspects of community revitalization, including education, serving as bases for local residents' cultural activities, and contributing to the local economy and tourism. Art management, which organically links the cultural capital of museums and art festivals with education, welfare, tourism, and industry, is necessary for "community development."

2. Management of arts and cultural activities

As the roles required of arts and cultural activities diversify, the concept of their management will also start to change. Below, we review definitions of art management and examine the issues involved in sustainable operation.

⁴ Metropolitan Museum of Art Website, <https://www.metmuseum.org/press/news/2019/fy-2019-attendance> (accessed October 15th, 2022).

2.1. Art management ⁵

According to the Agency for Cultural Affairs, "Art management refers to the role of theaters, music halls, art galleries, museums, libraries, and cultural and artistic organizations in linking creators and recipients of culture and the arts through collaboration and connection with the creativity of artists, local communities, especially the audiences who enjoy culture and the arts, and the resources that support them." It appears that roles in a wide range of areas are expected; however, its targets and objectives are not clearly delineated. The Agency for Cultural Affairs also states that "[arts management] can also be described as 'cultural arts management.' In English, arts management is called art management or art administration, which can also be interpreted as cultural arts management." However, the proceedings of the Cultural Policy Subcommittee of the 5th Cultural Council of the Agency for Cultural Affairs (2007) state that the term "art management" is still a new concept, with the argument that "the term has not taken root sufficiently, and we should consider an easier-to-understand rephrasing." ⁶

Tanaka (2017) argues that artistic activities are fundamentally related to both human beings and society. Therefore, art management is necessary to manage artistic activities for them to be sustainable in society.

Further, art management functions as an intermediary between artistic activities, such as artists and artworks, and the appreciative public and society, and it:

- ① Introduces the artist to the client;
- ② Allows artists to live in a particular society; and
- ③ Supports the development of the potential of society itself (participation support, audience education, identification and training of professional artists).

Arts and culture have the potential to present new values and methodologies in societies, regions, and communities, without being bound by preconceived notions. However, since artists themselves are often unaware of this, he states that the field of art management will consider further areas of arts and culture resulting in the improved potential of society as a whole.

2.2. Issues in the management of arts and cultural activities

Public museums' operational plans are determined by the evaluation criteria of the supervising ministries and local governments that control their budgets. Operational plans for private museums are also determined by the evaluation criteria of investors (e.g., companies). This is because museums cannot operate without investment by their backers. However, these evaluation criteria are rarely made public and are not transparent. Transparent evaluation criteria are essential for strengthening relationships with a wide range of stakeholders. The issues of art management are discussed below from three perspectives: (1) project evaluation, (2) assurance of economic viability, and (3) stakeholders.

2.2.1. Project evaluation in art management

Drucker (1999) defines management as "the tools, functions, and institutions that enable an organization to

⁵ It is the management of various art fields and is also called arts management; however, in this paper it will be referred to as art management.

⁶ Agency for Cultural Affairs, "On the Development and Utilization of Human Resources for Arts Management (Draft Discussion Paper No. 2)," https://www.bunka.go.jp/seisaku/bunkashingikai/seisaku/05/05/pdf/siryou_03.pdf (accessed October 25, 2022).

achieve results." Management is also used to set goals for an organization and utilize its resources (e.g., people, goods, money, and information) to achieve those goals and develop them sustainably. Shimada (2009) states, "[Management] is for any organization, for-profit or not-for-profit, to achieve its objectives and achieve results. For nonprofit organizations, it is essential to transform their mission into results and to contribute to society."

A company's mission is its fundamental, long-term purpose, and is often written in the form of a mission statement. The mission is understood by employees, gives direction and purpose to their work, and supports decision-making.⁷ Further, a company will set a period of time to be achieved, as in the case of a medium-term management plan, concretize the objectives, and check the degree of achievement, while moving toward meeting long-term objectives. In terms of management to achieve the mission, both for- and non-profit companies have much in common. However, while economic value is an important indicator for sustainable development in for-profit company, and many aspects can be verified through figures, art festivals and museums are not looking for profitability; thus, business evaluations are conducted from the perspective of how to assess social value.

The Setouchi International Art Triennale is an art project held once every three years. For the fifth festival, held in FY2022, 723,616 people⁸ visited. Although the number of visitors and size of the budget are the largest in Japan, partly because of COVID-19, the number of visitors was not as high as 1,178,484, which was recorded in FY2019. The Setouchi International Art Triennale cites "Restoration of the Sea" as its objective (i.e., mission), and "we want to see smiles on faces of the island's grandfathers and grandmothers." For this to occur, the "tourism" that attracts people to the island must be an "experience of happiness" for the people of the island, and they hope that this art festival will lead to future prospects for the island.⁹ Tourism as an experience of happiness is difficult to measure and evaluate; however, local residents' happiness is one of the festival's evaluation criteria. An evaluation perspective on what was or was not accomplished during each of these festivals will be essential for achieving the mission.

In the case of an art festival, the executive committee or another governing body sets the mission. Unlike in commercial firms, the executive committee of an art festival includes personnel from a wide variety of organizations, including corporations and local governments, many of whom hold down multiple jobs simultaneously, which makes it difficult to manage an organization. Further, a greater transfer of authority to outside parties occurs in an art festival than in other organizations, since the artists, called general directors, are responsible for a festival's overall direction, and individual artists are responsible for artwork production and project management. Thus, the management of an art festival is rarely involved in individual artworks in the first place. The project's overall direction will be developed together with the general director, and an important aspect of management will be to serve as a bridge between artists and local residents.

Nishizawa (2010) states, "Just as (art museums) are public property, and just as we do not abolish roads and parks because they are not successful from a business standpoint, art museums as town property do not exist for the purpose of making money, but to enrich our lives, so they need to be evaluated from a different angle than

⁷ A vision of what a company wants to be and, in a broader sense, what a company ultimately hopes to achieve. The vision is the foundation of a company's mission, which is defined in various ways, including that the mission clearly identifies the business with which a company intends to compete and the customers it targets (Hitt, 2014).

⁸ Setouchi International Art Triennale website, https://setouchi-artfest.jp/seto_system/fileclass/img.php?fid=press_release_mst.20221109105245cf8792688d49f508846a564ae2c1582d (accessed November 25, 2022).

⁹ Setouchi International Art Triennale website, <https://setouchi-artfest.jp/about/mission-and-history.html> (accessed October 25, 2022).

economic or commercial ones." Kato (2018) also notes that, "some indicators, even if imperfect, are required for public investment. The indicators we are proposing are the innovation effect, which is what kind of new value is being created, the breadth of participation in creation, and the breadth of local and global networking."

Figure 1 Logic Model of the Sapporo International Art Festival

Source: Sapporo International Art Festival Project Evaluation and Verification Committee Report 2014

¹⁰ Cabinet Office website, https://www5.cao.go.jp/kyumin_yokin/link/shakaitekijigyou/shakaitekijigyou_04.pdf (accessed August 30, 2022).

are responsible for solving social issues, and are expected to be applied to art museums and festivals as well. For example, PIA and the Development Bank of Japan are creating logic models and conducting case studies to visualize and quantify the social value of sports, music, culture and arts, and other events that attract people to the entertainment industry ("entertainment industry" hereafter), and are examining how they can contribute to local communities. Although it targets entertainment-type projects (i.e., those that aim to generate income), its method of evaluating social value is also helpful for evaluating the social value of art museums and festivals. The social value of the entertainment industry is classified into three categories: "attracting" to the community, "connecting" to the community, and "nurturing" the community. Table 1 provides a brief overview of each category.

Table 1: Overview of Social Impact Assessment of the Customer Attraction Entertainment Industry

Classification	Long-term Outcomes (Effectiveness)
"Attracting" to the community	The number of visitors from inside and outside the community will increase, expanding local economic circulation and increasing the number of people who want to visit and live in the region and town.
"Connecting" to the community	The region and town will become places where pride and attachment to the local community are fostered, social capital is enhanced, and business opportunities are expanded.
"Nurturing" the community	Extending the healthy life expectancy of the community's residents, strengthening the soundness of mind and body, and fostering the healthy growth of children, youth, and young adults.

Source: Compiled by the author from PIA and Development Bank of Japan (2022), "Social Value of Entertaining Events such as Sports, Music, Culture and Arts"

Such a social impact evaluation method could be used to assess contributions to improving community vitality. However, while the creation of social value is a medium- to long-term endeavor, public museums are required to settle their accounts in a single fiscal year based on their budgets, and private museums, such as public-interest foundations, are required to make their budget balance in a single fiscal year, making long-term investment difficult under the system.

The results of a survey conducted by Okayama University and Benesse Holdings, Inc. on residents of Naoshima, where the Setouchi Triennale is held, suggest that participation in the Setouchi Triennale can foster social capital and improve subjective and mental health. These methods of evaluation and measurement of long-term outcomes require examination.

In addition, companies are increasingly disclosing information on their corporate social responsibility (CSR) and environmental, social, and governance (ESG) initiatives and their results in response to growing social awareness. However, the reports of museums and art festivals are not as advanced as those of corporate disclosures. Some museums do not disclose any information at all, and the disclosed information alone is insufficient for understanding the efforts and results of museums and art festivals. Information disclosure is also required to promote collaboration and cooperation with stakeholders.

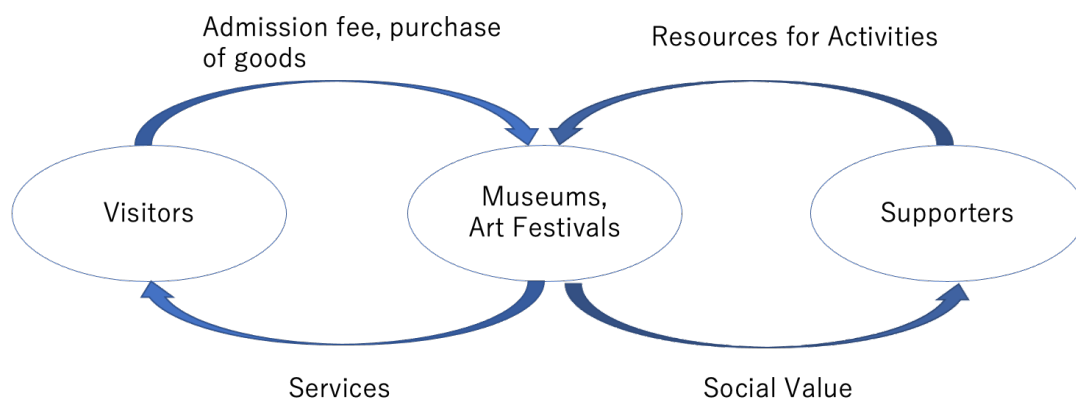
2.2.2. Securing the economic viability of arts and cultural activities

The public utility of museums and art festivals is evident in their missions, and profitability is hardly a management indicator. However, generating sufficient revenue from admission fees and sales of goods to cover operating expenses is difficult, and support and donations are essential to maintain operations. Support is provided primarily by national and local governments for public museums, and by corporations for public museums. This is the same situation as that for many Western museums and art festivals, whose operating costs are covered by corporate and individual donations.

Sustainable operation is essential for an organization to achieve its mission. If the financial support for museums and art festivals from the national government, local governments, and corporations is assured in the future, discussions on the stability of the financial base will be unnecessary. However, Japan's finances are hotly contested, and regional disparities in local finances are becoming more apparent. In addition, the profitability of companies that support museums and art festivals is not guaranteed. As a result of the spread of COVID-19, some museums have closed because of the poor performance of the companies that operated them.^{1 1}

Shimada (2009) states, "Marketing for nonprofit organizations will be dual in nature, with a dimension for beneficiaries and a dimension for economic resources. Beneficiaries and donors who never meet directly are mediated and combined by the organization. Moreover, we must not forget that the success of a nonprofit organization does not depend on the satisfaction of the donors who provide resources free of charge, but on the satisfaction of the beneficiaries who receive the services provided." This is referred to as "marketing of duality." However, while the definition of "success" is a point of contention, when considering the cases of museums and art festivals, is it sufficient to only satisfy the direct beneficiaries (i.e., the visitors)? Whether private or public, public museums must gain recognition for not only their activities but also their role in society, and sustainable activities are essential for gaining support from a wide range of stakeholders, and not only the national and local governments, which have been the main funders to date.

Figure 2: Marketing Duality in Museums and Art Festivals



In 2020, most museums were forced to close because of COVID-19. For private museums, which receive a high percentage of their funding from admission fees and merchandise sales, the impact on their operations was significant. Some museums^{1 2} raised funds through crowdfunding and quickly achieved their goals. Thus, many

^{1 1} For example, the Sugimoto Museum of Art in Mihama-cho, Aichi Prefecture, closed in October 2021 because of the poor performance of its operating parent, Nagoya Railroad, as a result of COVID-19.

^{1 2} Ohara Museum of Art (Kurashiki-shi), Yamatane Museum of Art (Shibuya-ku, Tokyo), and Watari-um Museum of Art (Shibuya-ku, Tokyo).

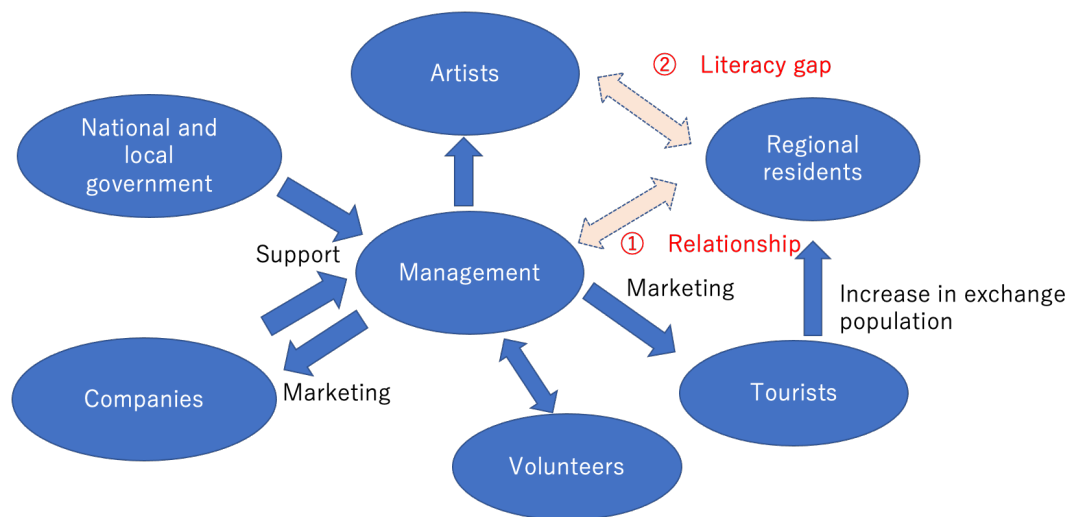
supporters understand these museums' activities. A shared awareness of the unique cultural capital of the community and a continuous increase in the number of such supporters are essential for sustainable operations.

2.2.3. Stakeholders of arts and cultural activities

Companies involved in the operation of art festivals have noted that art management has "too many captains." The management of an art festival requires a high level of expertise in art direction, fundraising, and marketing, and at the same time, managing a festival holistically is difficult, because steering committees are composed various organizations.

Takeuchi (2011) notes that, in European countries, citizens won the public utility of "enjoying art" through the history of revolutions that have occurred since the time when artwork was the privilege of the wealthy. However, he states that, nowadays, it appears to be oriented toward "the connection between art and society, and between people and people through art." As we have mentioned, arts and cultural activities have deepened their relationship with the community and the number of stakeholders has increased.

Figure 3 Stakeholders of arts and cultural activities



However, (1) building relationships with local residents and (2) the literacy gap regarding the arts between artists and many local residents shown in Figure 3 are challenges in art management.

First, regarding (1), although the relationship with local residents deepens as space and time are shared, a greater understanding is needed of the residents who neither appreciate art projects nor work with the artists. Even local residents can be divided into "participating" and "non-participating" groups, requiring organizers and artists to take different approaches. One difference between art festivals held in urban and rural areas is that the larger urban populations lead to a small impact of the exchange population on local residents. For example, an art festival would have quite a different impact on the communities of Yokohama, with a population of over 3.7 million, and Naoshima, with a population of just over 3,000. Further, contemporary art displayed outdoors is supposed to be in harmony with the cityscape; however, in urban areas, the surrounding buildings and stores often change and are rarely considered in harmony with the art. In Naoshima, Fukutake Soichiro of Fukutake Shoten (now Benesse Holdings) announced the "Naoshima Cultural Village Concept" in 1988, followed by the construction of Benesse House, a hotel and museum, in 1992, the opening of the Chichu Art Museum in 2005, the Lee Ufan Museum in 2010, and the Setouchi International Art Triennale that began in 2010. The festival has developed a relationship

with the local community over a long period of time. Thus, although building relationships with local residents is essential for art projects that utilize the "outdoors," this is not easy to achieve.

Second, regarding point (2), not all local residents have a deep knowledge of art, and many are reluctant to participate even though they would like to take part. Of course, viewing art projects is one form of participation; however, many art festivals expect local residents to actively participate. For example, in the report on the Sapporo International Art Festival 2017, the guest director Otomo Yoshihide states that the only request from the city of Sapporo was to "make it together with the citizens," and then adds, "The more I think about it, the harder it is to define 'to do it with the citizens.' It did not mean everyone was welcome, but rather, I first accurately communicated my direction, and then tried to work with as many people as possible, whether they were adults, children, professionals, or amateurs, without rejecting those who still wanted to participate." He also mentions the difficulty of management in co-creation between artists and local residents.

Hashi (1999) and others have long noted the shortage of human resources in art management and the development of a human resource development system; however, whether the problem has been resolved is difficult to say. While such efforts are certainly urgently needed, the current management structure for arts and cultural activities is also an issue. Exhibitions and events are organized mainly by internal curatorial and research departments, and the curators' expertise has been respected. In addition, the financing has a high ratio of fixed costs and the budget is limited, making it difficult to secure new personnel. Internalizing the art management function under these circumstances is an organizational challenge.

3. Corporate social responsibility (CSR) and arts and cultural activities

Corporate support of the arts and culture is known as "mecenat," which comes from the French term for "cultural advocacy." The "FY2021 Mecenat Activity Performance Survey" conducted by the Japan Corporate Mecenat Council shows that companies continue to emphasize "community," "SDGs," and "corporate value creation" as important aspects of their support for arts and culture. Thus, companies, as (potential) supporters of arts and cultural activities, are becoming more aware of community revitalization, and museums and art festivals can expect to diversify their funding sources and stabilize their financial bases.

3.1. Corporate social responsibility in the modern era

Benesse Art Site Naoshima by Benesse is located on Naoshima, Teshima, and Inujima in the Seto Inland Sea, and plays a central role in the Setouchi International Art Triennale. Kato (2018) states, "Fukutake Soichiro explains the importance of public interest capitalism. He advocates a scheme in which private capital is accumulated as social capital by investing capital generated by corporate activities in public corporations. This will redistribute the profits from corporate activities to society through public foundations." The Council for the Promotion of Public Interest Capitalism defines public interest capitalism as "capitalism that views the corporation as a social entity and places priority not only on the interests of shareholders but also on the contribution (public interest) to all stakeholders, including employees, their families, customers, business partners, and local communities."^{1 3}

^{1 3} Council for the Promotion of Public Interest Capitalism Website, https://picc.or.jp/action_index.html (accessed January 15, 2021)

In Japan, the idea that the interests of not only the parties to a transaction but also of society at large are important dates back to the Edo period. The "sampo yoshi" of the Omi merchants is "good (yoshi) for the seller," "good for the buyer," and "good for the world." Kagata (2010) argues that, in Europe and the United States, CSR was first described in a 1924 paper. Thus, CSR has a long history, and from the perspective of corporate involvement in arts and culture, CSR's positioning in current corporate management is important. Seki (2018) states that "it is believed that the concept of [CSR] in the modern sense was formed and rapidly gained international recognition only after the year 2000." According to Kagata (2010), "Since the 1990s, as the international community started to engage with the discussion on various problems associated with globalization such as environmental destruction, human rights, poverty, conflict, and discrimination, various international institutions and organizations began to strongly demand corporate responsibility regarding these problems and proactive corporate responses to resolve them." Thus, companies are becoming more active in CSR, SDGs, and other social activities, and arts and culture investment's potential to play a role in community revitalization has increased.

In addition, the United Nations proposed the Principles for Responsible Investment (PRI) in 2006. These guidelines state that ESG issues should be reflected in the decision-making process of institutional investors. Subsequently, the growing number of investments that evaluate a company's ESG efforts has also influenced corporate activities.

3.2. CSR and arts and culture investment

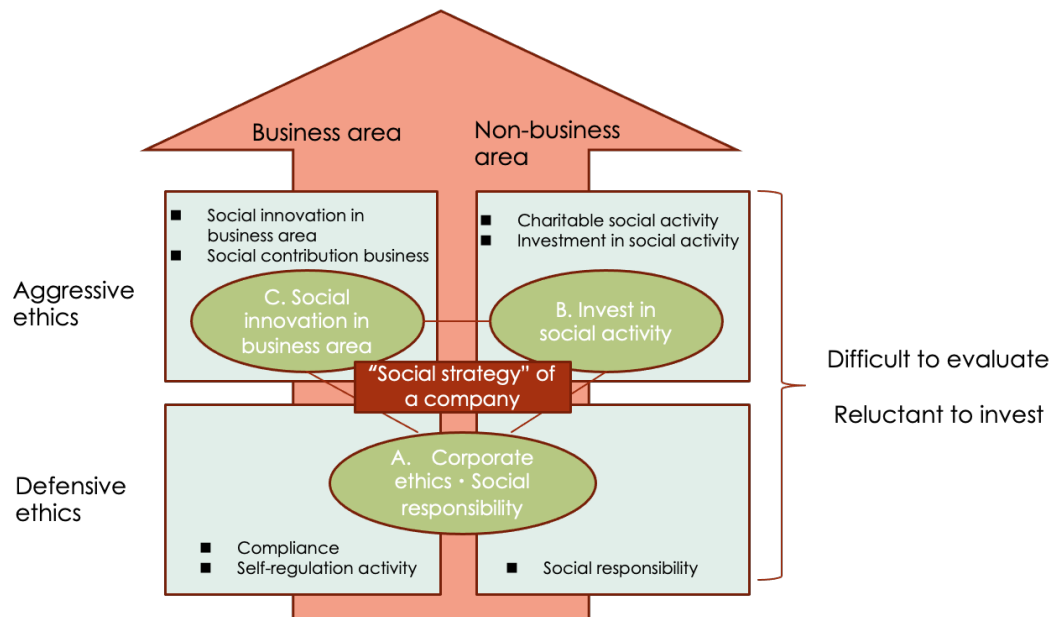
Kato (2018) has characterized social investment as follows:

- ① Even if you made an investment, it does not necessarily mean that you will be able to profit from it. While you may be included, the benefits to society at large can be much greater.
- ② The profit gained is often not money. For example, it provides benefits that cannot be translated into monetary terms such as enriching the mind. Most of all, if you are only entrenched in the economy, your life is impoverished, oblivious to this great benefit.
- ③ Even if you keep investing, you will never know when in the world it will start having impact. It is extremely difficult to envision in advance when investment effects will appear. Social investment requires investing in the activities of strangers without knowing whether it will pay off.

.When a company invests in a business (economic investment), it generally considers the risk (uncertainty) and return (expected return). In contrast, social investment is difficult to understand in terms of returns. It can be understood as an initiative in which the economic perspective of corporate value creation and social investment are in conflict. How to visualize the value of social investment is the challenge in turning "potential" into "actual" investment.

Ibuki (2015) presents the basic framework of a company's strategic CSR, as shown in Figure 4.

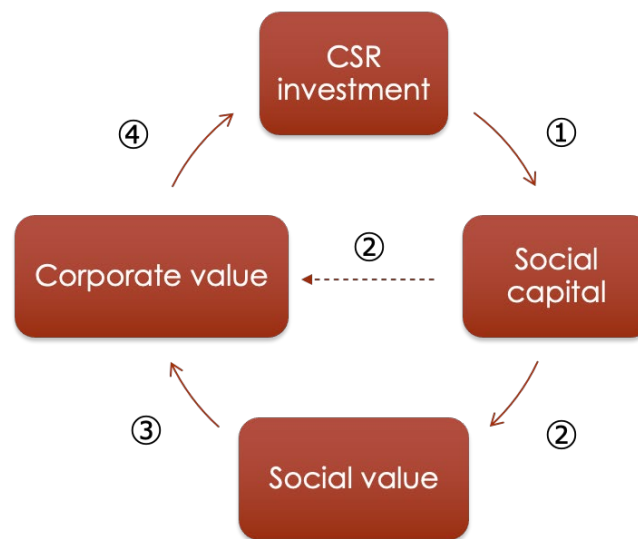
Figure 4: Basic framework of strategic CSR



Source: Ibuki, E. (2014), *CSR Management Strategy: Boosting Competitiveness through 'Social Responsibility'*.

Since investment in arts and cultural activities is an area outside of businesses, the concept of returns as social investment is difficult to comprehend. Some companies have noted that they can make certain investments in arts and cultural activities because they understand them as activities that contribute to the community; however, it is difficult to go through an internal process to increase the investment amount because the returns on such investments are hard to define.

Figure 5: Companies' CSR Activities Outside of Business and the Corporate Value Creation Cycle



Determining how to visualize the story of how investment in non-business areas creates social value, which in turn leads to the creation of corporate value such as building corporate brands, will lead to the participation of companies, which are both potential investors and non-beneficiaries of arts and culture investment activities. In interviews with companies in this study, some said that investment in arts and cultural activities led to the hiring of human resources.

4. Regional cooperation and collaboration

Hata (1999) states, "Visitors to art galleries and museums do not necessarily derive sufficient satisfaction from exhibitions and events alone. The comfort of using the building as an art museum or museum space to the comfort of spending time there is required." Thus, it is necessary to look beyond the expertise of curators and researchers to art management in art galleries and museums as a whole. In addition, since community revitalization, such as education, welfare, industry, and tourism, can be realized through collaboration and cooperation with various actors, such collaboration and cooperation should also be considered an area of art management. Museum-initiated partnerships and collaborations with different industries are discussed through case studies below.

Ohara Museum of Art and Okayama's professional soccer team, Fazio Okayama, signed a partnership agreement in 2019.¹⁴ The agreement aims to support education for children, revitalize Okayama, and create a new sense of values as "Okayama, a city of art and sports." Originally, the Ohara Museum of Art was involved in educational activities by offering programs for children to experience art, such as the "Art Museum for the Whole School," "Program for Preschool Children," and "Children's Art Museum" for local elementary schools. The outcomes that will emerge from the collaboration agreement are eagerly anticipated. In addition, although many professional sports teams are joint stock companies, they often experience difficulties meeting their expenses through admission fees and the sale of goods, and they operate with the support of corporations, a form of "duality marketing." Synergistic effects can be expected in terms of individual organizational operations. A "Collaboration Agreement

¹⁴ Fazio Okayama Website, <https://www.fazio-okayama.com/news/p1473054876.html> (accessed August 15, 2022).

on Community Activities"¹⁵ was also concluded with the Kurashiki Ablaze volleyball team in Kurashiki-shi in 2022, with the aim of both parties enhancing their attractiveness and contributing to the development of the local community by promoting support for children's education and attracting new fans.

The Nagi Museum of Contemporary Art, located in Nagi-cho, Katsuta-gun, Okayama Prefecture, is an art museum that integrates artworks and buildings, where large artworks that would be impossible to collect in general museums are commissioned in advance, and the entire space is constructed through discussions between artists and architects. The director, Mr. Kishimoto, is also the curator of "Mimasaka Sanyu Art Temperature," which is held every three years. This is a traveling art event in which artists from inside and outside Okayama Prefecture create and exhibit their works at hot spring resorts in the hot spring areas (Yubara, Okutsu, and Yunogo) located in the northern part of Okayama Prefecture. The goal is to create a flow of people through the power of art, increase the number of people interacting with and staying in the area, and expand the potential of the hot spring resort. Some works will remain on permanent display after the exhibition period ends and attract visitors while blending in with the local community.

Figure 6: Mimasaka Sanyu Art Temperature Works



The Nagi Museum of Contemporary Art has also benefited from a synergistic effect of increased visitors owing to a new restaurant that opened on the premises in 2017. One characteristic of this art management is that it has made a habit of creating networks with the outside world to achieve sustainable operations, and is working not only in collaboration with other museums (institutional collaboration) but also with organizations from different industries (functional collaboration). Although transforming the director's individual competence into the organization's competence is a challenge, the policy that "if the surroundings (community) improve, it will come back to you (the museum)" is a suggestion for practicing art management.

Conclusion

The roles demanded of arts and culture are becoming more diverse and sophisticated and are expected to

¹⁵ Kurashiki Ablaze Homepage, <https://kurashiki-ablaze.jp/news221114.html> (accessed November 20, 2022).

contribute to regional revitalization. Art management in community development has been examined for museums and art festivals.

Kanazawa-shi, Ishikawa Prefecture, saw an increase in the number of tourists following the opening of the Hokuriku Shinkansen bullet train line, and the facilities at Kenrokuen Garden, the adjacent 21st Century Museum of Contemporary Art, Kanazawa, and Kanazawa Castle Park were all visited by over two million tourists prior to the pandemic. Many people visit all three facilities. The location functions as an "area" by creating synergy with the surrounding restaurants and other commercial facilities. Okayama-shi has the highest number of visitors to Korakuen Garden; however, there is a large gap with the number of visitors to nearby art galleries and museums. Local collaborations to maximize the community's unique cultural capital is a challenge for art management.

Local cooperation among diverse organizations has some issues, such as conflicting interests among organizations. However, population decline is steadily progressing, and improving community vitality is an urgent issue. Museums and art festivals, which are cultural resources unique to their communities, will benefit from local cooperation and broad support for their operations and management.

To promote community collaboration, stakeholders must understand the activities of museums and art festivals. Thus, art management plays a significant role, and further enhancement of information disclosure is expected.

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