

A Brush on Brands-

**A Research on Art and Cultural Sponsoring Behaviours of High-tech Corporate
Foundations in Taiwan**

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INDEX

Chapter One: Overview

- 1.1 Research Background and Motivation**
- 1.2 Research Objectives**
- 1.3 Research Method**
- 1.4 Research Constraints**
- 1.5 Research Structure**

Chapter Two: Literature Review

- 2.1.1 The History of the NPOs**
- 2.1.2 The Development of the NPOs in Taiwan**
- 2.1.3 Three Hundred Major Foundations in Taiwan**
- 2.2.1 The Rise and Importance of High-tech Industry in Taiwan**
- 2.2.2 The Development of High-tech Corporate Foundations in Taiwan**
- 2.3.1 The Relation between Business Corporations and Art & Culture Industry**
- 2.4.1 The History of High-tech Corporate Foundation in Sponsoring Art and Culture in Taiwan**
- 2.4.2 The History of High-tech Corporate Foundation in Sponsoring Art and Culture in Taiwan**
- 2.4.3 The Earliest Foundation in Taiwan**
- 2.4.4 The Biggest Corporate Foundation Sponsoring Art and Culture In Taiwan**

Chapter Three: Research Methods

- 3.1.1 Methodology**
- 3.1.2 Hirose's Model**
- 3.2.1 Data Collection**

3.2.2 Research Scope

3.2.3 Research Samples

Chapter Four: Case Study

4.1.1 Type 1 - Both the company business and its corporate foundation get involved in sponsoring art & cultural activities.

4.1.2 Type 2 - The corporate business doesn't get involved in sponsoring art & cultural activities but the corporate foundation does.

4.1.3 Type 3 - The company business doesn't get involved in art & cultural activities but a specific foundation (not under the name of the company) sponsored by the enterprise works as the principal for the company to sponsor art & cultural activities.

4.2.1 Hypotheses Review

4.2.2 Corporate Foundation Brand Management Model

Chapter Five: Conclusion

5.1.1 An Outlook on Taiwan

5.1.2 Research Conclusion

Reference:

Table and Charts

Appendix

Interview Files

Chapter One: Overview

Art begins when one person, with the object of joining another or others to himself in one and the same feeling, expresses that feeling by certain external indications.

Leo Tolstoy

1.1. Research Background and Motivation

As the economic development and the living quality have been improved these years, the services provided by non-profit organizations, social clubs and foundations have become an indicator of cultural development in a society. The development of non-profit organizations is flourishing because of their positive, pro-social welfare characteristics which help to win support from the government and the public. They also successfully arouse the sense of community, through the characteristics of voluntarism and civil participation, which help eliminate the sense alienation of people in the modern society. According to the Ministry of the Interior of Taiwan, the total amount of non profit organization in Taiwan has reached 23.369 in 2004¹. The existence and development of NPOs (Non Profit Organizations) is highly connected with the social environments in politics, economics, education and cultures. However, the limited social resources have been the socio-ecological worry for the fast developing NPOs in Taiwan. As every NPO in Taiwan is struggling with the competition for limited resources, the way to win financial resource becomes the major issue among the NPOs. However, this issue has found a way out.

In recent years in Taiwan, more and more dedication from the business sector has bridged the gap between for-profit organizations and non-profit organizations on their objective of increasing public benefit. As soon as Taiwan entered the Post-Martial Law

¹ The Ministry of the Interior: <http://www.moi.gov.tw/home/>. The growth rate of the increasing NPOs from 1997 to 2004 is 82%.

Era¹ in 1987, the whole society of Taiwan has advanced to the new era of multi-cultures which accepts the developments of different subcultures within the society, besides traditional organizations for public welfare, all kinds of NPOs started to play the role to bridge the public sector and the civil sector and have invigorated the society in Taiwan. In fact, the laws in Taiwan do not define a “non-profit organization” or a “foundation” and all the concepts about NPOs are referred to under the “public-service personhood”² in Civil Law. A Foundation is often taken as a pronoun for corporate personhood³ which can be a foundation, a church/temple, a private school, a private hospital etc. (Feng Yen, 2000). As establishing corporate foundations has become a fervent trend in the business sector in Taiwan, which works as a way to respond to the public demand in corporate social responsibility and also works as an unobtrusive way of corporate marketing. From the perspective of corporate social responsibility, it originated from a simple feedback loop of “benefiting from society and dedicating to society”. A Corporate foundation functions with a more efficient planning system which provides better integration of funds, human resources and professional planning. In addition, as the NPOs have taken up the functions that the government has failed to sustain, the development of art and cultural organizations in Taiwan

1 The Martial Law Era marked the political period of Taiwan from 1949-1987 and it was the often quoted as the “suppression era of Taiwan”. The Post Martial Law Era of Taiwan carried many meanings in Taiwan. Especially to the contemporary art in Taiwan, artists are able to get rid of the “distance to reality” mode and cut into performances with different angles. More information can be found in “Thoughts on contemporary arts in Post Martial Law Era” by Tsa Zao-Yi at <http://www.artouch.com/story.aspx?id=2006042017869>

²公益法人（こうえきほうじん/ public-service personhood）: is defined in the common law of Japan (clause 34) as a “non-profit organization”, which was made in May, 2006. The related rules and regulations in Taiwan are not matured and legislated. More information at: <http://ja.wikipedia.org/wiki/%E5%85%AC%E7%9B%8A%E6%B3%95%E4%BA%BA>

³ It means “non-profit corporation” or “not-for-profit Corporation”. Due to the development of the third sector in Taiwan is still at the initial stage, some terminological definitions are still under discussion. Prof. Chen Si-Fan, a renowned scholar in Taiwan, now the deputy of National policy foundation has made his comment on this definition as “one organized for some charitable, civil, social or other purpose that does not entail the generating of profit or the distribution of its income to members, principals, shareholders, officers of others affiliated with it. Such corporations are accorded special treatment under the law for some purposes, including federal income taxation- Barron's Law Dictionary”. See the whole article at: <http://old.npf.org.tw/PUBLICATION/NS/092/NS-C-092-017.htm>

therefore came to a major shift.

One of the most depressing pieces of news to the art and cultural¹ sector is definitely about the 2008 Taiwan Expo called off by the Executive Yuan. In this miscarried project, the council of cultural affairs had arranged many art and cultural activities to put Taiwan's works of art and culture onto the global stage (Chen Chi-Nan, 2006). This is just one of the many examples how Taiwan's government is too weak to value the importance of art and culture, while the whole governmental ecology is just about a never-ending political wrestling between different parties. Since the government of Taiwan has always had only a minor role in supporting domestic artistic and cultural events, just like in the United States where public agencies have failed to create and preserve local arts institutions on a high quality level (Kirchberg, 2003), most Taiwanese art and cultural organizations have gone in quest for support from the business sector. In addition, the government in Taiwan, in order to nurture the high-tech industry, has given a great deal of preferential treatments in land taxes and other levies. For example, in the "Statute for Upgrading Industries"², the high-tech companies in Taiwan receive Business Income tax credits for research and development, automation, human resource trainings, and even shareholder investments. And businesses listed in "new important strategic industries" are

1 Art reflects culture and the value, customs, forms and signs carried by different kinds of culture are depending on different art performances to present. Therefore, different countries have different definitions in art and culture. For example, "Ministère de la culture" in France represents the governmental agent for all kinds of affairs in art and culture; also the "National Endowment for the Arts (NEA)" in the U.S. In Taiwan, they are often mixed as "National Culture and Arts Foundation" and "Council for Cultural Affairs, Taiwan".

² Amended version in February, 2005. See more Information from "Laws and Regulations Database of the Republic of China" at <http://law.moj.gov.tw/eng/>. According to Duh, the new version of the Statute for Upgrading Industries will also encourage companies to provide professional training by raising tax credits from 20 percent to 25 percent. The tax benefits could go even higher, as companies are rewarded for increasing their professional training budgets year over year.

preferentially exempt from taxation for the first five years¹. Thus we can see a clear relationship between the business sector, the art and culture sector, and the government; a government that fails to support art and cultural organization and the business sector which keeps establishing corporate foundations to exert the corporate influence on the public.

However, this research aims at providing a macroscopic view of the interactions between high-tech corporate foundations and their sponsorship of art and cultural events in Taiwan. As the development of corporate foundations in Taiwan has had great influence on the development of the art and cultural sectors and has become the major strength behind the operation of art and cultural organizations, many corporations thus developed a new marketing tactic to make better use of their dedication in corporate social responsibility. This is often known as “Cause-related marketing (CRM)”. CRM is the process of formulating and implementing marketing plans in the form of corporate contributions to NPOs or any designated cause to accomplish corporate objectives. As the study of marketing has entered the new environment in the age of knowledge-based economies², branding has become the new business trend which drives to the hearts of the public (Arvidsson, 2005). Based on that framework, this research focuses on the sponsorship of art and culture by the high-tech industry, which is dominating the domestic economy in Taiwan. As high-tech

1 According to the statistics from the Ministry of Finance, the total business income tax credits given in 2004 reached NTD 169.3 billion (€ 40.3 billion) and there were 742 high-tech companies benefited from the statute, which covered NTD 109.5 billion (€ 26 billion). Each high-tech companies (of the 742 companies) received NTD 140 million (€ 3.3 million) from the policy. As for the traditional industries in Taiwan, total 510,000 companies received NTD 60 billion (€ 1.4 billion) business income tax credits in 2004 (Lee Jih-chu, 2007) (average only € 2,619 for each company). Without a doubt, the high-tech companies in Taiwan are superior and taking advantage in all the governmental policies of financial advantages.

2 The knowledge economy is either an economy of knowledge focused on the production and management of knowledge, or a knowledge-based economy. Two key concept of this sector of economic activity is that knowledge and education can be treated as (1). A business product, as educational and innovative intellectual products and services can be exported for a high value return (2). A productive asset. See more info at http://en.wikipedia.org/wiki/Knowledge_economy

companies in Taiwan start to be concerned about the degree to which their “brand value” may influence consumers’ awareness and recognition, the CRM in the form of partnerships between corporate foundations and the art and cultural organizations seems to provide an ideal solution, which at the same time also support the struggling art and cultural industry in Taiwan. Thus this research intends to study, from two perspectives, the sponsorship of art and culture by the high-tech industry in Taiwan. The first perspective is from the business marketing, to see how much brand value can be created by establishing a corporate foundation for sponsoring art and culture. As brand value has been considered as a means of competitive advantage which helps a company to differentiate its corporate outputs (either products or services) from other competitors’, if more brand value can be generated by sponsoring art and culture via corporate foundations and this kind of corporate behavior can help to distinguish the corporations, then this kind of corporate behavior can be highly encouraged. The other perspective of this research is taken from the angle of the currently operating high-tech corporate foundations in Taiwan. There are three major types of corporate foundation in Taiwan and each of them has its own operating characteristics. An in-depth study on their sponsorship behavior and interaction with their mother company will be elaborated upon. The ultimate goal of this research is to provide a model of corporate foundation management for sponsoring art and culture organizations which encourages all the corporations from the high-tech industry in Taiwan to have a brush on art and culture industry as a way to increase their brand value.

1.2 Research Objectives

The post-war economic and political environment in Taiwan does not succeed in defeating the country with the rigor of the realistic world but the environment has

helped Taiwan to acquire its subjectivity in developing distinguished cultural characteristics from China. The society in Taiwan remains its own unique way of operating, and the people have few difficulties socializing in this new order. In recent years, this new social order has phased into the stage of cultural reconstruction and it is also facing challenges from the advanced technological development and furious competition from China. Referring to the experience of the integration of Europe union, the cultural reconstruction requires a broader sense of culture in responding the demand of social reconstruction. In other words, studies in cultural fields will expand on the new backgrounds in both globalization and localization and will thus generate a new relationship with the field of technology and economy. As cultural development has become a demand of public right, the ideas of new culture and cultural policy are no longer a form of passive governmental protection or display, but have become a form of a macroscopic social construction. Besides the emergence of clans from different traditions, different religions, and even different dialects, the new social order also provides them a new space for winning social recognition and support.

Taiwan, though it is facing turbulence from the global economy and its unique political status quo, seeds of art and culture are budding and blooming within. As shown in table 1.1, we can see an obvious growth in cultural affairs in Taiwan. Last year (2006), Diabolo Dance Theater had a global performance tour in Asia and Canada¹, Cloud Gate Dance Theater² is now having both a global tour in Australia, Germany and a domestic tour around the island, and Contemporary Legend Theater³ had its “King Lear” global tour in Asia, America and Europe. Despite the booming phenomena of art and culture in Taiwan, spending on cultural affairs in the national budget has remained

1 Asia Performance Tour in February, 2006 and Canada Performance Tour in July, 2006.

Sources at <http://www.diabolo.com.tw/>

2 Sources at <http://www.cloudgate.org.tw/>

3 Sources at <http://www.cl-theatre.com.tw/>

less than 0.5%¹. This reveals the truth that most of the support for art and cultural event is mainly from other sectors². Table

Table 1.1 Overview on Art and Culture Events³ in Taiwan 2004

Type	Number of art and culture events	Number of art and culture showings	Number of art and culture attendance (Unit: 1,000)
Total	24,702	29,104	95,819
Art	4,318	-	31,797
Music	4,980	7,170	6,340
Drama	1,971	3,601	2,065
Dance	943	2,112	1,894
Folklore	1,543	1,473	23,102
Film	2,580	4,433	544
Forum	5,598	7,733	786

1 According to 2004 statistics from Directorate-General of Budget, Accounting and Statistics, Executive Yuan, The budget of Council for Cultural Affairs took 0.3% of the total 2004 national budget (NTD 1,565,229,330,000) Source from <http://eng.stat.gov.tw/mp.asp?mp=1>. Appendix

2 Diabolo Dance Theatre receives regular sponsorship from Arttime foundation (Accton Technology), Cloud Gate Theatre receives regular sponsoring from Quanta Culture & Education Foundation (Quanta Computer) and Contemporary Legend Theatre receives regular sponsoring from NSFG Foundation (SinoPac Securities).

3 According to the Cultural Statistics Report published by council for cultural affairs of Taiwan, art and cultural events, generally speaking, are events related to art and culture. But here in the statistics, art and culture events are defined as "Within a specific of time, an event that is open to the public as for participation or appreciation, and in the forms of exhibition or performance." It covers 10 categories of art and culture in art, music, drama, dance, folklore, film, public forum and others (<http://www.cca.gov.tw/static/background.htm>).

Others	2,769	2,582	29,289
Annual Growth Rate (%)			
Total	19.6	26.2	16.2
Art	4.4	-	-0,9
Music	23.5	20.8	11.4
Drama	30.7	33.2	31.4
Dance	30.8	108.9	24.2
Folklore	20.3	48.0	-12.2
Film	43.2	30.7	-3.9
Forum	16.3	24.1	45.0
Others	17.6	-10.1	106.8

(Source from: Council for cultural affairs, Taiwan, <http://www.cca.gov.tw/static/index.htm>)

Among all these art and cultural events in Taiwan, some of them are self-funded, some of them are looking for sponsors, and some of them are going through the strictly regulated process of applying for government subsidies. More and more support from NPOs has become the essential strength behind the operation of these art and cultural events. For example, as the exhibition of fireworks is always a kind of popular art of the cultural event in Taiwan, for years, the New Year's Eve has been the biggest annual fireworks event in Taipei. On the last day of 2006, hundreds of thousand people squeezed into the Hsin-Yi road and occupied the Taipei city hall

square. They surrounded the temporary stage and watched all sorts of cultural performances through the whole evening. In the last five minutes of 2006, they were thrilled in the revelry and started to count down for the New Year. “One!!” At a cost of one million dollars, 188 seconds of fireworks were displayed and sprinkled in the late night sky around the 509.2-meter tall Taipei 101 building, as usual, ending with neon lights showing “BRAVIA by Sony” on the building¹. This also triggered my curiosity about the motivation behind this corporate behavior.

The business sector is part of society and just like every citizen; a business is also responsible for making the society a better place for living and working. Every society has a basic need for art and culture. Artistic and cultural events need public participation, governmental encouragement, and support from other kinds of social entities. The sponsorship from businesses, without a doubt, can lead the trend and bring positive influence on the development of art and culture. According to a 1998 study conducted by the Business Committee for the Arts of the U.S., among those businesses which sponsored artistic and cultural events in 1997, 36% of them believed that the public tended to purchase products and services from a company which has sponsored art and culture before. In addition, most of the employees of these companies were willing to volunteer for their corporate sponsored art and culture organizations, and 30% of them would thus like to stay and work for the company (<http://www.bcainc.org/200.1.26>). The business sector is an important non-governmental force to a state and the progress of artistic and cultural development is an important indicator of the extent of social civilization. The cooperation between the business sector and the cultural sector can exert this nongovernmental strength and expand the developing space for art and culture in

1 See official website of Taipei 101 at: <http://www.taipei101mall.com.tw/>

Taiwan. This research aims at pinpointing the best model among the three major types of high-tech corporate foundation in Taiwan. The three major types of high-tech corporate foundation in art and culture are 1). Both the company business and its corporate foundation get involved in sponsoring artistic & cultural activities. 2). the corporate business doesn't get involved in sponsoring artistic & cultural events and only the corporate foundation does. 3). the company business doesn't get involved in sponsoring artistic & cultural events (same as type 2) but the corporate foundation was established in memory of a specific person.

These three types can be illustrated as the table follows;

Table 1.2 Three Types of Corporate Foundation in Taiwan

type	Involving in art and cultures		Example
	Corp. itself	Corp. Foundation	
1	O	O	BenQ 、 CPT 、 Quanta 、 Foxconn 、
2	X	O	Advantech 、 Accton 、 TSMC 、 Delta 、 Gigabyte 、 Macronix 、 Acer 、 CAPCO
3	X	X/O	Chen Maoi-Pang ¹ 、 Hsin-Yi ² 、 Yue- Tuen ³ 、 The Koo's ⁴

(Table made by Lee, Hsin-Yen)

¹ Chen Moai-Pang Memorial Foundation was established in 1970 by Sampo Company.
² HsinYi foundation was established by the Yuen Foong Yu Group in 1971. See official website at: <http://www.hsin-yi.org.tw>.
³ Yue Yuen Educational Foundation was established by Pouchen Group in 1999. See official website at: <http://www.yueyuen.org.tw>
⁴ The Koo's Cultural & Educational Foundation was established in 1988 by GigaMedia Limited. See official website at <http://www.koo.org.tw>

High-tech industry has been the major economic driving force in Taiwan according to a poll conducted by Common Wealth magazine (E-CoomonWealth, 2004). Among 3,500 companies in Taiwan, the magazine found the top 100 high-tech companies in Taiwan dominated the top 1,500 companies (including manufacturers and service providers) by a leading 22.2% out of the total industrial revenues. There are 69 high-tech companies among the top 100 companies in Taiwan. Thus this research focuses on the three models of high-tech corporate foundation sponsoring art and culture and intends to find out the best model among them.

Corporate Foundations in Taiwan are mainly categorized into six types: education, environment protection, sports, social welfare, medical and health, and art and culture. The samples were selected after screening the top 1,000 companies in Taiwan (ranked by comparing results of annual revenue, revenue growth rate, and profit rate) with four conditions;

1. The foundation must be “registered” to the government. Non-registered corporate foundations are excluded from this research due to the lack of credibility.
2. The foundation must have full-time staff. This research aims at investigating the sponsorship in art and culture of high-tech corporate foundations. Full-time staff can be taken as a significant indicator of the business scale, managerial and operational system of the corporate foundation.
3. The endowment of the foundation is mainly from corporate donation. The endowment is an amount of fund registered and deposited. The annual budget of each corporate foundation may come from various sources. If the operation of the corporate foundations is part of the marketing scheme to unobtrusively build brand value of the mother companies, the Hirose’s model can be applied to

calculate the brand value created by the operation of corporate foundations. Thus here the annual financial source is defined “100% from corporate donation” which gives the calculated results some significant yet relative status to respond to the marketing scheme.

4. The foundation must have its independent operating system (i.e. foundation website) to organize and promote activities to the public instead of organizing internal activities only for the staff. Many existing companies have set up corporate websites in response to competitive pressure and the perceptual advantage of having an agent to the public in the market (Stuart et al, 2004). This condition highlights the operational independence of corporate foundations. Only with an independent operating system can a corporate foundation maintain its specialization and principles without inappropriate manipulation involved.

Thus there are three corporate foundations selected the three major operational patterns of the corporate foundation sponsorship in art and culture in Taiwan.

Table 1.3 Three High-tech Corporate Foundation in Taiwan

No	Corporate Foundation	Company Rank	Category
1	BenQ	9	Culture and Education
2	Advantech	233	Culture and Education
3	Chen Mao-Pang	99	Culture and Education

(Table made by Lee, Hsin-Yen)

BenQ foundation is a newly established corporate foundation. It has been fast growing and has positioned itself in sponsoring domestic art and culture events. A few reasons it was chosen to represent the first type corporate foundation are 1.) The

Corporate Scale: one of the shared characteristics in the first type of (type one) corporate foundation is their mother companies are the superstars of the high-tech industry in Taiwan. This is elaborated by the ranking published by CommonWealth Magazine (see index 3. High-tech Companies with Corporate Foundations). BenQ foundation is in fact co-sponsored by BenQ and AUO, both are top 10 high-tech companies in Taiwan. This cause has provided the BenQ foundation with enormous resources to fast develop within a few years since it was established in 2003. 2.) Accessibility: this factor is on the contrary to the corporate scale because usually the higher the company scale is, the more complicated the organization chart is. After contacting with some superstar corporate foundations such as Foxconn, Quanta, TSMC, Lite-on, and BenQ, except for BenQ foundation, all the rest contacts were lost in the complicated corporate publicity system.

The reason Advantech was selected the sample of type two is mainly because its commitment in branding development. As being a lower scale high-tech companies in Taiwan, Advantech was elected the top 10 brands of Taiwan in 2004¹. Actually type two is the most common way of corporate sponsorship. 50% (16/32) of the top high-tech companies with corporate foundations have established their corporate foundation in the form of type two (see index 4). Although Accton can be the most famous one (of type two) in sponsoring artistic and cultural events via its renowned Art-time foundation (<http://www.arttime.com.tw/>), the publicity department of Art-time foundation revealed their concern for tax issues and decline to provide relevant data. Advantech came down to the research focus consequently with their willingness to cooperate.

¹ Authorized by the Ministry of Economic Affairs of Taiwan and executed by Taiwan Excellence, Taiwan Top 10 is the annual indicator on successful domestic brand. Advantech was chosen No. 10 with the brand value of USD 1.95 billion. (<http://www.brandingtaiwan.org/public/bestCompanyList.asp?YR=2004&keywords=&submitButton=>)

Foundations of type three are similar to the so-called “private foundation” or “Independent Foundation” which are also the earliest type of foundation in the world¹ (Heh Wei-ming, 2001). The difference between them is the endowment of a private foundation comes from individual or family donation but the endowments of foundations of type three should come from “100% corporate donation”. On the other hand, both of them share one thing in common is the decision making mechanism. The board is usually consisted of family members and usually they share the same beliefs and objectives which reflect on the strategy and sponsoring preferences. Another characteristic of type three foundations is their goals are clearly defined within a specific range (Heh Wei-ming, 2001). Corporate foundations of type three are also the typical form of most of the earliest high-tech companies in Taiwan and most of them have not yet upgraded their traditional platform to e-platform². Their news and updates can be acquired only in some published prints of related research and only a few of them have their own foundation websites³. As one of the previously defined conditions, only corporate foundations with independent operating mechanism will be chosen in this research. Chen Mao-Pang foundation was then chosen.

The main difference between type two and type three is the “objective” behind the foundation. Type two foundations are often named after the corporate brand names of the businesses therefore they can implement all sorts of sponsoring events under the brand name of the businesses. For example, every performance of Taipei Chinese Orchestra⁴ would be a chance to increase corporate brand exposure as the logo

1 Such as Russel Sage Foundation, Carnigie Corporation of New York, Rockefeller Foundation, which were established in the beginning of 20th century)

² There are only three foundation established under the form of type three in the top 150 high-tech companies in Taiwan and only one of them has foundation website (Chen Mao-Pang). See index 4.

³ According to the “Directory of 300 Major Foundations in Taiwan” published by Himalaya foundation, 22% (74/337) of the foundations in Taiwan are established under the form of type three and less than 20% (12/74) have their own website.

⁴ TCO receives regular sponsoring from Advantech. See official website at:

“Advantech” is displayed as the chief sponsor in the playbills, posters and other forms of promotion. On the contrary, this effect would not be revealed in sponsorship conducted by type three corporate foundations. Because the artistic and cultural events would be sponsored under the foundations with their names made in memory of a specific person. This would blur the link to the core business. Instead of marketing the corporate brands, type three foundations focus on celebrity marketing¹ which freeloards on the reputation and legendary images of the specific person to gain public awareness. Another reason is presented by another characteristic of type three corporate foundations that their objectives are “clearly defined within a confined range”. So they prefer holding artistic and cultural events under the name of the foundation instead of sponsoring and supporting other artistic and cultural organizations.

As more and more high-tech companies in Taiwan start to establish their own corporate foundations as a means to enhance their corporate images among the public, there are three types of high-tech corporate foundation found in practice and they all focus on sponsoring artistic and cultural events. One of the objectives of this research intends to find out which type of the three brings the highest brand value to the business. Brand value is the perception constructed in customers’ brains and it is a benchmark of product quality and services quality (O’Neill et al, 2006). However, more and more companies are now taking their brand value as a reference to their marketing performance. Thus several brand valuation models² are introduced to the

<http://www.tco.taipei.gov.tw/>

¹ Celebrity Marketing is not really a way of marketing strategy but can be seen more and more in many PR events in sports products and luxury product. Free and expensive gifts are given to the invited celebrity thus shown to the public. Celebrity marketing employs the reputation and high-exposure of the celebrity.

² There are some traditional approaches to valuing brand. The first one is to apply one or more of three approaches to value tangible assets. The three approaches are replacement cost, income projection and market valuation. DCF (discounted cash flow) techniques and accrual accounting adjustment is one of the approaches to performance measurement and

business market. There are two major categories of approaches designed to evaluate brand value, which are “consumer brand equity” and “financial methods”. The first is generally preferred by researchers specialized in consumer behaviors and the latter was developed by brand consulting firms such as Interbrand and Brand Finance (Schultz, 2004). The latter approach is thus preferred due to the research focus does not fall on consumer behaviors. The objective of brand valuation does not intend to find out what the company has done in the past but it intends to sketch a panorama of how a brand can influence financial performance and how a brand can provide credible references for business operation plans (Thomas Jr. et al, 2006). So far there is no specific approach generally accepted and recognized as the best model. Distinguished nuances can be found among them in result from the design of each model¹. Thus the decision of which approach would to be applied depends on how the degree of resources and data can be acquired. However, the cause of these subtle nuances, on the other hand, reveals the drawback shared by these brand valuation models - the lack of objectivity. In 2002, Dr. Hirose, who was in charge of the project to develop a new brand valuation model in response to the previous criticism of other models. Authorized by the Japanese Ministry of Economy, Trade and Labor, the committee created a methodology for measuring brand value with the published financial statements. Different from other approaches, Hirose’s model is free from the criticism of lacking objectivity. Moreover, the simple and careful design of Hirose’s approach does not only facilitate the operation of this research but also maintains the objectivity of the results.

there are some index-based measures like balance scoreboard. CEVITA (Capability Economic Value of Intangible and Tangible Assets) was designed to produce strategic financial to enhance the capability values of intangibles and tangibles.

¹ For instance, the approach created by Interbrand, besides financial analysis, it also has other two indices as RBI (Role of Brand Index) and BSI (Brand Strength Index) which can be manipulated by interview skills and other man-made interference.

Hirose's brand value model will be applied to calculate two dimensions of brand values of the three companies in a five year period (2002~2006). One bases mainly on the business marketing expenses and the other bases mainly on the foundation expenses. Through literature review, secondary data analysis and interviews with key persons within the companies and the foundations, this research intends to find out if there is any criterion for a business to make sponsoring decisions in artistic and cultural events. There are many reasons for a company to establish its own corporate foundation and marketing concern is the main objective which not only helps a company fulfill its mission of corporate social responsibility but also helps the company build brand images through sponsorship.

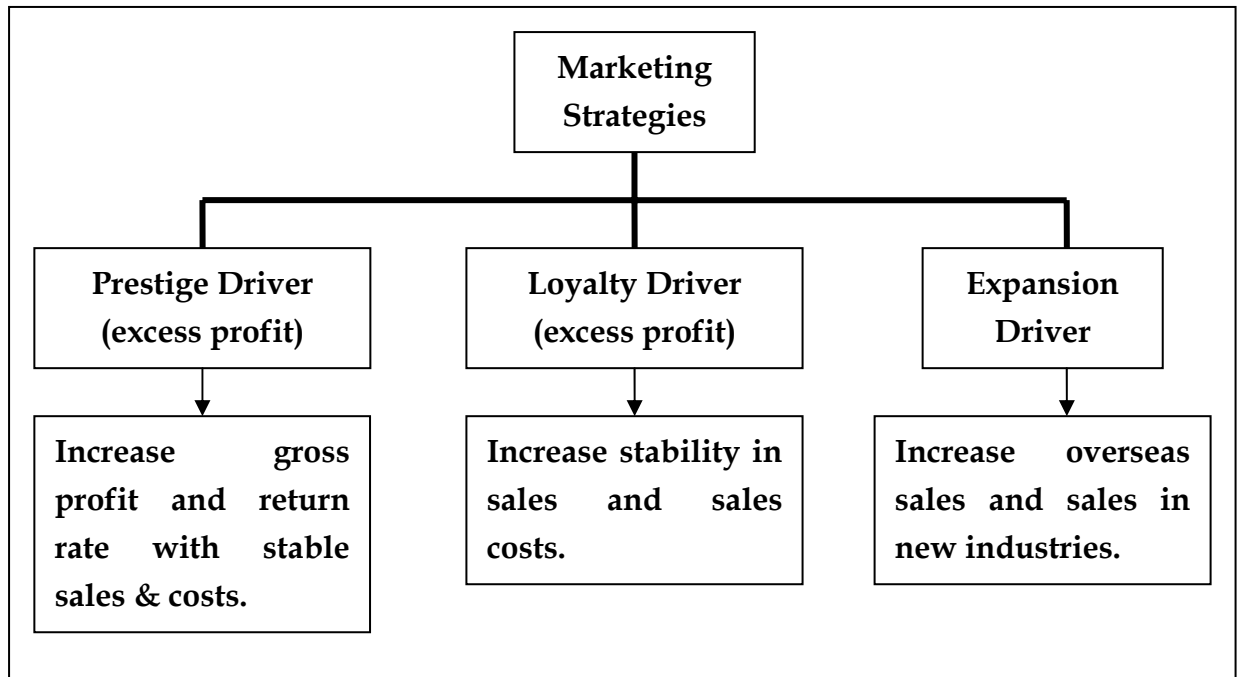
1.3 Research Method

This research is conducted in two ways. Firstly, the financial data of the three high-tech businesses and the financial data of their corporate foundations will be collected as to calculate the brand values with Hirose's model. Secondly, interviews with key persons of these corporate foundations will be conducted as to provide a complete profile of sponsorship in planning, decision making, and their future preferences.

As explained in the previous section, Hirose's model is applied in this research because it provides a set of well defined variables which can be obtained from a company's income statements and the results generated in the model can be challenged to the objectivity. In Hirose's brand value model, there are three major factors which construct a brand value, which are prestige driver, loyalty driver and expansion driver.

$BV = PD/r \times LD \times ED$ (r is the discount rate from the past five years)

Illustration 1.1 Hirose's Brand Value Chart



(Table made by Lee, Hsin-Yen)

1. **Prestige driver** focuses on the degree of advantage a brand can generate for a business. With the advantage, a business can continue to sell products with higher prices than other competitors in the market. Price advantage is taken as an “excess value” between “the branded” and “the non-branded”. It is also a fundamental factor for a business to make excess profits.
2. **Loyalty driver** indicates how cash flow is influenced by the relation between the brand and the customers. Thus $PD \times LD =$ the most stable cash flow of the present and the future.
3. **Expansion driver** indicates all those domestic brands which can be recognized by local customers would have an expanding influence on other corporate departments in the world.

Comparisons will be made with “**brand attribution rate**” (A_i/OE_i) in prestige driver by substituting A_i (advertise and promotion costs) with foundation expenses (A_*) and

substituting OE_i (operating expenses) with foundation's annual budget (OE*). Thus brand value created by the operation of foundation will be obtained. Whether the excess profit from prestige driver or customer loyalty from the loyalty driver are both created by marketing effects which aim at building distinguished capacity and stability of the brand. If the operation (cost) of the corporate foundation shares a similar tendency with the operation (cost) of the business marketing, it supports the assumption that the foundation is operating under the function of cause-related marketing and the corporate foundation does help increase brand value.

Table 1.4 Research Indicators of the 3 Types of Foundation

BVA – brand value on ads cost; BVF – Brand value on foundation expenses

type	BVA	BVF	A ₁ . Ads & Promotion cost
	A ₁ /A ₂	A ₃	A ₂ . Ads & Promotion cost in art & cultures A ₃ . Foundation Expenses
1	A ₁ ,A ₂	A ₃	BV ₁
2	A ₁	A ₃	BV ₂
3	A ₁	A ₃	BV ₃

(Table made by Lee, Hsin-Yen)

Data to be collected:

Before calculating brand value of the three selected companies with the two dimensions of method, the figures to be collected and how the figures can be collected come to the priority. According to Hirose's brand value model, table 1.4 shows the details of the data to be collected;

Table 1.4 Data to be Collected (A)

Driver Variables	Variables (annual)	Code	Source
Prestige Driver			
1	Sales of each of the 3 high-techs	Si	From financial report
2	Sales of the benchmark company	S*	To be calculated
3	Sales cost of each of the 3 high-techs	Ci	From financial report
4	Sales cost of the benchmark company	C*	From financial report
5	Advertisements and promotion cost	Ai	From financial report
6	Operating cost of corporate foundation	A*	To be collected
7	Operating cost	O _{Ei}	From financial report
8	Discount rate	r	5yr deposit rate

(Table made by Lee, Hsin-Yen)

Another special figures to be collected by interviews is the “A₂. Ads & Promotion cost in art & culture in BenQ” of type one.

Table 1.5 Data to be Collected (B)

Driver Variables	Variables (annual)	Code	Note
Loyalty Driver			
8	5 years-average sales cost	μ_c	Further calculation
9	Standard deviation of sales cost	σ_c	Further calculation
Expansion Driver			
10	Overseas sales	SO	set as 1
11	Sales of non-core business segments	SX	set as 1

(Table made by Lee, Hsin-Yen)

type	BVA	BVF	A ₁ . Ads & Promotion cost
	A ₁ /A ₂	A ₃	A ₂ . Ads & Promotion cost in art & cultures A ₃ . Foundation Expenses
1	A ₁ ,A ₂	A ₃	BVA ₁ ,BVF ₁
2	A ₁	A ₃	BVA ₂ ,BVF ₂
3	A ₁	A ₃	BVA ₃ ,BVF ₃

(Table made by Lee, Hsin-Yen)

Why would a business corporation establish its own corporate foundation and make it

sponsor artistic and cultural events since it has many alternatives? In Carter's report (2006; pp.4), three motives were disclosed; 1.) Value for money. Comparing with other alternatives in sponsorship like sports, a survey conducted by Carter revealed that art and cultural partnership offers better value for money. 2.) The Delivering Target Market. This applies to all those businesses which face difficulties in accessing high value niche, hard-to-enter markets and those customers cannot be broke through with common marketing and advertising strategies. It is believed that sponsorship in artistic and cultural events is the optimal way to get in touch with customers. 3.) Expansibility. Sponsorship in artistic and cultural events has more possibility in linking other cultural activities to increase corporate exposure.

Most of the high-tech corporate foundations in Taiwan are established under the category of "art, culture and education"¹. Only three of them were established under the function of "medical research", "industrial development" and "charity" (see Index 4) but none of them are established on the function of sponsoring "sports activities". This stems from the feeble domestic sports culture that only some corporate foundations established by a few traditional manufacturers have their corporate foundation sponsored sports. A survey (Tsen Chin-Huang, 2002; pp.45) conducted from 1997~2001 shows that the average number of sports sponsorship conducted by NPOs in Taiwan was 21².

This research also intends to find out if marketing with foundation sponsorship in art and culture is a more effective branding method than other types of foundation

¹ 33 out of 35 (94%) high-tech corporate foundations of the top 150 high-tech companies in Taiwan are established in this category.

² Only 5 corporate foundations kept sponsoring sports events. From 1997-2001, the total corporate foundation sponsoring in sports events are 24. Each year at most 10 foundations sponsoring in sports events. Another reason for the languishment in sponsoring sports in Taiwan is the oppression from China in every global sports event. No official statistical figures are provided in related issues but it is rather a inconvenient truth for the globalization of Taiwan.

sponsorship. This can be examined by two angles from both the operation of the business and its foundation;

1. First, we take a look at the annual growth rate of foundation expenses and the brand value created by both the operation of the business and the foundation of each sample. If the growth ratio of marketing expenses and foundation expenses presents a relative curve to the growth ratio of the annual revenue of the company, a consistency between marketing execution and foundation operation will be presented.
2. Second, through interviews with key persons of each business and foundation, an in-depth profile of the operation of each foundation will be provided to reveal the motivation behind the cause of sponsorship in art and culture. In addition, this part will reveal how they value the sponsorship in artistic and cultural events and the strategy mechanism behind the sponsorship.

Another objective of this research is to analyze the sponsorship of these high-tech corporate foundations to see the differences among them. Through interviews and secondary data, a general profile on the sponsorship in art and culture of these high-tech corporate foundations will be presented. Since high-tech corporate foundations have become a strong force of the NPOs in Taiwan and they have also become the influential strength behind the development of artistic and cultural industries, an insightful research on the sponsorship will provide an outlook for the artistic and cultural organizations in Taiwan when they are seeking support from the high-tech business sector. This will be presented in a “Corporate Foundation Management Model” to show comparisons of the preferences of each foundation. Moreover, it will also work as a guideline to every corporate foundation in Taiwan. Besides sponsorship in art and culture makes the money best, the model will reveal a

guideline to invest money in a smart way.

1.4 Research Constraints

1. Other forms of sponsoring: Different from the sense of humanitarian and the spirits of donation, sponsorship is a kind of voluntary exchange which expects commercial advantages in different forms of feedback such as awareness enhancement, increasing sales, acquiring positive image, and enhancing corporate morale. Therefore the forms of sponsorship can be various (Chen Wei-Chi, 2005) and sponsorship is often the preferred type of voluntary exchange by the business sector. There are mainly two ways of corporate sponsorship; one is to sponsor under the name of the corporation and the other is to sponsor under the name of the corporate foundation (if there is one). But the annual marketing budget and expenses of each business are exclusive for internal use only. During my contact with the top high-tech businesses in Taiwan¹, after I enquired about more information of the marketing scheme, all of them declined to release internal marketing details. An insightful survey on the deployment of the marketing strategy will help acquire a more comprehensive map of the corporate behavior in sponsorship.
2. Definition of high-tech companies: Due to the application of Hirose's model, this research is restricted to survey only those high-tech businesses which are listed in the Taiwan stock market (with published financial statements). Thus I had to abstain from some successful corporate foundations which have also dedicated in sponsoring artistic and cultural organizations in Taiwan. For

¹ I have contacted the PR managers of the top 20 high-tech companies in Taiwan (Index 3) and all of them declined my intention to contact their marketing department for more detailed information on their marketing plans and figures.

example, Trend Micro has been ranked as one of the top 10 brands in Taiwan by Interbrand for many years but Trend Micro is only listed in Tokyo and NASDAQ. The financial figures published on its official website do not meet the demand of brand value calculation with Hirose's model. Other examples are Acer Computer and Chi Mei Industrial Company. Acer is always one of the most famous global brands from Taiwan but these years Acer has replaced its manufacturing business with "services business". Though the Acer Foundation is renowned for its long time participation in artistic and cultural events in Taiwan, I cannot have Acer in my samples due to the function of its core business does not fall on high-tech industry. Chi Mei Industrial Company is another similar case. Chi Mei Foundation is the biggest corporate foundation in sponsoring artistic and cultural developments. Although Chi Mei has developed TFT-LCD technologies with Chi Mei Optoelectronics, one of its sub business groups, the Chi Mei Foundation is operating under Chi Mei Industrial Company, which does not fit in the criterion of "high-tech" in Taiwan.

3. The inconvenient truth of tax exemption: Actually there are many High-tech corporate foundations participating in sponsoring artistic and cultural events but most of them are sensitive about providing financial figures. Even though I have explained the objective of the research in advance, most of them still preferred avoiding "unnecessary troubles". The response from Art-time foundation of Accton is "due to tax concerns, financial figures are for internal use only"¹. In fact, the juridical system in Taiwan does prefer corporate personhood and donators. The relevant articles made on NPOs in Taiwan are

¹ See interview file with Art-time foundation. Art-time is one of the biggest independent entrance website for all the art and culture events in Taiwan. The well organized website and most update information has helped Art-time to win a renowned status in art and culture sector in Taiwan. See Art-time website at: <http://www.arttime.com.tw/>

similar to the idea of “public-service personhood¹”. As soon as an NPO or a corporate personhood is examined by the chief government organization and is approbated to operate, it will enjoy tax exemption in income tax, business tax, and inheritance and bestowal tax. The only difference is inheritance and bestowal tax and land tax are exclusive to the registered corporate personhoods. Thus any non-registered non-profit clubs or organizations do not receive privilege in inheritance and bestowal tax and land tax (Wu Kuo-ming, 2000: 36). Table 1.6 shows an overview of the tax exemption for NPOs in Taiwan. From this point of view, it is not difficult to tell the additional advantage in establishing a corporate foundation. Whether it is the motivation or not, establishing a corporate foundation brings absolute advantage.

Table 1.6 Rules & Regulations on tax Exemption for NPOs in Taiwan

Privileges of Tax Exemption for NPOs in Taiwan		
1	Privilege in income tax for NPOs	Free of tax but sales income and labor service income are taxed in principle ² .
2	Privilege in immovable property tax for NPOs	Free of tax but only registered corporate personhood receive this tax privilege.
3	Privilege in income tax for individual donation (to NPOs)	Maximum 20% tax exemption of total income. It depends on the progressive tax rate ¹ .

¹ 公益法人（こうえきほうじん/ public-service personhood）: is defined in the common law of Japan (clause 34) as a “non profit organization”, which was made in May, 2006. The related rules and regulations in Taiwan are not matured and legislated. More information at: <http://ja.wikipedia.org/wiki/%E5%85%AC%E7%9B%8A%E6%B3%95%E4%BA%BA>

² Income tax law: Article 2-1

4	Privilege in income tax for corporate donation (to NPOs)	Maximum 10% tax exemption of total income. It depends on the progressive tax rate.
5	Privilege in inheritance and bestowal tax for corporate donation (to NPOs)	Maximum 40% tax exemption of total income. It depends on the progressive tax rate.

(Sources from ETax Portal, Ministry of Finance, Taiwan,
<http://www.etax.nat.gov.tw/wSite/dp?mp=1>)

4. The developing sponsoring behavior: Another difficulty I faced during the research survey is the conservative attitudes toward corporate sponsorship in Taiwan. I tried many times to contact Quanta foundation², which is also a big and experienced high-tech corporate foundation in Taiwan. Quanta Computer is a high-tech corporation which focuses a lot on artistic and cultural events. Due to the preference of the CEO, Barry Lin, who is also a famous art collector in Taiwan, Quanta Computer frequently holds regular artistic and cultural events but the internal divisions of the company are really complicated. Art and cultural events are held by three departments, business marketing team, the department of employee's welfare and benefits, and the Quanta foundation. The PR manager was unable to provide correct data in time thus I failed to have a deeper research on this case (see Interview record "Quanta Foundation").

¹ Income tax law: Article 17-2-2

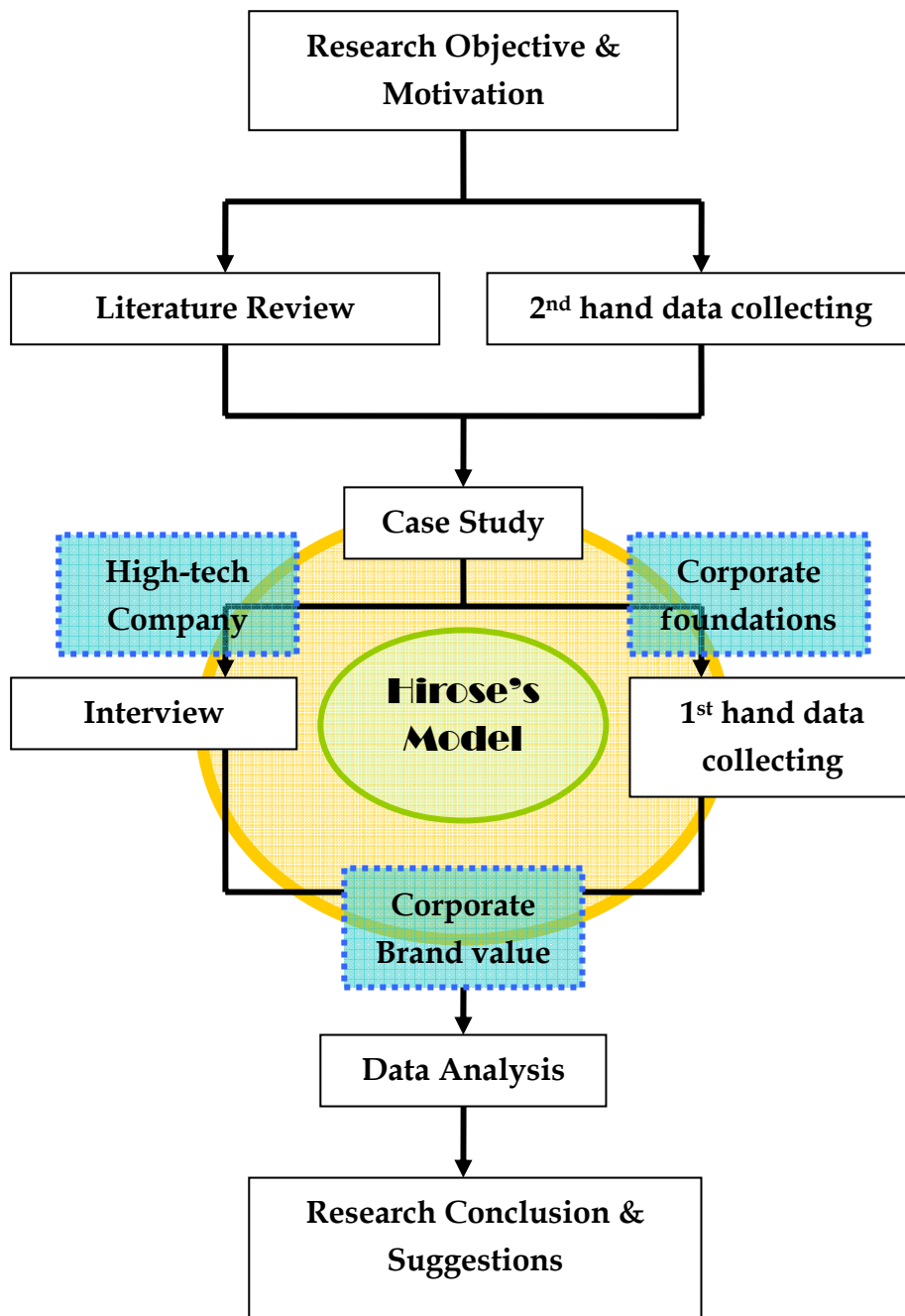
² Quanta foundation is also a very interesting case in supporting domestic art and culture activities. With its enormous resource and the renowned CEO, Barry Lin, a famous art collector and an amateur art connoisseur in Taiwan, Quanta foundation has a multi-phased participation in art and culture. See Quanta foundation website at: <http://www.quanta-edu.org/>

5. No Perfect Model in Brand Valuation: Dr. Hirose published the brand valuation model in 2002 and the distinguished advantage of Hirose's model is the method conforms to the Financial Accounting Standards and the way of calculation is simple. But criticism was launched against the hypotheses in the formula such as the higher the advertisements and promotion cost goes, the higher the future brand value may reaches. This does not fully respond to the fact because brand value is more related to the product life cycle and other promotion strategies.

1.5 Research Structure

The research structure can be illustrated as follows;

Illustration 1.2 Research Structure



Chapter Two: Literature Review

2.1.1 The History of NPOs

Since 1970, especially among the industrial-based countries in the north hemisphere, the Third Sector which consists of public sector, private sector, non-profit organizations (NPOs), and non-governmental organizations (NGOs) has played an important role in a society. In 1975, Weisbrod's (1977: 8-22) "classic public goods theory" first explained why the U.S. government is inadequate of supplying public goods or collective goods. Weisbrod thinks that the reason most organizations and clubs failed to convince the government to supply sufficient public goods in demand is because the democracy of the country is tied to the expectation of the independent voters. Therefore, NPOs play a role as private providers when the government and the market failed to supply public goods. (Wu Kuo-Ming, 2000:17-18). However, the expansion of the private profit-oriented sector has been strengthening in the trends of globalization and the NPOs around the world have vigorously operated on the global stage. In the past 30 years, the performance of NPOs in initiating and solving issues around the world has been noted as the "Global Association Revolution". According to the Yearbook of International Organization in 1999, the amount of NPOs around the world has grown quadruple in the past two decades. (Kuan Yo-Huan, 2002).

There are many other theories on the NPOs. From the perspective of economics, Hansmann (1987:27-41) divides the economic theory on NPOs into two categories; (1) the role of NPOs, which discusses the reason why NPOs exist in the economy system. The theories include the public good theory, the contract failure theory, the subsidy theory, and the consumer control theory; (2) the behavior of the NPOs, which elaborates on the objectives of NPOs such as the motivations behind the managers of NPOs and the differences between NPOs and governments. The theories include

optimizing models, productive inefficiency, supply response, income-generating behavior, and patron control.

Douglas (1987:44-50) provided his viewpoints from the perspective of politics; such as the free-rider problem, the categorical constraint, diversity, experimentation and bureautization. Besides the theory of government failure, in Soloman's article "Of Market Failure, Voluntary Failure and the Third Party Government" (Soloman, 1987) the idea of "third party government" has been proposed.

However, the roles of NPOs can be summed up into five aspects; (1) the role of expanding and innovating. NPOs have more flexibility and liberty in organizational operation and they are acute to social demand which would help to discover various human resources and to develop contingent strategies; (2) the role of reforming and pioneering. Through the participation in every walk of life in the society, NPOs are getting an insightful outlook of the society which helps to change people's attitudes and trigger the legislation of laws and policies. Besides, NPOs have the responsibility in monitoring and criticizing the government and the society; (3) the role of value protector. Through the operation the NPOs, it encourages the public to participate in social affairs and nurtures potential leaders to improve the living quality of the public which helps to maintain positive sense of value; (4) the role of providing services. The failure of the government can be compensated by NPOs. NPOs can provide people with different alternatives; (5) the role of expanding social participation. NPOs encourage people to participate in public and social affairs which help to develop democracy (Hsiao Hsin-Huang, 2000:16-17).

2.1.2 The Development of the NPOs in Taiwan

In many democratizing countries in Asia, NPOs are often defined as the critical instruments in civil participation, constructing communities, economic developments,

and providing services. But one of the suspending problems that NPOs are facing is the limited resources. NPOs are vulnerable to economic fluctuations and they are unable to cope with challenges in finding funds to maintain and expand their operation. Another limitation of NPOs' effectiveness is the lack of management competence. In Taiwan, the main reason of the increasing NPOs is the economic growth and democratization reform in the 1980s. The social force hereafter has been strengthened to render people in Taiwan more capacity to cope with the domestic affairs with the involvement of corporate organizations. Moreover, many civic and voluntary organizations tried to maintain their independence and autonomy. Their objectives were to challenge the authoritarian regime and to create a public sphere to nurture grassroots organizations. From early 1990s, however, the lifting of Martial Law in 1987 and the progressive sociopolitical liberalization has created a new domestic environment for each sector to reposition its responsibility in the society. As previously discussed in chapter one that due to the unripe status of the development of NPOs in Taiwan, there is no specific rules and regulations on NPOs¹. Thus in this research, I focus on the most common presenting model of NPOs in Taiwan- foundations. Now the total number of national/local foundations in Taiwan has reached around 4,000 to 5,000. In terms of the time of founding, when the Martial Laws were lifted in 1987, it was the time that hundreds of foundations were established in Taiwan (Himalaya, 2002: 155). There are not many research institutes in NPOs in Taiwan. Besides some universities have set up graduate program in NPO study², there are three private foundations of related domain - Chinese Society of Nonprofit Organizations

¹ All the concepts about NPOs are referred to the "public-service personhood"¹ in Civil Law and there is no clear definition for "NPO" and "Foundation".

² There is only one academic institute focuses on NPOs study which is "the institute of NPO management program" of Nan Hua University (<http://mail.nhu.edu.tw/~nonprofit/>) and other sociology related institutes.

Management¹, TPIC² (Taiwan Philanthropy Information Center) and Himalaya foundation. Himalaya foundation is the earliest research institute of NPO study and its research report on NPOs in Taiwan has been regularly published since 1991. The report “Directory of 300 major foundations in Taiwan” is considered as the norm of relevant researches in Taiwan³. In this research, the “Directory of 300 major foundations in Taiwan-2005” published by Himalaya foundation is taken as the main reference.

2.1.3 Three Hundred Major Foundations in Taiwan

Established in 1990, the Himalaya Foundation is a corporate foundation which focuses on various research projects on domestic NPOs. One of its renowned projects is the research on “the Directory of 300 major Foundation in Taiwan”. They started the project in 1991, which is a meaningful period of time when all the NPOs in Taiwan were experiencing the important developments⁴. As the NPOs in Taiwan have reached out to the partnership with the business sector, they aimed at serving the society better. The academic sector has also taken NPOs as a research subject and tried to explore the developments and management behavior of NPOs. This research has gone through some results and figures from the 2005 edition of “the Directory of 300 major Foundation in Taiwan” and this research intends reveal a clear profile of the status quo of high-tech corporate foundations in Taiwan⁵.

¹ This organization is established in 1999 by Nan Hua University under the program of “the institute of NPO management program” official website at <http://www.nhu.edu.tw/~nonprofit/09-5.htm>

² TPIC is an extending department of Himalaya Foundation which focuses on providing all sorts of information on NPO development in the world; such as reports, news, activities, on-line library and forums. See official website at <http://www.npo.org.tw/index.asp>

³ The series of “the directory of Foundation in Taiwan” were published in 1991, 1994, 1997 (2 editions), 2001, 2002, 2005.

⁴ 1987, the lifting of the Martial Laws, was considered as an important divide for domestic developments in arts, culture and other forms of private organizations.

⁵ Reference at the Himalaya official website: <http://www.himalaya.org.tw/EN/index.asp>

There are total 337 foundations listed in the 2005 edition of the Directory (268 featured in the 2002 edition), which includes 11 special purpose foundation (on behalf of governmental or municipal foundations of culture). A few criteria were set as to select the sample: the size of endowment, annual income and expenditures, the characteristics of motivation, contribution to the society, and completeness of information provided by each foundation in the questionnaire. The combined total endowment of these 300 foundations reached € 1.42 billion (Himalaya, 2005: 8).

In the following sections, an introduction of the developments of the high-tech industry in Taiwan and the history of their corporate foundations will be elaborated before an overview of why these high tech corporate foundations nowadays prefer sponsoring artistic and cultural events. In the end of this chapter, an introduction of earliest high-tech corporate foundations will be provided.

2.2.1 The Rise and Importance of High-tech Industry in Taiwan

Before 1980, the definition of high-tech industries in Taiwan was referring to the consuming electronics such as color televisions, radios and house appliances. After 1985, the industries caught up with the development of the information and electronics technologies in the U.S. Thus the high-tech industries in Taiwan started to merge with the industrial divisions of the information and electronics technologies in the U.S. and started to do business with some super computer companies such as IBM, HP, Dell and Compaq. In the late 1980s, the high-tech industries in Taiwan phased into the era of OEM (Original Equipment Manufacturer) and ODM (Original Design Manufacturer) which was the time the information and electronics technologies became the main force of the high-tech industries in Taiwan. The comprehensive development of the high-tech industries has enhanced the competence of the high-tech industries in Taiwan, which sustained the industries in

Taiwan to survive the Asia financial crisis in 1997. The high-tech industries in Taiwan, concerning to the output, only the GDP of the information and electronics technologies industry accounted for nearly 30% of the total GDP of the manufacturing industries in Taiwan in 2000. Moreover, the industrial developments in Taiwan have polarized into two opposite extremes as many privileges in governmental policies favored the high-tech industry (Ministry of Economic Affairs R.O.C., 2000).

According to a survey done by CommonWealth Magazine¹ in 2005, the top 1000 manufactures in Taiwan overthrew the earlier pessimistic forecast in the beginning of 2005. The total revenue of NTD 14,000 billion (€ 350 billion) generated by the industries was much higher than the GDP in 2005 (NTD 11,400 billion/€285 billion). Not only every manufacturer came under the spotlight but the business scale of each business corporation made a new record. From reviewing the consolidated financial statements, 25 business corporations broke the total revenue record of NTD 100 billion (€ 2.5 billion) and there were 13 of them had made more than NTD 200 billion (€ 5 billion) revenue. The number one corporation² made a new record to lead the high-tech industries with its revenue at NTD 911.77 billion (€22.79) (CommonWealth Magazine, 2006).

In Taiwan, many business corporations, especially those in the leading industries in Taiwan, the high-tech industries, are now emphasizing the importance of building corporate brand image. Most high-tech companies in Taiwan were depending on manufacturing business of OEM (Original equipment manufacturer) and ODM (Original design manufacturer) in the 1970s. Now many of them are trying to develop their own brands because the net profit of Taiwan high-tech companies have been shrinking in the past decade from 30% to less than 20% (Luo Meng-Jun, 2005: 95).

¹ See official website at <http://www.cw.com.tw>

² Foxconn Technology Group. See official website at <http://www.foxconn.com/>

The coming of micro-profit era has revealed the problem of the industrial void in Taiwan. When outputs are made in China and the job opportunities are reducing in Taiwan, most companies started to find the way to phase into the prosperous market mechanism. There are mainly four business operation models of the high-tech business in Taiwan¹ (Tan Ming-Ze, 2007: 287). The first one is the vertical integration model which was realized by Foxconn Technology Group², the second comes with the OEM and research and development model (diversified and vertical integration) which can be presented by Quanta Computer³. The third one is the Asus computer model, which starts from its own brand then reach to OEM market. It eventually goes to diversified integration with research and development. The last model is the Acer model which focuses on branding and out sources the production. Prof. Tan⁴ also indicated that there are three alternatives of future high-tech industries in Taiwan “Branding? Diversifying? To what degree of vertical integration?” He thinks only branding can be the ultima survival guide (Tan Ming-Ze, 2007: 287).

2.2.2 The Development of High-tech Corporate Foundations in Taiwan

Corporate sponsorship in art and culture has practiced for a long time and it was often taken as an indicator of social civilization. One of the famous examples in the history would be the Medici family back in the Italian Renaissance. Their passion towards art and culture dispersed around the country and the family in consequence built an image of decency. Later many western business corporations started to fashion upon

¹ An excerpt from Wealth Managerial Weekly at <http://fn.yam.com/fninfo/php/article.php/353313/1>

² See company official website at: <http://www.foxconn.com/>

³ See company official website at: <http://www.quanta.com.tw/Quanta/chinese/about/company.aspx>

⁴ Tan Ming-Ze is a renown scholar in international business study and he is also a professor in the graduate school of international business of National Taiwan University.

it. In the initial stage of many galleries in European and American countries, the genre of each gallery was decided by the donation of the art collections from the entrepreneurs. For example, Henry Tate, a British sugar magnate who was also a renowned art collector of Victorian academic art, in 1897 he funded the gallery to exhibit British Art. In 1824, right after the death of the British Banker John Julius Angerstein, the House of Commons paid £57,000 for 38 paintings of Angerstein's collection. These 38 masterpieces formed the theme of the National Gallery, London. Also in the U.S., many business corporations established their own corporate foundations to be the agents in sponsoring artistic and cultural events; such as the Carnegie Foundation¹ founded by Andrew Carnegie in 1905 and the Ford Foundation² chartered in 1936 by Edsel Ford, both of them are the leading models in sponsoring artistic and cultural events in the U.S. According to a survey on the top 500 business corporations in Taiwan, more than 80% of the businesses have their own corporate foundations (Kuo Yu-Jen, 2000). Establishing corporate foundations has become a way to integrate corporate resources and it can also help the businesses to build corporate image to accomplish the corporate social responsibility. One of BCA's³ (Business Committee for the Arts) reports⁴ shows that the major driving forces for a corporation to dedicate in art and culture are to improve the living quality of the neighborhood, presenting a positive image of corporate citizenship, and also to work as a means of promoting products and services, which help to win public recognition with the high volume of media exposure.

In Taiwan, the interactions between the business sector and the public are usually

¹ The foundation has dedicated in many aspects of the society; such as education, art & culture. More information at: <http://www.carnegiefoundation.org/>

² Ford foundation focuses in humanitarian, science development, education...etc. More information at: <http://www.fordfound.org/>

³ See official website at <http://www.bcainc.org/>

⁴ Reference at "2004 National Survey of Business Support to the Arts" by BCA's Research and Survey section.

executed by corporate foundations. The CommonWealth magazine started a series of a “Leading Corporations Survey” and “Corporate Responsibility Survey” since 1995¹, it shows that since 1990, most of the domestic businesses in Taiwan are matured enough to respond to the request of corporate social responsibility with certain degrees of participation in public affairs. Though it seems there is still a long way ahead to go comparing with the businesses in the US, Japan and Europe, many domestic high-tech companies are now able to catch up with their enormous resources. Furthermore, a tendency was found in the high-tech corporate foundations in Taiwan that most of them prefer establishing corporate foundations in sponsoring art and culture².

2.3.1 The Relation between Business Corporations and Art & Culture Industry

Art, in Chinese history, is always a preferable hobby for the royal. The costs they paid for art collections were impossibly compatible by the common people (Chang Mao-Ron, 1989). A record made early in 140 B.C., the Emperor Wu of Han³ set the “secret chamber” to collect all the masterpieces of calligraphy and paintings and this collecting system was followed from then on. Later in the Tang Dynasty of China, Emperor Taizong’s⁴ preference in the work of calligraphy master Wang Xi-zhi’s also led a national frenzy in appreciating calligraphic art. Then in the Manchu Qing Dynasty, the Qianlong Emperor⁵ was well known for his hobby in collecting art. He even launched a fashion by leaving his seal marked on the masterpieces to “share the

¹ Detailed information can be found at the “Leading Corporation Survey” in the CommonWealth Magazine website at: <http://www.cw.com.tw>

² About 94% (30/32) of the top 150 high-tech companies in Taiwan established their corporate foundation in under the category of art, culture and education. See index 4.

³ Emperor Wu of Han was the seventh emperor of the Han Dynasty in China, ruling from 141 BC to 87 BC.

⁴ Emperor Taizong of Tang China was the second emperor of the Tang Dynasty of China. Taizong ruled from 626 to 649.

⁵ The Qianlong Emperor was the fifth emperor of the Manchu Qing Dynasty, and the fourth Qing emperor to rule over China.

spirits of the masters”(Feng Zen-Kai , 1998). These examples have indicated how important art and culture is in the Chinese history. Art was not only a “sign of the royal” but was also taken as the value of the time when art was popularly appreciated and sponsored. A theory (Fu Li-Tsue , 1997) elaborated on the subtle relationship between the sponsors and the artists in China points out that art was a medium of exchange, which expanded the western definition of sponsorship as only a form of monetary exchange to the extent that art is the symbolic exchanges of relationship, social status, reputation and politics between the sponsors and the artists.

About the interaction between the business sector and art and culture, as John Pick (1989) indicated that in the 16th century the British royal culture was under huge influence by the Renaissance and the rising power of Christian churches, the whole nation followed the royal and had induced a big gap between high art and popular art. This difference has been accepted and recognized for centuries until Robert Hutchison (1982) criticized the mechanism of subsidies of the UK in the 1960s. Hutchison argued the justification of deployment that the government subsidies only supported fine arts which was appreciated by the elite. He urged that the subsidies should be monitored and criticized by the public.

Both Chinese and Western societies have shown that the history backgrounds have made a great impact on the way people value art. Thus art is often taken as a luxurious leisure that ranked far beyond the basic needs of life. An early research (Luo Nien-ning, 1990) on corporate sponsorship in Taiwan shows that art and cultural organizations were ranked 11th among the twelve “beneficiaries of corporate philanthropy”. However, the existence of art and culture never only benefits the minority and the value of art and culture is never the privilege of the rich. However,

how do the business corporations and private organizations value art and culture?
Why would art and culture need sponsoring?

For artists and cultural organizations, it is a long story of striving for funding and increasing dispensable resources. These resources can be tangible as money, materials and they can also be intangible as manpower. Thus sponsorship is only taken as a type of “resource” which is usually categorized as financial resources. For many art organizations and other cultural organizations, waiting for sponsorship cannot be the credible way to survive. They must be active in seeking support in their budget to meet the demand of highly labor-intensive performance of art and culture. This kind of active fund raising method is called “fund development” in the management of Non-profit organization, which aims at institutionalizing fund raising activities and let fund raising become a structural, continuing and long-term organizational activities. And it no longer exists as a means of contingent policy for supplements (Tsen Zang-Yuen, 2001). In recent years, the Taiwan government has been working on industrializing art and culture. The government is focusing on fostering local art and culture organizations and is also encouraging them to maintain their distinguished features to seek all sorts of fund developments by themselves.

In Taiwan, many art and cultural organizations are over depending on support and subsidies from the government and they have neglected the importance of exploring fund from within (Lin Zen-Yi, 1997: 55). There are several forms of fund raising among art and cultural organizations; such as government subsidies, sponsorship from the private sector. A few superstars of performing art organizations are depending more on their income from box office. So it is suggested that each one third of the budget comes from government subsidies, corporate or individual support, and box office. This idea helps to sustain the operation of art and cultural organizations (Lin Zen-Yi,

1997). Nowadays, the development and management of non-profit organizations are improving in Taiwan. An NPO has the capacity to inspire people in the society but due to the lack of business planning system like the for-profit organizations, an NPO requires more management skills to facilitate itself of accomplishing the mission. There are three prerequisites for NPOs to accomplish their missions; (1) be aware of self advantages and performances; (2) be aware of external opportunities and demands; (3) be affirmative of the beliefs; every mission can be responded with opportunities, capabilities and dedications which can cohere internal resources to achieve the goals (Drucker, 1990). There are three factors of fund developments for NPOs, which are the government, market or fee and the public (Tsen Zang-Yuen, 2001:74). It is shown in Table 2.1.

Table 2.1 the Sources of Fund Development

Source of fund	Note
Government: 1. Council for cultural affairs 2. Local government 3. Public department	1. Commission: inviting performances and exhibitions from different art and cultural organizations...etc. 2. Subsidies: through applications
Public: 1. For profit organizations 2. Private non profit organizations 3. International clubs 4. Individual	1. Donation: money, lands, buildings...etc. 2. Sponsorship of all sorts 3. Human resource: volunteering

Market:	
1. Services and products	1. Revenues from operation.
2. Membership subscription	

(Source from Tsen Zang-Yuen, 2001:76, made by this research)

Government support:

In the past, most art and cultural organizations in Taiwan were depending on government subsidies to operate their performances. But the rules and regulations of the subsidies were a matter of fairness, sufficiency and criteria. Thus the rules and regulations have kept many cultural organizations out of the door. Even Cloud Gate Dance Theater¹, the most well known dance theater in Taiwan, has faced the same difficulties. On the conference of the Ten Outstanding Young Persons Selection², Lin, Hwai-min, the founder and artistic director of Cloud Gate Dance Theatre, presented his pessimistic view on the future of the art and cultural industries in Taiwan. Ever since the first debut of Cloud Gate in the U.S. in 1979, Cloud Gate has maintained an annual performance schedule of four month overseas performance tour. Lin said the global awareness and recognition of Cloud Gate does not have much to do with the government support in Taiwan. “Subsidies from the government are taking at most 16% of our operating costs, the rests are from the businesses and social support...” said Lin (CTiTV, 2006). Lin also made a comparison with some western dance theaters that most of them receive government subsidies which cover at least 50% of

1 Cloud Gate Dance Theatre in Taiwan was founded in 1973, the first contemporary dance company in the Chinese-speaking world. In the decades since, the troupe has travelled the world, notching up an impressive international reputation with its stylish productions. Official website at: <http://www.cloudgate.org.tw/cg/>

2 Organized by the outstanding young persons foundation, each year it elects 10 representative outstanding persons in Taiwan. More information at: <http://www.persons.org.tw/>

their operating costs. The domestic economic depression had a great influence on the budget planning of governmental subsidies. For example, the National Culture and Art Foundation approved 247 applications for subsidies (out of 534) in 2006 and released a total subsidy around NTD 38,766,981 (€ 922,499) and the average subsidy for each applicant is NTD 171,000 (€ 4,071), which is NTD 36,480 (€ 869) lower than the average in 2005 (National Culture and Art Foundation, 2006). The report shows that less than half of the applicants were subsidized and the amount of subsidies has decreased. However, there seems much to be expected from government support.

Market or fee:

Market is the most efficient source where money comes in the art and cultural industries. The operation of art and cultural industries can sustain within the cycling of art, audience and financial management (Nugent, 2000). Besides the income from the box office and other services, many art and cultural organizations are selling peripheral products to improve the business operation to a better financial status. On the official website of Cloud Gate Dance Theater, Taiwan, a great variety of peripheral products can be found; such as DVDs of public performances, picture books for children, T-shirts, cushions etc.¹ The Paper Windmill Theater has made an online-shopping mall selling products ranging from for babies to for adults². Marketing skills have become a fundamental demand for art and cultural industries in Taiwan. With proper marketing plans, publicity and promotion, art and cultural organizations in Taiwan can successfully build positive images and reputation to the public.

Public Support:

1 See website at: <http://www.cloudgate.org.tw/cg/merchandise/index.php>

2 See Website at: <http://www.paperwindmill-kids-mall.com/index.php>

Joan Flanagan (1999) once in her book “Successful Fundraising” cited statistics from Giving USA¹ that the total amount of national donation are shared as 43.3% in religious organizations, 14.1% in education intuitions, 9.7% in medical services, 9.7% in foundations, 9.2% in humanitarian care, 6.2% in public assistance, and 6.0% in art and culture. This report first shows the preferences and priorities for donation in the society and the results are not optimistic for art and cultural organizations. On the other hand, it shows there is a great space to be improved for art and cultural organizations. However, when it comes to the high-tech corporate sponsorship in Taiwan, the outcome turns opposite to it as 94% of high tech corporate foundations are established in the category of art and culture.

As a business develops to a certain degree, it needs to modify its business value and corporate objectives. Facing the challenges of market depression and fast changing consumers’ behaviors, most of the CEOs in post-materialistic society have learned the importance of corporate social responsibility. They need to re-evaluate the social value of their businesses as a means to respond to the external challenges from the market. Therefore the objectives behind corporate sponsorship can be categorized into five aspects (Fu Du-Cheng, 2002, pp. 95-99).

1. Promoting Corporate Image

In Marx’s (1998) survey on the priorities of corporate philanthropic programs on 194 American business corporations, it has revealed the fact that businesses nowadays get involved into philanthropic activities for more than just conducting good deeds. Besides improving the quality of contemporary social lives, the businesses also are making efforts in enhancing corporate image by executing philanthropic programs.

1 Giving USA Foundation is founded by Giving Institute Trust for Philanthropy is a foundation to advance research, education a public understanding of philanthropy that was founded in 1985 by the Giving Institute. Website at: <http://www.givingusa.org/gusa/mission.cfm>

This is the age that decoration speaks louder than everything. Businesses tend to wrap up themselves with the sugar coating of philanthropic plans which is also a way to gain business awareness.

Table 2.2 Business Goals Considered Important by Strategic Philanthropy Programs

	Business Goal	Number of corporation (total 194)	Respondents Percentage¹ (%)
1	High quality of community life	187	96.4
2	Favorable company image	186	95.9
3	Improved community services	182	93.8
4	Racial harmony	162	83.5
5	Positive media coverage	155	79.9
6	Increased employee loyalty	154	79.4
7	Maximum employee health and welfare	142	73.2
8	Highly trained employees	127	65.5
9	Expansion of existing markets	98	50.5

¹ The percentage comes from the respondents rating from the total 194 companies in the survey. (96.4% comes from the rating of 187/194.)

10	Development of new markets	93	47.9
11	Increased sales	75	38.7
12	Minimal government regulation	67	34.5
13	Reduced taxes	52	26.8
14	Reduced legal costs	39	20.1

Source: Marx J. D (1998: 37)

2. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a concept which states that organizations, especially commercial businesses, have the responsibility to concern about the benefits of their stakeholders in every aspect of their business operation. This responsibility has gone beyond their statutory obligation to comply with legislation. CSR is closely linked with the principles of Sustainable Development which argues that businesses should be obliged to make decisions based not only on financial and economic factors (e.g. Profits, Return on Investment, dividend payments etc.) but also on both the immediate and the long-term social, environmental and other consequences of their activities. Many corporate sponsors nowadays have learned that their sponsorships can be successful if the causes of sponsorships are compatible with the corporate philanthropic activities and also compatible with a common assumption that a business should make philanthropic decisions according to its core competencies (Trimblet, Carrie S. and Rifon, Nora J. 2006). This is considered as the prototype of corporate social responsibility of the twenty first century. The major change in the corporate social responsibility is the target has extended to the stakeholders in the society from the shareholders of the business.

Table 2.3 the Charity Principle versus the Stewardship

	The Charity Principle	The Stewardship
Definition	The wealthy have an obligation to help the needy.	The corporations are trustees for society.
Manifestation	<ol style="list-style-type: none"> 1. Corporate public behaviors. 2. Voluntary activities in promoting social goods. 	<ol style="list-style-type: none"> 1. Explicating the interdependence between business organizations and the society. 2. Balancing the interests and demands among different social groups.
Example	<ol style="list-style-type: none"> 1. Establishing corporate clubs or foundations in public welfare. 2. Help to solve social problems. 	<ol style="list-style-type: none"> 1. Pursuing the maximum of long term returns. 2. Be Open minded attitudes in long term self-interest.

Source: Frederick et al. (1992)

3. Marketing Strategy

Corporate behaviors in public welfare can be also interpreted as a means of marketing strategy (Grahn, et al., 1987). Facing the market competitions, a business always needs to create new competitive advantages to survive. The business competitive advantage comes from its own resources and the exertion of the CEO's capability. A business would have the basic market competitiveness when it is provided with a distinguished competitive position and sufficient resources (Fu

Du-Cheng, 2002, pp. 104-120). In recent years, most businesses have shifted their earlier focus on product benefits to the present focus on marketing strategies in promoting corporate images. Besides traditional advertisements and promotional activities, most businesses agree with that positive benefits come with corporate sponsorship.

The relation between the corporate behaviors in public welfare and marketing strategies can be illustrated as shown in Illustration 2.1. (Grahn, et al., 1987) Part A covers tax shield, long-term self benefits, personal motivations from the managers or CEOs and the implementation of social responsibility. Part B covers objectives which aim at creating a corporate image, compensating the insufficiency of advertisements and publicity. Part C covers the overlapping part which represents corporate activities in public welfare both for marketing and non-marketing purposes.

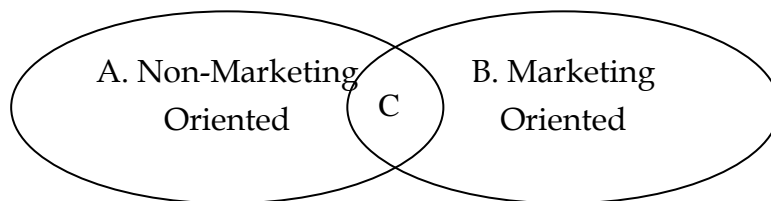


Illustration 2.1 The relation between corporate behaviors in public welfare and marketing strategies

4. Long-term self benefits

Amato (1990) used to apply “Exchange Theory” to interpret behaviors in helping others. He thinks when people are willing to help others; the behavior comes from the past similar experiences of receiving favors from others and expects to acquire certain benefits from giving help to others. This pattern can be applied to explain corporate deeds in public welfare. Kotler and Andreasen (1987) pointed out that whenever a NPO intends to accomplish a trade off, from the perspective of management, the best

means should be “exchange”. There are some trade-offs made by NPOs to evoke their target groups to provide valuable things in exchange of the benefits provided by the NPOs; 1) Economic Costs, 2) Abandoning original values, 3) Abandoning original behavioral modes, and 4) Sacrificing time and energy. As consumers are willing to commit to give out, NPOs would return with three forms of benefits of economic, social, and psychological.

5. Increasing the Scarcity of Cultural Consumption

Another contribution made by businesses is the management and marketing approaches they dedicate in art and cultural industries. Through professional marketing manipulation, whether they are operating cultural and art market as their business or they are just the agents who stimulate the market demand, the products developed from the core values of art and culture can thus extend from tangible products to intangible products and peripheral products. Among all the strategies in promotion, these businesses are at the same time intensifying the scarcity of cultural core value. Because when the scarcity of cultural core value has strengthened, those products developed from art and cultural industries can thus be tagged with certain value. It basically depends upon the positive correlation in pricing between core value and peripheral value.

For the businesses, what brings in the profits are those products extended from art and culture so they tend to raise the market prices of the products according to consumers’ preferences and cultural core values. These have become critical for businesses so they keep maintaining the scarcity of cultural value and further manipulate the value and the prices of these art and cultural extending products.

6. Two way exchange

It is said the corporation between business corporations and art institutions is based on the nature of balance, which provides an exchange of mutual benefits. Art institutions started to expand their business on the business field in the past decades because public art support is not the backbone of art institutions, plus with the increasing number of art institutions and increasing competition in limited governmental subsidies, many art institutions have steered the helms onto the businesses. On the other hand, many businesses are willing to support art institutions if it is “a worthy recipient for more non-profit and public funds” (Kirchberg, 2003). Another motivation for art institutions to ask for support from the businesses is the demand of management skills of an arts institution to level up with the efficient standards in the business world (DiMaggio and Powell, 1999).

In all, as consumers hold positive attitudes towards the businesses, the value of marketing benefits can be extracted. This is the goal of corporate social relationship (Hsiao, Hsian-Wen, 2004).

As for the preferred sponsorship in art and culture events, Herbert Schmemertzy (Wu Wen-Jin, Su Yu-Chin, 1997) summed up nine advantages that any business corporations can benefit from sponsoring art and culture.

1. Advanced class of art and culture can upgrade businesses. A business corporation can enhance its corporate image via supporting some artistic and cultural events. The more a business helps to organize artistic and cultural activities, the higher association of “advanced class” the public will project to the sponsors.
2. Through project planning and execution of corporate sponsorship in artistic and cultural events, it presents the variety of specialty those higher level business managers possess. The public tend to give positive comments on their capability

in public affairs though the capacity of artistic and cultural participation a business gets involved with.

3. Corporate participation in art and culture increases recognition from their employees. The employees tend to be proud of their companies when they find themselves “positively distinguished” from their peer groups.
4. More chances in leading the public will come with the corporate participation in artistic and cultural events. An aggressive role in supporting public affairs would gain recognition from people of the society, especially those decisive roles pertaining to political affairs.
5. Sponsoring artistic and cultural events provides a chance for business corporations to be acquainted with the influential figures and the important clients in the opening events of performances, or some other related events. It is also a chance to broaden the corporate networks.
6. Different political figures have different preferences in artistic and cultural activities. A business can pool in these people if they made a sponsorship to their preferences.
7. As a business increases its exposure to the public and gains positive public recognition, it also helps the business to recruit potential and qualified candidates on the market. Many outstanding people from the young generation nowadays are longing for working for companies concerning about art and culture.
8. As the business world is often depicted as a world full of empathy toward social affairs, corporate participation in art and culture helps to build an image of amiability for the business.

9. Cause-related marketing in art and culture does not only bring benefits from the publicity but also increase sales of products.

Business corporations nowadays do not support art and culture only for accomplishing corporate social responsibility. They also try to make a proper connection with art and culture to maintain the advantages in building corporate image (Marx, 1998:36). The idea of corporate image is how consumers perceive from the business and consumers will generate specific beliefs and attitudes toward the business corporations. The awareness and impression come from the past personal consuming experiences, the information from the mass media, and the participation in related activities. A successful business depends on the degree of its customers' loyalty, the advanced know-how, reliable product quality, and most importantly, a corporate image of trustworthiness.

Another viewpoint on corporate sponsorship in art and culture is the "co-orientation model" provided by Jack McLeod and Steven Chaffee (1973). Through observations on opinion leaders, the target group, and the media, it is found that the co-orientation model was also applied in corporate public relations (McQuial & Windahl, 1996). From the angle of corporate sponsorship in art and culture, the sponsorship can be an influential medium which creates public opinions. And corporate foundations have more systematic and organizational resources to reach their goals and to lead the communication behaviors. In the dynamic model, the consumers form their own opinions through personal experiences. Thus corporate foundations here replace the roles of the media which provide information which help the consumers form the opinions. One of the objectives to establish corporate foundations is to build a base for business corporations to ground themselves with a cornerstone in sponsoring

artistic and cultural events. Corporate foundations function in winning agreeability from the public and can also enhance corporate image.

2.4.1 The history of high-tech corporate foundations in sponsoring art and culture in Taiwan

The objectives of the foundations can be illustrated by table 2.4 (Himalaya, 2005). According to their missions and working focus, 164 of them are art, culture, and education oriented, which takes up 54.7% of the total number. 81 are in charity and social welfare foundations, 29 are in medical health foundations, 14 are in economic development foundations, 4 are in environmental protection foundations, 4 are in mass communication foundations, 2 are in legal affairs foundations and 2 are foundations classified as “others”.

Table 2.4 Mission of the Major 300 Foundations in Taiwan

No.	Mission of Foundation	Number	%
01	Culture (& Art) and Education	164	54.7%
02	Charity and Social Welfare	81	27%
03	Medical Health	29	9.6%
04	Economic Development	14	4.7%
05	Environmental Protection	4	1.3%
06	Mass Communication	4	1.3%
07	Legal Affairs	2	0.7%

08	Others	2	0.7%
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(Table made by Lee, Hsin-Yen, Sources from the Directory of 300 Major Foundations in Taiwan, 2005: 238)

Among the 164 art, culture and education based foundations, there are 15 of them are “arts and culture” oriented. During the process of this research, through data collection and interviews with corporate foundation managers, there are two major issues on distinguishing “culture and education” oriented foundations from “art and culture” oriented foundations. There is too much similarity between these two types of foundation and it is not simple as we can look them up in the dictionary and a fine line will be drawn between them. In addition, the 300 foundations researched by Himalaya foundation, a possibility of multiple choices were provided to each of them to choose the functions which best describe them. A total of 337 made a total 487 choices. 32.6% of them classified themselves to the category of “culture and education”, 22.4% in charity and social welfare, 15% in art and culture. It was ranked No.3 with 73 votes but only 15 foundations are registered as “art and culture” foundations (Himalaya, 2006). It reveals the twilight area that the managers of the foundations found difficult to draw a line from “culture and education” and “art and culture”. Thus this research will combine these two categories as “art, culture and education foundations”.

Table 2.5 Types of the Major 300 Foundations in Taiwan

No	Type	Number	%
01	Culture and Education	159	32.6%
	Arts and culture	73	15.0%

02	Charity and social welfare	109	22.4%
03	Medical health	40	8.2%
04	Community development	20	4.1%
05	Economic affairs/Industrial development	15	3.1%
06	Environmental Protection	15	3.1%
07	Media and mass communication	5	1.0%
08	Agricultural development	5	1.0%
09	Tourism	4	0.8%
10	Legal affairs	2	0.4%
11	Others	40	8.2%

(Source from “The Directory of 300 Major Foundation In Taiwan”, pp. 236)

From the data above, “art, culture and education” seems to be the most popular function to establish a corporate foundation. From the perspective of the amount of endowment, individual donations and corporate donations are the major sources of endowment, which account for 32.9% and 29.2% respectively. Fundraising from the public accounts for 15.1% and the subsidies came from the government accounts only 10.1%. Table 2.6 shows the comparison of the initial (first time registered) and the current endowment. Comparison made between the initial amount of endowment and the current amount of endowment, the size of endowments has grown each year and this phenomenon shows the prospectus future for corporate foundation developments in Taiwan.

Table 2.6 the Initial Endowment vs. Current Endowment of the Major 300

Foundations in Taiwan

Size of Endowment (NTD million)	Initial Endowment		Current Endowment	
	Number	%	Number	%
5 million or less	86	28.4%	44	14.5%
5 to 10 million	68	22.4%	47	15.5%
10 to 30 million	79	26.1%	61	20.1%
30 to 50 million	16	5.3%	24	7.9%
50 to 100 million	17	5.6%	49	16.2%
100 million to 1 billion	29	9.6%	69	22.8%
1 billion or more	8	2.6%	9	3.0%

(Source from “The Directory of 300 Major Foundation In Taiwan”, pp. 239) Note: the currency rate of NTD : Euro=41:1

This research conducted by the Himalaya foundation revealed another fact that NPOs in Taiwan have become stronger in recent years and now NPOs are taken as a growing force in the third sector. In Taiwan, corporate foundations have received increasing international recognition for their contributions, “in the wake of 2004 Asian Tsunami disaster, total donations from Taiwan’s 23 million citizens ranked the 8th among global donation according to statistics from the United Nation” (Himalaya, 2005:9). Thus later this research applied Hirose’s model to review the three types of corporate foundation established by high-tech companies in Taiwan. This research

intends to explore the behaviors behind the corporate sponsorship and the way they build the corporate brand image through sponsoring art and culture by their corporate foundations.

2.4.2 The History of high-tech corporate foundation in sponsoring art and culture in Taiwan

According to the “Directory of 300 Major Foundations in Taiwan” (Himalaya, 2005), the founding time of the 337 officially registered foundations in Taiwan fell between 1954 and 2004. The lifting of the Martial Law (1987) in Taiwan is considered as the significant divide of history, the survey shows that 27 foundations (8%) were founded before 1977 and 70 (20.8%) were founded between 1978 and 1987. However, the period from 1987 to 1997, about 183 foundations (54.3%) were established. Among these foundations, 109 (59.5%) belong to the category of art, culture and education, 47 (25.7%) belong to the category of charity and social welfare. The average endowment of the foundations established in this period is around NTD 235.8 million (€ 5.6 million). The lifting of the Martial Law had an impact on the establishment of foundation in Taiwan. The period between 1988 and 1997 was characterized as the “booming time” of corporate foundation in Taiwan. However, since 1998, the development of the foundations has stabilized and there were about 57 foundations (16.9%) established. Here in the last part of chapter two, some of the oldest corporate foundations in Taiwan will be introduced.

2.4.3 The Earliest Foundation In Taiwan

Established on December 15th in 1954, Tung-Shin Welfare Foundation is the first foundation in Taiwan. Actually the foundation started in 1833, the time of Daoguang Emperor (September 16th, 1782 to February 25th, 1850) of the Manchu Qing dynasty in Chinese history. It was the time the Qing Dynasty Government tried to reduce

piracy in Taiwan thus many immigrants from Southern Fujian Province continued to come to Taiwan, which also brought in the outset of the infrastructure developments in Taiwan¹. Tung-Shin Social Welfare Foundation was first established with this background. In the beginning, the 67 philanthropists of the foundation donated 12 ferries to carry for free the folks of the nearby 4 towns and visitors to cross the Da-Jia river, which is the main river in the middle of Taiwan. They also donated an amount of money to purchase around 100,000 m² of lands and rented it out. The earnings of the rental were contributed to cover all the expenses on the maintenances. After the restoration of Taiwan from the Japanese colony (from 1895 to 1945) on October 25th, 1945, a suspension bridge was built under the governmental budget plan, thus the Tung-Shin Foundation was changed to focus on business of social welfare (Himalaya, 2005:189).

Table 2.7 The Profile of Tung-Shin Welfare Foundation

Date Founded	Dec. 16 th , 1954
Supervising Agency	Taichung County Government
Endowment	€9658.5 (farming land assets)
Source of Endowment	Individual Donation (100%)
Staff	Part time: 1
Expenditures in the Last 3 years	2001 - €13,712 2002 - €13,789

¹ See “Early Taiwan History” at WIKIPEDIA:<http://en.wikipedia.org/wiki/%E5%8F%B0%E7%81%A3>

	2003 - €13,838
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(Source from “Directory of 300 Major Foundations in Taiwan, pp. 189)

2.4.4 The Earliest Corporate Foundation In Taiwan

Established on June 10th, 1963, Chia Hsin Foundation was the first corporate funded foundation in Taiwan. The mother corporation, Chia Hsin Cement Corp. (CHC) is a major cement manufacturer and distributor in Taiwan, which is also the fourth biggest cement manufacturer in Taiwan. The cement industry also marked a specific period in the history of industrial development in Taiwan when the economy was taking up during the implementation of the Ten Key Infrastructure Projects which initiated Taiwan’s modernization. This period of time is often quoted as “Taiwan’s economic miracle”. Nowadays the business of CHC has also diversified into other related businesses¹. The first step is to complete its corporate social responsibility. It started to institute the CHC Scholarship in 1960 which encouraged educational causes on students from low-income families and the family dependents of the army, civil servants and teachers. Later in 1963, the Chia-Hsin Foundation was established and the chief missions are; (1) Authorizing Central Daily News to process the scholarship business, (2) Establishing Chia-Hsin Forums in every universities in Taiwan, (3) Other prizes and rewards in nurturing artistic and culture activities (Himalaya, 2005:75).

Table 2.8 The Profile of Chia-Hsin Foundation

Date Founded	June, 10 th , 1963
Supervising Agency	Ministry of Education
Endowment	€1,493,295

¹ More corporate information can be found at: <http://www.chcgroup.com.tw>

Source of Endowment	Corporate Donation (100%)
Staff	Full-time: 1, Part-time: 2
Expenditures in the Last 3 years	2001 - €102,652 2002 - €123,967 2003 - €227,509

(Source from “Directory of 300 Major Foundations in Taiwan, pp. 189)

2.4.5 The Biggest Corporate Foundation Sponsoring Art and Culture In Taiwan

Speaking of the sponsorship in art and culture by corporate foundations in Taiwan, Chi Mei Culture Foundation, without a doubt, is the most renowned one. The mother corporation, Chi Mei Industrial Factory was founded in Tainan City in 1953 and it was one of the first plastic processing plants in Taiwan. The founder Hsu, Wen-lung was known as the “Father of acrylic in Taiwan”. Chi Mei became one of the top quality acrylic sheet suppliers in the world in the 1970s. In 1988, Chi Mei invested in the TFT-LCD and established the Chi Mei Optoelectronics Corp. and has expanded its business realm into high-tech industry.

Founded on April 29th, 1977, “The Chi Mei Cultural Foundation takes educational and cultural enhancement as its main objective and it tries to broaden awareness of culture in every corner of the society by sponsoring artistic and cultural events.¹” Chi Mei foundation is the foundation which tops all the rest corporate foundations in Taiwan with its magnificent dedication in supporting art and cultural industries. There are many art and cultural organizations under the organizational structure of Chi Mei

¹ See corporate introduction at <http://www.cmo.com.tw>

Foundation; (1) Chi Mei Museum. First in 1990, Chi Mei Foundation initiated the preparatory committee of Chi Mei Art and Culture Database. Later in 1992 the Chi Mei Museum was built and opened to the public without charging any entrance fee. In 2001, a branch of Chi Mei Museum was established in South Scientific Park in Tainan which displays various themes of antique about the history of industrial development in the world. The collection of Chi Mei Museum ranges from western art¹, antique musical instruments, ancient cultural relics, natural history includes fossils and animal samples, and ancient weaponry. (2) Chi Mei Mandolin Musical Group. Established in 1995, due to the preference of the chairman Hsu Wen-Lung, a Mandolin Musical Group was founded with the support from the corporation and the musical group is having regular performances tour all over the island. (3) Chi Mei Philharmonic Orchestra. Established in 1986, the Orchestra tours and performs in Taiwan and overseas, Chi Mei Philharmonic Orchestra also sponsors individual musicians to perform together in the orchestra. The orchestra is also famous for its collection of world class stringed instruments and the collection is open to any domestic musician to borrow for free on any purposes of musical performance. In 2007, the spring public performance was entitled “Also Sprachen Mozart und Beethoven”².

Table 2.9 The Profile of Chi Mei Culture Foundation

Date Founded	April, 29 th , 1977
Supervising Agency	Tainan City Government Bureau of Education
Endowment	€15,714,286

¹ The official website of Chi Mei Museum at <http://www.chimeimuseum.com>. One of the famous collection in Chi Mei Museum is the painting of “The Message” (1903) by English Pre-Raphaelite Painter and book illustrator Thomas Cooper Gotch.

² See Note 18 (Chi Mei Museum)

Source of Endowment	Corporate Donation (100%)
Staff	Full-time: 27, Part-time: 8

(Source from "Directory of 300 Major Foundations in Taiwan, pp. 24)

In the next chapter, Hirose's Brand Valuation Model will be introduced. It is the method applied in this research to analyze the three types of high-tech corporate foundation in Taiwan. They sponsor especially in artistic and culture events. A bilateral examination will be conducted on the tangible and intangible assets of these high-tech corporate foundations as a way to comprehend their behaviors in sponsoring art and cultural industries in Taiwan. The final objective of this research is to provide an outlook on the partnership between business sector and the art and cultural industries and to forecast the future development of art and cultural industries in Taiwan.

Chapter Three: Research Methodology

3.1.1 Methodology

Research Methodologies can be categorized into qualitative research method and quantitative research method. Qualitative research method allows researchers to study their topic with depth and explicit. Also due to the vertical depth of the research, abundant and detailed outcomes can be obtained through this research method. On the other hand, a general profile would be hardly presented. Quantitative research method aims at measuring viewpoints from a vast audience on limited questions through research surveys, and comparative results can be obtained through statistical analysis on the collected data. The results tend to be concise and generalized. Table 3.1 makes a comparison of the two research methodologies.

Table 3.1 Qualitative Research versus Quantitative Research

	Qualitative Research	Quantitative Research
Quantitativity of the Research Survey	Research results do not come from quantitative data and quantitative analysis.	Research results come from quantitative data and quantitative analysis.
Research Value	To discover	To verify
Research Objective	To confirm the existence of some things.	To confirm the quantity of some variables.
Research Content	Flexible and non-structural	More structural

Research Method	Interviewing, focus group...etc.	Survey, experiments...etc.
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(Source: Anselm Strauss & Juliet Corbin, 1997, pp. 189-216)

The exploratory research method in the qualitative research method can help to get a deeper acquaintance with the research questions. This research applied exploratory research method to study the sponsoring behaviors in artistic and cultural events among the corporate foundations established by the high-tech corporations in Taiwan. Financial figures will be analyzed through Hirose's brand valuation model and then interviews will be interpreted to complete the Corporate Foundation Brand Management Model in the end.

3.1.2 Hirose's Model

"The predominant thinking of the world's most successful brand builder these days is not so much the old game of reach (how many customers see my add?) And frequency (how often do they see it?), but rather finding ways to get customers to invite brands into their lives."

Business Week, 12th May, 2005

Soon as the U.S market started to provide evidence that the percentage of intangible assets (including brand assets) of U.S. non-financial assets reached a double growth (from 24% to 48%) in half a century since 1955, the importance of brand value has opened a new battle field among businesses. However, how do we measure an intangible asset like "brand" put it down on figures? The Financial Accounting Standards Board (FASB) has introduced two new statements (statement 141 and statement 142) to deal with the questions. Brand valuation intends not to find out what a business has done in the past but it is about getting a panorama of how the brand is

driving the financial performance of a business and how it provides credible reference for business operational plans. There are four driven forces for executing brand valuation (Thomas et al, 2006);

1. Brand valuation indicates sustainable potential for future growth.
2. Brand valuation reflects which parts of the business currently are operating well.
3. Brand valuation shows space of opportunity a business should focus on.
4. Brand valuation points out a continuous capacity to develop, to reinvent and to advance.

Since 1980s, brand equity has been introduced as the most valuable asset of a business, which is also an intangible asset of a business. One of the unsolved questions is “how would perfectly we evaluate the brand value?” Relevant research documents started to be released in the 1980s. Among those papers published by the Journal of Marketing Research during the decade from 1987 to 1997, well accepted brand value measurements would be methods which base on brand equity and they can eventually feedback a business with “financial” benefits. As there are many measurements on brand value for the managerial to choose, there is not any measurement standing out from the pool. Researchers are still trying to create a best method to calculate discount rate, growth rate and useful life (Kapferer, 1994). As the 20th century is replete with so many successful stories about brand, it would be too late when many of the businesses started to detect their brand problems after consumers have already formed deep impressions¹.

However, the models for measuring brand equity have come under the research spotlight since 1980s. Among those different considerations on brand valuation, most

¹ “BAV(Brand asset valuator)” published by Young & Rubicam Inc., 2003

of the businesses prefer calculating brand value from a financial perspective (Mahajan, Rao and Striviastava 1994; Smith 1998). In general, it carries multi-faceted meanings for a business if the model can precisely measure the corporate brand value. Many businesses in recent years started to finance their brand equity, which help the public investors to acquire thorough information of the business. Balance sheet is the guide to a business, no matter a business is trying to get a loan from banks or trying to attract investors in the stock market; a healthy balance sheet is definitely a must. Brand valuation capitalized brand and offset corporate debt and liability. It increases corporate credits and raises the possibility to gain a loan from banks. On the other hand, instead of measuring brand value from the viewpoint of financial benefit, most of the marketing people are still staying with their marketing perspective (Aaker 1991; Biel 1992). The researches on brand valuation come from two aspects: marketing measurement of brand equity and financial treatment of brands. Keller (1993) collected the studies from 1) Lassar et al (1995) on measuring brand strength, 2) Park and Srinivasan (1996) on evaluating the equity of brand extension, 3) Kamakura and Russell (1993) on single-source scanner panel data to estimate brand equity, and 4) Aaker (1996) and Montameni and Shahrokhi (1998) on the issue of valuing brand equity across local and global markets. The financial treatment of brands came from the recognition of brands on the balance sheet (Barwise et.al., 1989). It reveals the problems on the accounting review that uncertain future nature of benefits is associated with brands and the reliability of the corporate information presented.

Interbrand Method

Interbrand is a famous British brand valuation company¹, which is a division of Omnicom, the leading branding company. It was founded in 1974 and in the beginning it was focusing on naming consultancy, soon later it developed into a full-service branding consultancy with 40 offices in 25 countries. Since 1987 it has been applying quantitative measurement on brand valuation, which was co-created with London Business School. This model has been used for twenty years on more than forty industries and more than three thousand brands. It also publishes the 100 Top Brands of each year in Business Week as for a reference to the business world. Appendix 6 shows the latest published Top 20 Brand of 2006 published by Interbrand in 2007. Dr. Hirose thinks the drawback of Interbrand's model is some parts of evaluation process are executed under table. Those evaluated companies were not well acknowledged about the whole procedure of the evaluation process and they often failed to track the causes which made their brands "less worthy" than others. Also, some indices such as the contribution of the profitability of a brand depends on in which industry the brand is categorized, for example, perfume industry gets a 90% in contribution of the profitability, 45% on the automobile industry, this part was found not basing on the principle of fairness (Lee Yu-Yi, 2007).

The Financial World magazine method

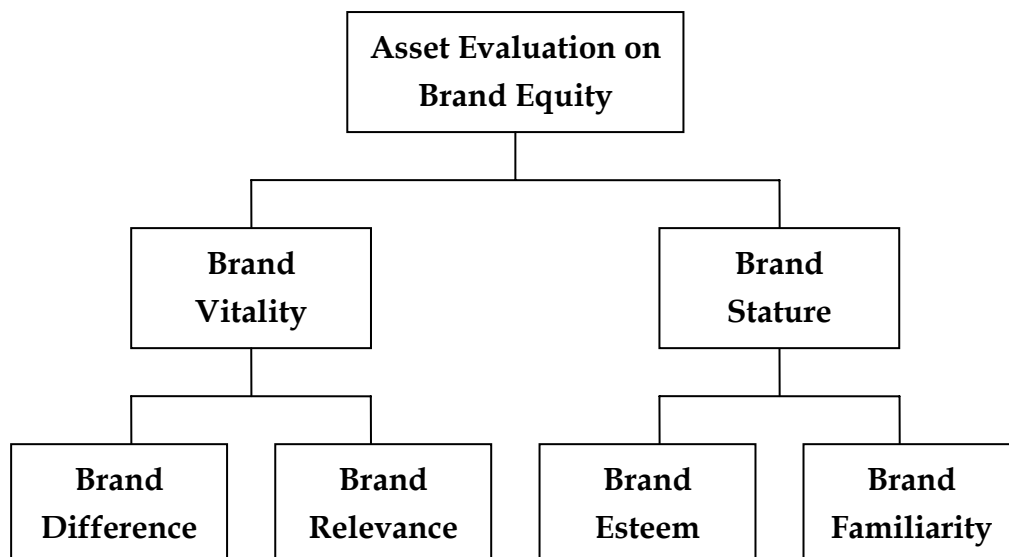
The method created by Financial World magazine utilizes the Interbrand Brand Strength multiplier, including the same indicators and weightings. But the premium profit of the brand is determined by the profits of business operation of a brand and then deducting from the earnings of a comparable unbranded product. This latter value could be determined, for example, by assuming that a generic product would generate a 5% net return on the capital employed (Keller, 1998).

¹ See the official website of Interbrand at <http://www.interbrand.com/history.asp>.

Young & Rubicam Brand Asset Valuator model

This brand valuation model bases on the consecutive perception from consumers. It focuses on two dimensions of brand; vitality and brand stature. As shown in Illustration 3.1, it measures brand vitality with brand differentiation and relevance, and it measures the brand stature with consumers' attitudes on the brands, which are labeled as brand esteem and brand familiarity (C Henry Stewart, 2002).

Illustration 3.1 Young & Rubicam Brand Asset Valuator model



Sources from: <http://www.yr.com/yr/>

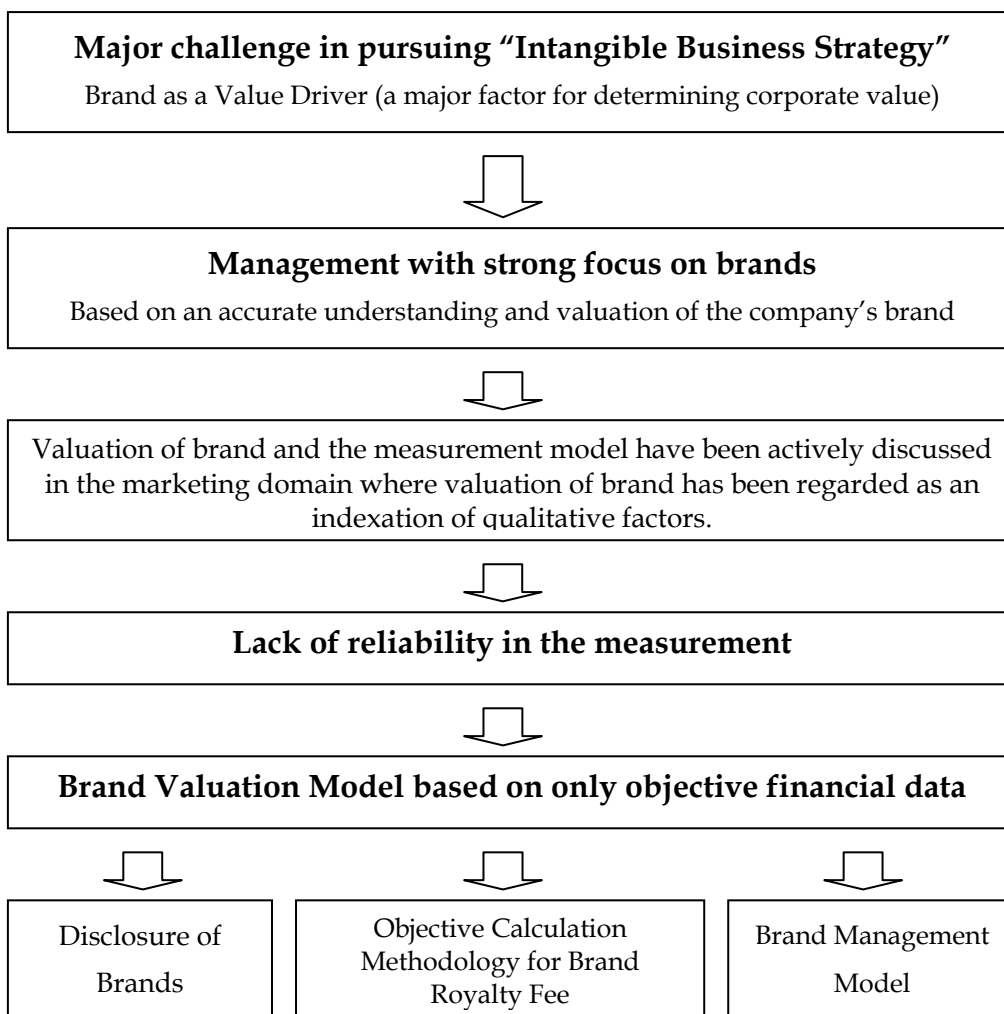
Hirose's Brand Valuation Model

This model is one of the newest brand valuation models in recent years. It was proposed by the Ministry of Economy, Trade and Industry, the government of Japan in 2002. This model aims at providing a norm for evaluating corporate brand value in every company in Japan. The chairman of the committee of the model is Yoshikuni Hirose, professor of Accounting, School of Commerce of Waseda University. The committee consists of 28 researchers from professors, accountants, lawyers, and

specialists from banking and business industries (Hirose et al, 2002).

Facing the structural change in business environment, the new form of economy has come with the advance of high-tech which has changed the direction of global economy. Corporate value nowadays comprises not only the tangible assets but has shifted the focus to the intangible assets. The intangible assets now have become the core value of a business and it is the main source of corporate value. Thus businesses are facing a new challenge in the old-fashioned business strategies which always focused on tangible corporate resources. Besides human resource, product, money and information, brand is the fifth main business resource. Whether a business is trying to precisely measure the brand value or it is trying to disclose the brand value, assessing brand value has become a new corporate mission to be accomplished. It will help a business to predict its future cash flow and to raise the corporate stock value. Thus the committee developed a brand valuation model. The overview of the model is shown in exhibit 3.2.

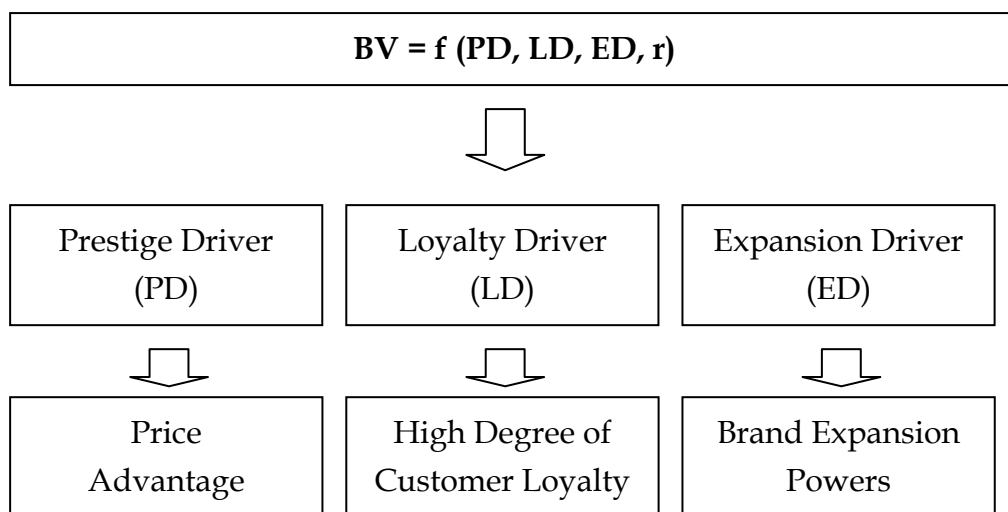
Illustration 3.2 Overview on Hirose's Model for Brand Valuation



Source from Hirose’s Report, 2002, pp. 9

In Hirose’s model, brand is defined as the core value which creates competitive advantage of a business and it is about “increasing present and future cash flows” (Hirose’s report, 2002, pp. 10). Three factors are applied in assessing the increase of the present and future cash flows, which are price advantage, high degree of customer loyalty and brand expansion strengths. These three factors were designed as the three key drivers in Hirose’s model; prestige drive (PD), loyalty driver (LD) and expansion driver (ED). They are illustrated in Illustration 3.3.

Illustration 3.3 Hirose’s Model for Brand Valuation



Source from Hirose's Report, pp. 11

Prestige Driver (PD)

The focus of prestige driver is the price advantage generated from the reliability of a brand which furnishes the business with more sufficient dominance in pricing strategies. The advantage in pricing can be also considered as the excess value of the branded products comparing with other non-branded products. The increases in the present and future cash flows are mainly from this difference. (Hirose's report, pp. 68) In order to calculate excess profit created by a brand, the Committee applied "sales differentials per cost of sales" as the excess profitability. However, since brand management costs are not revealed in the financial reports, neither any statistics or regular information were released to show the updates in brand management, the Committee decided, after having contact with many businesses, to apply advertising and promotion expenses as the brand attribution ratio for calculating the brand attribution rate. In addition, the demand of a benchmark company for making comparisons in the market is necessary because it can bring out the price advantages come with the brand value. The way to choose the benchmark company is defined as the company with the lowest sales per unit cost of sales for the same industry.

Therefore the formula of calculating the prestige driver was illustrated in Illustration 3.4.

Illustration 3.4 Hirose's Model – the formula of Prestige Driver

PD = Excess profit ratio x Brand attribution rate x Cost of sales

= [5 year average of {(Sales of the company/Cost of sales of the company-Sales of a benchmark company/Cost of sales of a benchmark x Advertisement and promotion cost ratio of the company)}] x Cost of sales of the company

$$PD = \frac{1}{5} \sum_{i=-4}^0 \left\{ \left(\frac{S_i}{C_i} - \frac{S_i^*}{C_i^*} \right) \times \frac{A_i}{OE_i} \right\} \times C_0$$

S : Sales of the Company

C : Cost of Sales of the Company

A : Advertisement and Promotion Cost

S* : Sales of the Benchmark Company

C* : Cost of Sales of the Benchmark Company

OE : Operating Cost

(Source from Hirose's Report, pp. 72)

Loyalty Driver

The degree of the stability a brand maintains in business sales for a long period of time can be presented by loyalty driver. It is the strength of brand value, which covers the stable clients with high loyalty. The Committee decided to apply "the stability of cost of sales" to be the parameter for loyalty driver. Therefore, the Committee decided to use the 5 year sales cost and derives the other two constants, which are the average (μ) and the standard deviation (σ). The standard deviation indicates the magnitude of volatility. The stability of a brand can be revealed by converting the magnitude of volatility into relative amount " σ/μ is the coefficient of volatility and by subtracting 1, and decided to define the formula for the LD as $(\mu-\sigma)/\mu$ and the smaller the standard deviation is and the closer it gets to 1, the more stable the loyalty driver is."(Hirose's Report; pp74). The formula of calculating the loyalty driver was illustrated in Illustration 3.5.

Illustration 3.5 Hirose's Model – the formula of Loyalty Driver

LD = (Cost of sales (μ) - Cost of sales (σ))/Cost of sales (μ)

$$LD = \frac{\mu_c - \sigma_c}{\mu_c}$$

μ_c : 5-year average of cost of sales

σ_c : Standard deviation of cost of sales

Source from Hirose's Report, pp. 74

Expansion Driver

The capability of a brand to expand its value can be exerted by stretching its business into similar or different industries, or even overseas markets. This part of the brand strength is categorized in the expansion driver which can be calculated by the average of the growth rate of the overseas sales and the growth rate of sales in the non-core segment of the company. The growth rate can be acquired by calculating the three-year average of annual growth rates. But if there is no growth rate in the overseas sales and non-core business sales, the expansion driver is not contributing the brand value, thus it can be set as 1 as the default value. Illustration 3.6 shows the formula of calculating the expansion driver.

Illustration 3.6 Hirose's Model – the formula of Expansion Driver

ED = Average of growth rate of overseas sales and growth rate of sales of non-core business segments

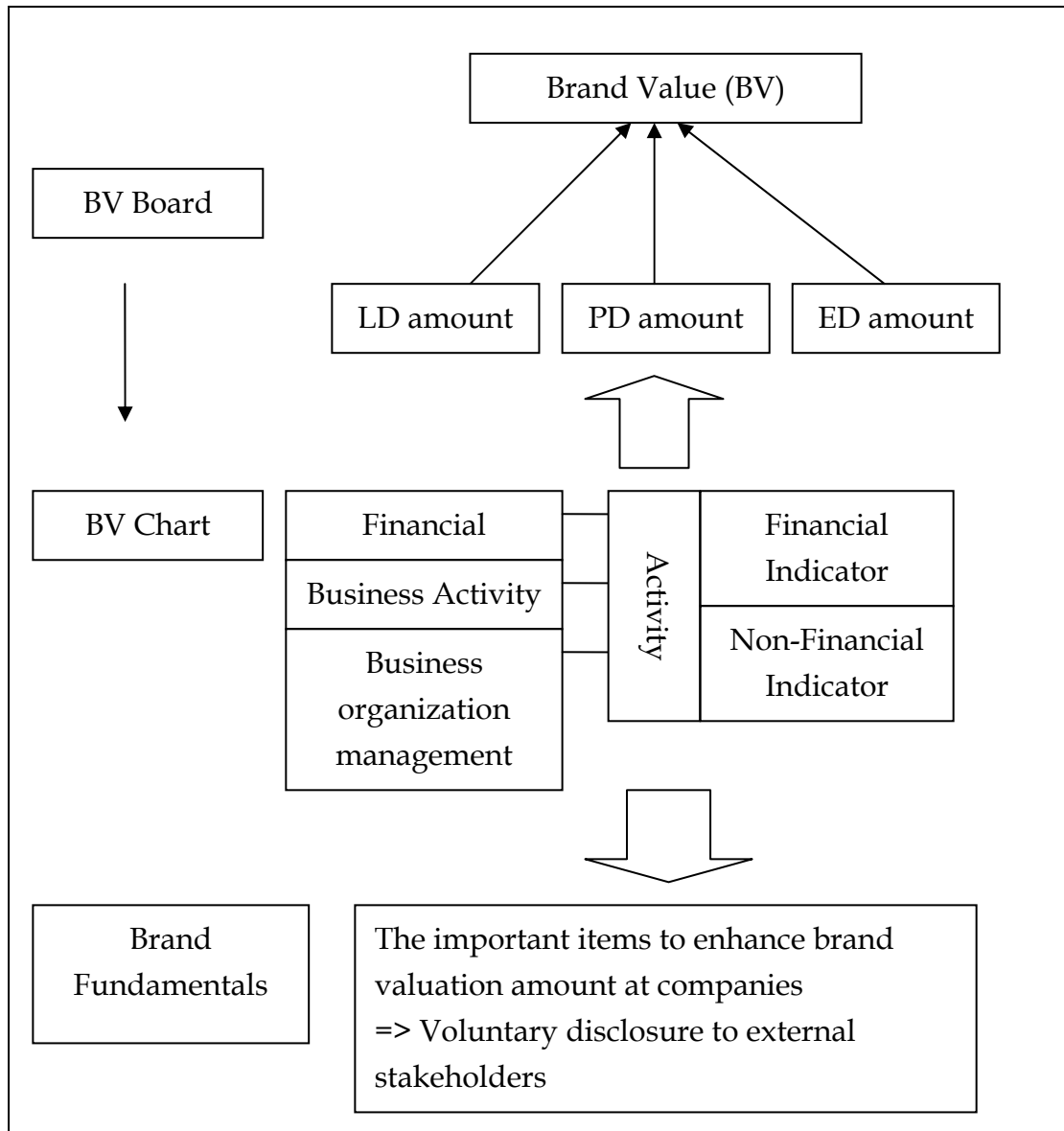
Note: Min. value of each index should be 1

$$ED = \frac{1}{2} \left\{ \frac{1}{2} \sum_{i=1}^0 \left(\frac{SO_i - SO_{i-1}}{SO_{i-1}} + 1 \right) + \frac{1}{2} \sum_{i=1}^0 \left(\frac{SX_i - SX_{i-1}}{SX_{i-1}} + 1 \right) \right\}$$

(Source from Hirose's Report, pp. 77)

Hirose's Brand value management model is presented in Illustration 3.7;

Illustration 3.7 the Process of Hirose's Brand Value Management



(Sources from the Report of the Committee on Brand Valuation, pp. 86)

The brand value chart above consists of three characteristics as; (1) the financial and managerial perspective is considered, (2) indicators of financial and non-financial are considered evaluating activities and other effects from different angles, (3) it works like a feedback loop where financial and non-financial indicators are applied to increase the brand strategy (Hirose's report, 2002, pp.87). As a corporate foundation is increasing the brand value of the mother companies, its efforts can cover different

aspects of artistic and cultural events in order to accomplish different indicators in increasing brand value such as strengthening relationship with the public to improve the loyalty; improving the quality of sponsored artistic and cultural events to increase prestige driver, and widening the variety of sponsorship to ensure the expansion power. These detailed categories are designed to analyze the behaviors of each corporate foundation which will be organized into a corporate foundation brand management model in the end of this research.

3.1.3 Disadvantage of Hirose's Model

The advantage of Hirose's model is this approach conforms to the Financial Accounting Standards and the formula is distinct and simple. Some criticisms were raised against the hypotheses in the formula such as the higher the advertising and promotion cost goes, the higher the future brand value it may obtain. This does not happen in the real business world because brand value is more about the product life cycle and other promotion strategies. However, there is not any brand valuation model which is recognized as the best one. Each one has more or less drawbacks in practice. The key characteristic that distinguishes Hirose's model from other brand valuation models is the particular function in solving the suspending problem of lacking objectivity and arbitrariness because the cash flow estimation can be acquired from the published financial reports. Nevertheless, the drawbacks of the Hirose's model still come from some inevitable research constraints. In Hirose's report, the committee has discussed three constraints of the model (2002: 78-80);

1. Difficulty in evaluating interdisciplinary companies: The design of the model does not reconcile the model with other traditional valuation results (Beccacece et al, 2006; 18). During the research the committee acknowledges the model faces difficulties in providing a comprehensive profile of a company which has already

expanded its business territory into other industries. Because the brand value of a company is calculated based on its core business and it is hard to combine together the revenues it obtains from the investments in other industries. For example, the business of Chi Mei Corporation covers petrol-chemistry, electronics, international trade and logistics, engineering, public welfare, food, and hospital but it may have its brand value calculated based on the electronic industry.

2. Lack of consistency in business comparability: It is hard to ensure comparability since it is not possible to acquire the information of each line of business in a company for making comparisons. In Hirose's model, the major factor of brand value comes from the price advantage against other competing products in the same industry. The business segmentation is determined by each company which can vary under different corporate concerns. Thus Hirose's model failed to put the samples on a well defined weighting scale for making comparisons. Furthermore, the model assumes the discounts of brand cash flows with the risk free rate but "no model can be seen as an indicator of the cash flow risky due to the structural deficiency" (Beccacece et al, 2006; 19).

3.2.1 Data Collection

The data of this research are collected via two directions:

1. Secondary data analysis: Secondary data takes in two forms; (1). Qualitative sources which can be collected from newspapers, novels and literature in general, handbooks, policy statements or historical & official documents. (2). Quantitative sources, which can be collected from published statistics such as national government sources, academic & research institute and also from non-published/electronic sources such as data archives and online access.

2. Qualitative interviews from case study: As the samples are decided, an outline of interview will be provided (see appendix 1) and let the interviewees prepare for the interview¹. Through qualitative interviews, the research results can be examined in different phases as to reach better mutual responses between the theories and the practice.

Interview time consumed and the contact persons varied in this research. First the internal financial figures were to be acquired through emails and telephone calls which took about three months to complete the data collection (From April to June of 2007). Further questions about marketing strategies and management were again surveyed through emails and telephone calls and each case consumed around 20~40 minutes to complete the survey. Some of the cases required second or third interviews to confirm figures and answers. Interviewees are the published contact persons of the foundations on their official websites. Some are the directors and the executives of the foundations, and some are the secretaries or the specialists of the foundations.

3.2.2 Research Scope

Due to the limitation of time and resources, it is difficult to conduct the research with many case studies. Since most of the high-tech companies in Taiwan are operating with a good sense of marketing and they are matured in management skills, however, this research focuses on three high-tech corporate foundations of each types categorized by this research and conducts research surveys on their financial status and marketing strategies in branding.

¹ All of the interviewees in this research are from the Public Relations department of each company. In respect to their profession of communication on behalf of their companies, they all requested a “questions to be asked” before the interviews.

This research aims at studying how sponsorship in artistic and cultural events can increase brand value of a high-tech company. Thus Hirose's brand valuation model is applied to evaluate three representative models of foundations established by three high-tech companies in Taiwan and the main function of these foundations is sponsoring domestic artistic and cultural events.

The selection of the sample of corporate foundations was from two sources;

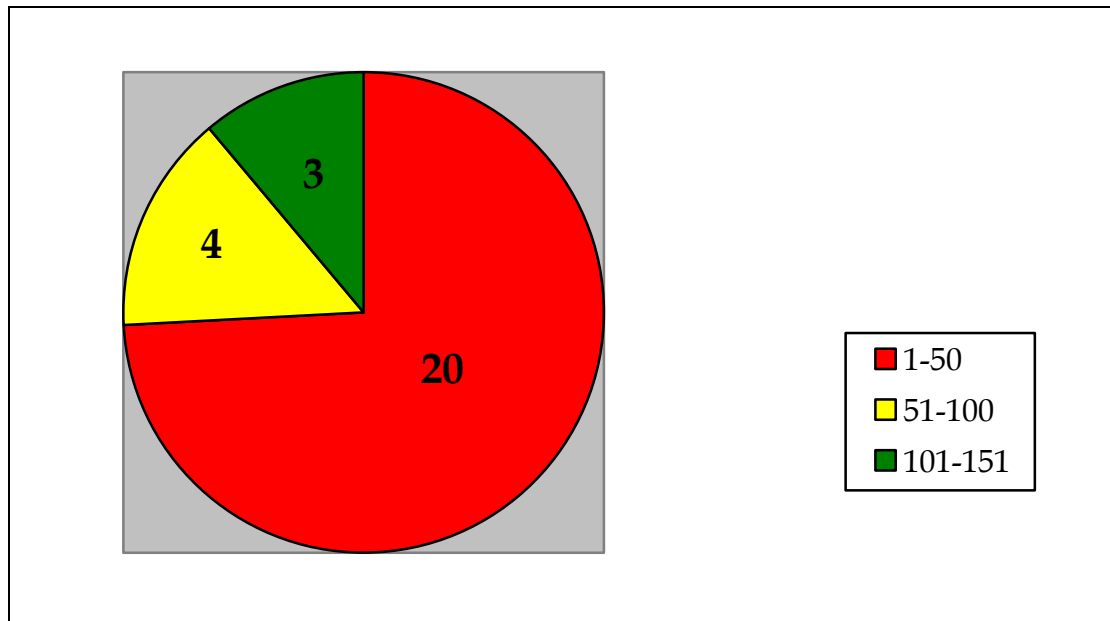
- (1). The assessment of the Top 1000 Manufacturers' ranking in Taiwan.
- (2). The directory of 300 major foundations in Taiwan.

3.2.3 Research Samples

First an assessment survey was done on the Taiwan Top 1000 Manufacturing companies in 2005 published by Commonwealth magazine to get a preliminary profile of the top high-tech companies in Taiwan. Later a comparison is made by examining the information and the data published in the directory of 300 major foundations in Taiwan made by Himalaya foundation. A list of the high-tech companies would be generated and screened to find out the ones with their own corporate foundations in sponsoring artistic and cultural events. The first step is to review the Top 250 manufacturers (of the 1,000) to select the high-tech companies among them. It consists of 9 categories of industry among the top 1000 manufactures in Taiwan (see appendix 2). It shows that 60.4% of the top 250 (151/250) manufacturers in Taiwan are high-tech companies (highlighted in grey) and another survey was conducted to find out the number of the corporate foundations established by the high-tech companies among the 151 companies. Another survey was done on these top 151 high tech companies to find out the ones which have established their own corporate foundations. The result says 27 of them have their own corporate foundations (see appendix 3). It is not hard to find that the distribution of corporate

foundation particularly stresses on the top 50 high-tech companies. About 40% of them have their own corporate foundations (20/50). The density declines from the 51st company which has only 7% of the shares among the rest 101 companies.

Illustration 3.8 Distribution of Corporate Foundations among Top 151 High-tech companies in Taiwan¹



(Illustration made by Lee, Hsin-Yen)

Among these 27 corporate foundations, most of them are established with the function of “cultural and education”. Only the corporate foundations founded by Compal and Yulon General Motors were founded with non-culture related function (See Appendix 4, highlighted in yellow). Based on the report “Directory of 300 Major Foundation in Taiwan” published by Himalaya Foundation, a further look at the development of NPOs in Taiwan was presented to show the efforts made by these high-tech corporate foundations in sponsoring art and cultural industries in Taiwan.

¹ The red box indicates the top 50 high-tech companies in Taiwan and 20 of them have their own corporate foundations. The other two boxes can be reasoned by analogy.

This research has gone through some results and figures from the 2005 edition of “the Directory of 300 major Foundation in Taiwan”. This research aims at giving a comprehensive profile of the status quo of the domestic artistic and cultural sponsorship made by the high-tech corporate foundations in Taiwan¹. Later in this research, the Hirose’s model will be applied to review three representative high-tech companies in Taiwan which have different types of corporate foundations operating the sponsorship in artistic and cultural events. This research intends to find out the best type of corporate foundation sponsorship among the three typical practicing foundations established by the high-tech companies in Taiwan.

¹ Reference at the Himalaya official website: <http://www.himalaya.org.tw/EN/index.asp>

Chapter Four: Case Study

Before calculating the brand value of each high-tech company, there are three constants in Hirose's model have to be defined before hand;

1. Discount rate is 1.9: According to the historical record of discount rate kept by Central Bank of the Republic of China¹, the averaged discount rate during 2001~2005 is 1.9 (see Appendix 7).
2. The Benchmark Company: According to Dr. Hirose's definition, the five companies with the lowest unit sales revenue per unit sales cost during 2001 to 2005 (see Appendix 8) are selected the benchmark companies.
3. Expansion Driver is 1: Two reasons for this. One is most of the high-tech companies provide only combined financial statements and do not provide separate financial statement to reveal their overseas business. The other reason is because this research focuses only on the brand value constructed by domestic artistic and cultural events.

After these critical constants have been defined, the research analysis can consequently be executed. First in Table 4.1.9 shows a review of the characteristics of the three types of high-tech corporate foundations in sponsoring artistic and cultural events in Taiwan.

Table 4.1 Three Types of High-tech Corporate Foundation in Taiwan

type	Involving in art and cultures		Example
	Corp. itself	Corp. Foundation	

¹ See official website at: <http://www.cbc.gov.tw>

1	O	O	BenQ 、 CPT 、 Quanta 、 Foxconn
2	X	O	Advantech 、 Accton 、 TSMC 、 Delta 、 Gigabyte 、 Macronix 、 Acer 、 CAPCO
3	X	X/O	Chen Mao-Pang ¹ 、 Hsin Yi ² 、 Yue Tuen ³ 、 The Koo's ⁴

4.1.1 Type 1 - Both the company business and its corporate foundation get involved in sponsoring artistic& cultural events.

Definition: Both the business and its corporate foundation get involved in sponsoring artistic and cultural events. From the characteristics of type one, it is not obscure to get a reflection of the foundations of the banking industry. From the Italian Medici family during the Renaissance, banking industry has been the pioneer in bridging the business with art and culture. In Taiwan, however, banking industry is also in the lead of the partnership with art and culture. ABN AMRO in Taiwan came to be one of the earliest successful banks in the partnership with art and culture. The brand marketing of ABN AMRO was held up for about two years while the business was caught up with merging the consuming financing business department of bank of America and was focusing on repositioning its internal products in 2000. While facing the serious loss of customers in credit card business, ABN AMRO launched a new program to build a new brand image and took it as a way to convince their lost customers. ABN AMRO continued the successful “Van Gogh Masterpieces” project in 1997 and combined the

¹ Chen Moai-Pang Memorial Foundation was established in 1970 by Sampo Company.

² HsinYi foundation was established by the Yuen Foong Yu Group in 1971. See official website at: <http://www.hsin-yi.org.tw>.

³ Yue Yuen Educational Foundation was established by Pouchen Group in 1999. See official website at: <http://www.yueyuen.org.tw>

⁴ The Koo's Cultural & Educational Foundation was established in 1988 by GigaMedia Limited. See official website at <http://www.koo.org.tw>

project with the 1960s New Yorker Don McLean's song "Vincent" tribute to Vincent Van Gogh. Apart from those indifferent designs of credit cards issued by American bank, the artistic Van Gogh card issued by ABN AMRO distinguished itself from others at a strike. This project helped ABN AMRO earn an 80% of brand awareness and 200,000 issues in one year (Chiu Li-Ling , 2001). This project has opened the battle field on "art and culture" marketing in the business sector in Taiwan. "Except for exhibition, we used to face difficulties in displaying public art via other forms, and it was a pity that ABN AMRO could not make its image have a connection with the affluent art and culture in the Netherlands..." says Zeng, Shu-fen, the marketing manager of ABN AMRO in Taiwan "this time we found the solution to connect the phases of spirits and image as to build brand image, and manifest the strong colors in pursuing idealism, confidence and uniqueness." (Chiu Li-Ling , 2001). Another similar method has been cultivated by many banks in Taiwan as they learned the positive effects "art and culture" can help to increase the corporate brand image, which is an artistic and cultural foundation. Many banks have established their own corporate foundations in sponsoring artistic and cultural events. For example, Fuban corporation has established three corporate foundations; Fuban Charity Foundation¹, Fuban Culture and Education Foundation² and Fuban Art Foundation³They together have constructed a synergy with a vast range of commercial investments and the Fuban business has received publicity from every walks of life. Fuban bank itself always tries to influence the public to have a clear association with what these Fuban foundations have done. Customers are always sitting and waiting to be served in the artistically designed lobbies decorated with art collections gathered by the corporate foundations. The VIP rooms are located in the corporate art galleries and the corporate

¹ See official website at: <http://charity.fubon.org/>

² See official website at: <http://education.fubon.org/>

³ See official website at: <http://www.fubonart.org.tw/>

publications have articles highlighting the many efforts the business has dedicated to artistic and cultural developments etc. Not only Fuban bank, but many other banks in Taiwan, such as Taishin International Bank¹, Bank SinoPac² have established their own corporate artistic and cultural foundations.

Case Study: BenQ Foundation

Company Profile:

Established: 1984

CEO: K.Y. Lee

Employee: 14,000

Total capital: € 997 Million

Vision: Bringing Enjoyment and Quality to Life

Established in 1984, BenQ consists of three main business groups; Digital Media, Integrated Manufacturing Services and Mobile Communications. BenQ is a leading provider of networked digital, lifestyle devices and is also one of the world's top-five producers of LCD displays and digital projectors. Aside from that, BenQ is a technology leader in mobile phones, digital projectors, scanners, keyboards, storage devices, and wireless technologies. BenQ has been featured repeatedly in Business Week's InfoTech 100 and Forbes' Global 2000. In 2005, BenQ acquired Siemens AG's Mobile Devices business and became the world's sixth-largest handset maker and also the largest mobile phone technology company in Greater China. BenQ has also reached a record-breaking combined annual revenue at US\$10.9 billion³.

In the recently published (2007) "Forbes 2000-The World's Leading Companies" which has provided the ranking of the world's biggest companies by making

¹ See official website at: <http://www.taishinbank.com.tw>

² See official website at: <http://www.banksinopac.com.tw>

³ Source from BenQ official website at: <http://www.benq.com/>

comparisons of composite sales, profits, assets and market value¹, BenQ ranked 1,447(/2,000) with USD 2.61 billion market value, USD 3.18 billion in sales which rendered USD 0.21 billion in profits. Another point to be noticed is that BenQ is not only a big brander in the world when its close related corporation “AU Optronics” (AUO)² is also the biggest optronics company in the world, which ranked 1,308 in Forbes 2000 this year with USD 5.91 billion market value and USD 0.17 billion profits rendered. Another research done by “Branding Taiwan” organization on “Taiwan Top 10 Global Brands” ranked BenQ 5th³ among brands in Taiwan. BenQ and AUO are close to each other’s business territories. They even have the same CEO (chief executive officer) K.Y., Lee and the cooperated corporate foundation “the BenQ foundation”.

Another viewpoint in this research is to see how these high-tech companies market their CEOs. Similar to John D. Rockefeller in his oil empire, Bill Gates in his software empire, many companies in Taiwan have also started to plan and execute marketing strategies to gain reputation for their CEOs. “A CEO’s reputation has become an essential factor of a successful business branding strategy” says Steven Van Yoder (2007). Many CEOs nowadays are marketing themselves to acquire more credits than advertising because a when a CEO is highly exposed to the public, it helps to meets the expectation of consistency from the consumers, shareholders, employees, and other stakeholders, especially with the unique business branding messages. “Brand validity can be fully achieved if a CEO embodies the brand and the brand values meets the new challenges from the much more critical and demanding market” (Yoder,

¹ The list spans 51 countries and 27 industries. Collectively, the Forbes 2000 account for a healthy chunk of global business. Source at:

<http://www.forbes.com/2004/03/24/04f2000land.html>

² AUOptronics (AUO), founded in 1996, is Taiwan's largest and a worldwide top 3 manufacturer of thin film transistor liquid crystal display panels (TFT-LCD). AUO is also the first TFT-LCD manufacturer to successfully list on the New York Stock Exchange (NYSE).

³ See official website at: <http://www.brandingtaiwan.org/public/bestCompanyList.asp>

2007). Carly Fiorina¹, the former CEO of Hewlett-Packard Co., is an example of inconsistency company image. However, the CEO of BenQ (and AUO), K. Y. Lee is listed in Business Week's "Who's Who"² category.

Table 4.2 Financial Profile of BenQ Corporation:

Unit/€ million

	Sales	Sales Cost	Ads and Promotion cost	Operation Cost
2001	1,434.63	1,252.97	42.234	97.64
2002	2,273.89	1,977.88	75.316	141.12
2003	2,651.19	2,401.18	75.269	171.15
2004	3,604.15	3,318.83	83.747	197.98
2005	3,034.31	2,973.18	72.457	175.48

(Table made by Lee, Hsin-Yen)

From table 4.2 it shows the costs in advertisement and promotion go proportionally with the sales revenues in the previous year. Although the accessibility is forbidden to obtain any further and detailed information about the internal marketing strategies from BenQ marketing department, the annual budget in advertising and promotion of a business usually depends on the actual sales revenue in the previous year and the sales forecast for the coming year³.

¹ Fiorina joined Hewlett-Packard Company on July 19, 1999 as CEO, succeeding Lewis Platt. She was not involved in the decision to spin-off Agilent Technologies but she presided over the process of implementing this decision. She often referred to her efforts as an attempt to "Reinvent HP." During the general business downturn in 2001, Fiorina opted for 7,000 layoffs. Source at http://en.wikipedia.org/wiki/Carly_Fiorina

² <http://images.businessweek.com/ss/05/05/taiwanwho/source/3.htm>

³ "Forecasting the sales and building a sales plan is important to avoid unforeseen cash flow problems and manage the production, staff and financing needs", Business Link "Practical advice for business, Sales and marketing, <http://www.businesslink.gov.uk/bdotg/action/layer?r.l1=1073861169&r.l3=1073901350&topicId=1073861169&r.l2=1073858827&r.s=m>

BenQ Foundation

Established: 2003

Executive Director: Jennifer Chen

Official Website: www.BenQFoundation.org

Supervising Agency: Ministry of Education

Employee: 5 (full time)

Endowment: € 2.93 Million

Source of Endowment: Corporate Donation 100%

Vision: To achieve BenQ foundation's mission of touching people through truth, kindness and beauty and to reduce digital divide and enhance the value of creativity and culture.

BenQ foundation has been making efforts in sponsoring artistic and cultural organizations and events in Taiwan. Appendix 9 shows what BenQ has been dedicating in art and culture these years.

Although comparing with other high-tech corporate foundations, BenQ foundation is less experienced. But its affluent capital and well organized marketing campaign has made BenQ grow matured within just a few years. Although the staff of the foundation was callow in efficiency of responding¹, the foundation director and other employees are not authorized to give out the figures about the foundation, the only contact window falls on the PR manager of BenQ during the survey of this research. On the other hand, a rigorous corporate management is presented during enquiring relevant data and information. BenQ was also in trouble with the failure and loss in merging SIEMENS² (about USD 0.81 billion loss within 1 year) and the financial manager was

¹ See Interview file-01.

² "BenQ shares plummet in wake of Siemens takeover (Mar 16)", Taipei Times, 16th, March, 2006 at <http://www.taipeitimes.com/News/biz/archives/2006/03/16/2003297669>

indicted for illegal insider trading in March, 2007¹. Different to other superstar businesses in Taiwan, BenQ responded with high willingness to participate in this research when the negative news has been deteriorating reputation of the business. The objective of this research, however, stands from a positive angle to review these high-tech corporate foundations in sponsoring artistic and cultural event. This would bring some effects to dilute the negative influence from the scandals. Apart from the direct refusals and ignorance from other superstar high-tech companies, such as Quanta and TSMC, BenQ replied with willingness. The financial figures of BenQ foundation present a few characteristics of the foundation;

1. Corporate owned Exhibition Halls: The superstar business does not only benefit the employees with spacious working environment but also provides some public exhibition space for artistic and cultural events. Most of BenQ foundation's artistic and cultural events are held in its own exhibition halls; item 1 (Smangus Digital Ecology Experience Gallery), 2 (Blume Tree College) ,4 (Ming Da Hall)and 6 (Reading a living history: His-Da Ceramics) are buildings built by BenQ for holding artistic and cultural events. This phenomenon is prevailing among other superstar high-tech companies in Taiwan. For example, ChiMei Corporation even has its own corporate Museum (Chi-Mei Museum²), Quanta has few exhibition halls scattered over its different fabrications in the industrial parks in Taipei and Taoyuan³.
2. Long-term and regular sponsorship: Apart from the artistic and cultural events sponsored by the BenQ marketing department, the independent full-time manpower of BenQ foundation make it possible to hold regular and

1 "BenQ top executives indicted for insider trading and money laundering", Digitimes, 9th, May, 2007 at <http://www.digitimes.com/Tornado/V4/SearchEnd.asp>

² See official website at: <http://www.chimeimuseum.com/>

³ See official website at: <http://www.quantatw.com/Quanta/english/Default.aspx>

long-standing exhibitions which are always free of charge and open to the public.

3. Cohering Corporate Culture: This is another characteristic found during interviews with key persons from the superstar foundations. Some of the artistic and cultural events held by these foundations are for employees only. In Quanta foundation, some of the artistic and cultural events are held within the company and the sources of the budget come from the Employees' Welfare Committee. Also in Gigabyte foundation, almost every art and culture events are reserved for the employees only.

Table 4.3 Financial Profile of BenQ Foundation

Unit/€ million

Year	Actual Expense	Growth	Disposable Budget	Growth
2003	2.526		20.968	
2004	3.774	50%	18.452	-12%
2005	8.388	122%	8.388	-55%

(Table made by Lee, Hsin-Yen)

An interesting piece of information to learn from this table is the increasing amount of money BenQ has been dedicating in sponsoring artistic and cultural events through BenQ foundation. It is also the main reason this research includes BenQ foundation as the example in type one because the growth rate of the actual expenses does not only reflect the healthy business operating system but also reflects the degree of willingness the foundation prefer to invest in artistic and cultural events. The decreasing rate in disposable budget can be explained as a better foundation management is functioning within the foundation, which works carefully in budget planning and controlling. In 2005, after two years operation of BenQ foundation, it is

remarkable to see the actual expense meets the annual budget. In all, although the budget of BenQ foundation does not respond to the sales revenue of the business and the budget in advertising and promotions, the ascending curve of investments that BenQ foundation made in artistic and cultural participation has constructed a lighthouse in the darkness for most artistic and cultural organizations in Taiwan.

The major characteristic of type one foundation is the mother company of the foundation also participated in sponsoring artistic and cultural activities. The difference between the sponsors (in the name of the company and in the name of the corporate foundation) is the duration of sponsorship. The artistic and cultural events sponsored in the name of the business are usually short-term or case by case. The ones sponsored in the name of the corporate foundation are usually long-term projects (as shown in Appendix 9) which last for years. Appendix 10 shows the artistic and cultural events sponsored in the name of BenQ Corporation.

From this table we can see a big variety of artistic and cultural participation made by BenQ. These artistic and cultural events share some common characteristics from the events sponsored by BenQ foundation;

1. Short-term sponsored events: Instead of those events sponsored before 2003 (the year when BenQ foundation was established) most of the events are independent cases and lacking consistency.
2. Technical Sponsoring: Some of the events were sponsored with technical skills and equipments which provided BenQ some opportunities to promote its displayer products. Also in the movie "Spider Lilly", BenQ's mobile phone was characterized as a means of medium for people to communicate.
3. Global Exposure: Many of the sponsored events were global artistic and

cultural events which have provided a broader angle for the business to promote the brand by increasing the brand exposure.

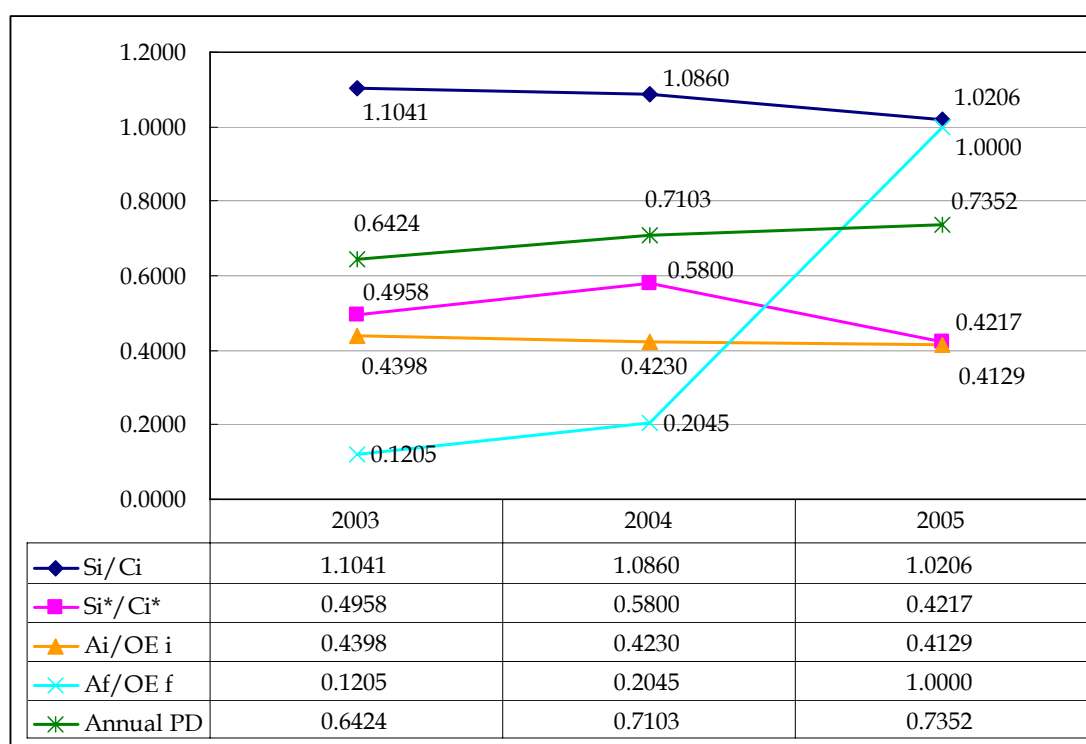
Hirose's Brand Valuation on BenQ

Thus we get the corporate brand value of BenQ as (See Appendix 11);

1. Brand Value from marketing business = $722.316 \times 0.8694 \times 1 \times 1.9 = (\text{€}) 1,204.688$ million
2. Brand Value from corporate foundation business = $768.697 \times 0.8694 \times 1 \times 1.9 = (\text{€}) 1282.043$ million

Illustration 4.1 shows an overview on BenQ;

Illustration 4.1 BenQ Analysis (Type 1)



(Unit:(€)million. Illustration made by Lee, Hsin-Yen)

From Illustration 4.1, the upper first (Si/Ci) and third curve (Si*/Ci*) show a general profile on the market trend. It shows a corresponding market trend between BenQ and the benchmark company. The fourth curve (Ai/OEi) shows a moderate status in

making marketing strategies that the advertisements and promotion expenses maintain a stable curve three years in a row. Since prestige driver is the only indicator in Hirose's model which can be yearly compared, here it is considered as the sign of annual brand value variation (the curve "Annual PD"). The business marketing expense (A_i/OE_i) remained at the same level from 2003 to 2005 but the prestige driver kept increasing every year. The prestige driver reached (€) 768.697 in 2005 as an average output of the period. This can be explained by the climbing curve of the corporate foundation expenses (A_f/OE_f). BenQ foundation is a new form of high-tech corporate foundation which is newly established in 2003. With the superstar halo, BenQ Company gained the soaring brand value from the operation of its artistic and cultural sponsorship based corporate foundation. It will also influence to pilot the industry to make more efforts in sponsoring artistic and cultural industries in Taiwan.

In May of 2007, the board of BenQ made a decision to change the name of the mother company to "Jia Da" and maintained all the ODM business in this name and let the name "BenQ" focus only on the branding market. The CEO of BenQ, K. Y. Lee indicated this new decision intends to separate the two major businesses of the company and it also disclosed the new business direction of BenQ in branding¹.

4.1.2 Type 2 - The corporate business doesn't get involved in sponsoring artistic & cultural events but the corporate foundation does.

Definition: The corporate business doesn't get involved in sponsoring artistic and cultural events but the corporate foundation does. This is a long standing model for corporate foundations and it was applied by most of the existing corporate foundations such as Art-time foundation of Accton \ TSMC foundation of TSMC

¹ The capital of the new BenQ is NTD 3.6 billion (€ 81.8 million). Sources from "global sources", May 1st, 2007. (http://www.eettaiwan.com/ART_8800462794_876045_NT_023c4ceb.HTM)

(Taiwan Semiconductor Manufacturing Company) · Delta education foundation of Delta Electronics · Gigabyte Cultural and Educational foundation of Gigabyte Communications · Macronix foundation of Macronix International · Acer foundation of Acer Computer etc. Less innovation found in this type of high-tech corporate foundations because most of them are just imitating what others have done or just following the trends. It is also the favored type of high-tech corporate foundation in high-tech industries in Taiwan.

Case Study: Advantech Culture and Education Foundation

Company Profile:

Established: 1983

Employee: 2,700 (1,700 in Taiwan)

Total capitals: € 188.5 Million

Established in 1983, Advantech keeps itself innovative in developing and manufacturing of high-quality, high-performance on computing platforms. Advantech provides ePlatform services to system integrators which include industrial & network computing, embedded computing, applied computing, e-Automation, and e-Video solutions. Advantech's 3-Circle Principle is based on "Good to Great" written by Jim Collins. According to the book, a company looking for long-term success should clearly address the 3-fundamental principles, and commit to long-term solid execution of these principles¹. In fact, Advantech never stepped into the top 100 companies in Taiwan but it was selected example of the research with three considerations;

1. Taiwan Global Brand 2004: Advantech ranked 10th in 2004 as one of the Top 10 Global brands from Taiwan by the Branding Taiwan Organization².

¹ Source from Advantech official website at: <http://www.advantech.com.tw/>

² The Taiwan government has incorporated the Image Enhancement Plan (IEP) into the Branding Taiwan campaign, which was initiated in 2006, as a demonstration of its support to

Branding Taiwan applies the brand valuation approach created by Interbrand to evaluate companies in Taiwan and publishes Top 10 Global Brands from Taiwan every year. Knowing Advantech was elected one of the top 10 brands in Taiwan in 2004; I studied the company and found its potential in building high brand value. The Branding Taiwan Organization calculated Advantech's brand value in 2004 worth around €162 million¹. In recent years, Advantech has re-designed its corporate roadmap and is now heading towards a brand company from an OEM manufacturer. "Brand is about taking a close look at users' benefits with sincerity" says the CEO of Advantech, K.C. Liu who is emphasizing the capability of industrial design as a means of branding Advantech. "An industrial design of quality is to go beyond customers' expectation" (Jian Pei-Zon , 2005)

2. Failure in Art-time foundation: Art-time² foundation is one of the most well organized art foundations in Taiwan. It provides various services to sponsor to artistic and cultural organization in Taiwan. The mother company "Accton" has also drawn a clear line in between and there is not any overlapping business between the two business bodies. Art-time foundation was established in 2000 and it aims at "Enhancing artistic and cultural education, establishing Taiwan Artists Catalogue, promoting artistic and cultural community in the science-based parks, and building a creativity network". After a few contacts made with Art-time foundation, the PR manager of Accton declined to provide

Taiwan enterprises in the development of branding. See more details at <http://www.brandingtaiwan.org>

¹ Advantech's brand value increased with the growth rate at 9.6% in 2004 and generated USD 195 million brand value. See website information at:

[http://www.brandingtaiwan.org/public/bestCompanyList.asp?YR=2004&keywords=&submitBut](http://www.brandingtaiwan.org/public/bestCompanyList.asp?YR=2004&keywords=&submitButton=)

² See Art-time foundation at: <http://www.arttime.com.tw/>

any financial figures about the foundation for “tax shielding concerns”¹. Therefore I had to drop Art-time in the research even it has made great deal of efforts in sponsoring artistic and cultural industries in Taiwan. I eventually came to Advantech foundation, which functions as the type two-model and they showed willingness to cooperate with the research .

3. Taiwan Top 100 in Progress: In BusinessWeekly 2006² “Taiwan Top 100 in Progress” ranking, Advantech was ranked No. 2. This ranking applies viewpoints from Chris Zook and James Allen’s book “Profit from the Core”, which researched 1854 listed companies from 7 countries. This research took 10 years to find out companies with both revenue growth and profit ratio are over 5.5%. Further interviews and researches were made to uncover the knack of success of them. BusinessWeekly applied this method to screen the Top 1000 manufacturers in Taiwan with the condition of “over 5% in revenue growth and net profit growth in 10 years” and Advantech stood out to be No. 2. Thus Advantech has every reason to be an example in this research and it can also construct a model for other high-tech companies in Taiwan (Lu Kuo-Jen , 2006).

Table 4.4 Financial Profile of Advantech Corporation:

Unit/€ million

	Sales	Sales Cost	Ads and Promotion cost	Operation Cost
2001	132.78	81.39	6.23	17.95
2002	155.40	96.95	6.56	18.98

¹ See Interview file 02

² See more details at: <http://www.businessweekly.com.tw/fineprint.php?id=22584>

2003	166.80	108.15	6.33	18.61
2004	190.49	132.30	6.22	21.32
2005	207.61	142.42	7.05	26.42

(Table made by Lee, Hsin-Yen)

Advantech kept a progress at around 10% sales growth from 2001 to 2005 and it has increased 56% in sales revenue in the five years. Advantech is competing with other high-tech companies in a fast growing market. Although the sales costs have been increased in proportion to its sales revenue (from 61% to 68.9% in five years), it also indicated that the competing market has made Advantech lower the sale prices to acquire a bigger share in the market. Also, the expenses in advertising and promotion in the first four years did not conform to the sales growth of the period but had leapt about 13% in growth in the 5th year. 2004 was the year Advantech elected one of the Global Top 10 Brands from Taiwan and what followed in 2005 were several media reports on the CEO which has increased the corporate brand exposure. The new record in sales also influenced Advantech's marketing strategy to put a premium on branding plans.

Advantech keeps itself from intervening in the operation of its corporate foundation and authorizes the foundation to be in charge of organizing the sponsorship, especially about artistic and cultural sponsorship. For a developing company like Advantech, this principle seems to be a way to avoid blurring the focus and remain the public to associate the business with its specialty and product quality. As we discussed earlier in the previous chapters, consumers tend to be skeptical about the sincerity of philanthropic behaviors of the businesses, any moves of haste can render an impression of hypocrite. Advantech adopted eclecticism in artistic and cultural

participation. It authorized its corporate foundation to be in charge of strategies in sponsorship and held a less important position in promoting what has been done by the foundation on its corporate website. Customers can thus get a hand of what the business has done through the corporate foundation.

Advantech Foundation

Established: 1997

Executive Secretary: Emily Wu

Official Website: www.tic100.org.tw and
<http://advantech.skyriver.net.tw/index.html>

Supervising Agency: Ministry of Education

Employee: 7 (3 full time)

Endowment: € 1.65 Million

Source of Endowment: Corporate Donation 100%

Vision: “To love, to learn and to contribute” is the core value of Advantech Foundation.

Advantech foundation supports domestic/overseas educational research projects and implements the results to elevate people’s life and working values. Through “Innovative knowledge on humanitarian”, Advantech foundation aims at promoting four domains of development in cooperation between the industrial and the academic, innovative learning, beautiful life of culture, and connecting to the talented. The Foundation business covers “ACT100 multi-teaching and learning”, “TiC100 Innovation Business Competition”, “Beautiful life with art and culture”, “Elite Internship Program”, “In Campus Workshop -Vision, Knowledge, Attitude” and “Focus Lab”.

“Beautiful life with art and culture” is in project “ABLE 100” (Advantech Beautiful Life-ABLE). ABLE expresses the ability to accomplish and “100” means “perfection”.

ABLE 100 Project includes sponsoring artistic and cultural events, humanitarian

concerns to the society, health and leisure, and ecology protection. This expresses one of the core values Advantech has been pursuing in years, which is the “demand from spiritual phase in art and culture”. Advantech foundation believes art and culture is the necessity to nurture humanity with physical and mental health. Art and culture can motivate a business to pursuit the bright side of life and spread love to every corner of a society.

The corporate website has recorded its artistic and cultural sponsorship in the past. Appendix 12 reveals all the artistic and cultural events sponsored by Advantech Foundation in recent years¹.

The scale of sponsored events more or less corresponds to the scale of the business. A few characteristics can be summed up in Advantech foundation’s sponsoring behaviors in artistic and cultural events;

1. Long-term and regular sponsoring: Though Advantech foundation does not cover a considerable amount in artistic and cultural sponsorship it did not waste its money in scattering over different investments. Instead, it keeps concentrating on a few fixed artistic and cultural organizations in the sponsorship.
2. Focusing on sponsoring traditional artistic and cultural organizations: Taipei Chinese Orchestra, Red House Theater, Taipei Music Ensemble Troupe and Hsin-chu Philharmonic Orchestra are traditional Chinese art. This strategy corresponds to the previous characteristic. Instead of scattering fund with small amounts, making it concentrated on some specific artistic and cultural organizations can better enhance the corporate brand image and increase

¹ Source from the corporate PR Meg Chen and corporate website press room at <http://www.advantech.tw/eventnews/news.asp?list=all&tmpcorp=> , also Advantech foundation official website at: <http://advantech.skyriver.net.tw/index.html>

corporate brand awareness.

3. Geopolitics: Establishing a closer relation with the neighboring communities is the first step taken by Advantech foundation as a way to build reputation and corporate brand image. Because the degree of familiarity of the corporate brand recognition is always higher in the nearby neighborhood. Most of the artistic and cultural activities sponsored by Advantech Foundation were in Taipei area but it does not lower the possibility for the foundation to sponsor other artistic and cultural organizations in other cities in Taiwan. For example, Hsin-chu Philharmonic Orchestra has been regularly sponsored by Advantech because its performance contains more messages corresponding to the objective of the foundation. This means local marketing strategy is adopted. Local marketing is about mingling with the community. This neighborhood-first principle suggests a method through improving community involvement with a company's local marketing efforts and it works well on building corporate image (Kotler et al, 2002).

Table 4.5 Financial Profile of Advantech Foundation

Unit/€ million

Year	Actual Expense	Growth	Disposable Budget	Growth
2001	1.356		1.383	
2002	1.368	1%	1.048	-24%
2003	1.312	-4%	1.269	21%
2004	1.382	5%	0.880	-31%
2005	1.157	-16%	1.118	27%

(Table made by Lee, Hsin-Yen)

The table hardly tells any consistency on the budget planning mechanism of Advantech. The only corresponding curves are the annual disposable budget goes proportionally with the sales revenue in the previous years. This is verified by the PR manager of Advantech “Most of the fund comes from corporate donation and a little part of it comes from the incomes of our financial planning projects, such as cash dividends, revenues from business investments and income of interest etc.” says the PR manager of Advantech, Meg Chen¹. Comparing with BenQ foundation, Advantech has a better control on the foundation budget and expense. Another phenomenon in type one and type two is the overspending situation. The actual expenses are usually higher than the disposable budget, though it implies a weak financial management in the foundations, concerning to supporting artistic and cultural activities, these two companies seemed willing to dedicate much than what they planned.

Hirose’s Brand Valuation on Advantech

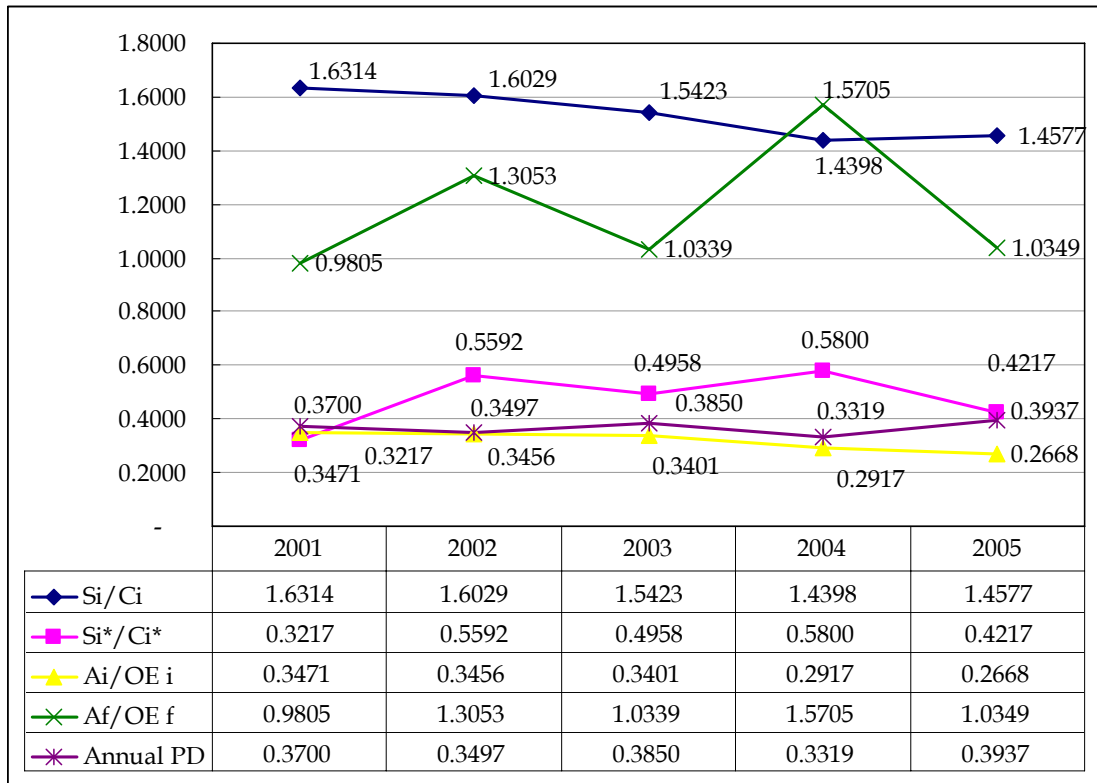
Thus we get the corporate brand value of Advantech as (see Appendix 13);

1. Brand Value from marketing business = $48,38177 \times 0,02538123 \times 1 \times 1.9 = (\text{€})$
2.332 million
2. Brand Value from corporate foundation business =
 $175,2043 \times 0,02538123 \times 1 \times 1.9 = (\text{€})$ 8.4491 million

Illustration 4.2 shows an overview on Advantech;

Illustration 4.2 Advantech Analysis (Type 2)

¹ See interview file 03.



(Unit:(€)million. Illustration made by Lee, Hsin-Yen)

In illustration 4.2, a five year company profile of Advantech is shown. First of all, a stronger health of business of Advantech is presented as comparing the first curve (Si/Ci) of the company business and the third curve (Si*/Ci*) of the business of the benchmark companies each year. Advantech maintained a rather moderate trend of business development against the ups and downs of the benchmark companies. Secondly, a slowly declining curve in advertising and promotion expenses of Advantech is revealed by the lowest curve (Ai/OEi). This can be explained by the “advance to the west¹” strategy taken by Advantech in the early 1900s. The company has set sub-company in China to economize the labor costs and the revenues made in China are not presented in the financial statements in Taiwan. The only track to see the difference is the subtle change in its annual sales. However, the brand value of

¹ A special term used to refer to the industrial movement to the less expensive labor market in China. Professor Yeh, Yao-Ming said the only niche for any high-tech company in Taiwan to conquer the micro-interest age is to cost down and innovate. More information at Prof. Yeh’s website: http://o2u.org.tw/blog016/modules/weblog/details.php?blog_id=2

Advantech did not decline as it did in advertising and promotion expenses. But it did not reveal a corresponding track between the curves of corporate foundation expenses and its prestige driver. The operation of the corporate foundation is not stable as shown in the upper second curve (Af/OEf) and it does not show any possible trends it was following with. On the other hand, Advantech always kept its corporate foundation expenses above the same level (around € 1 million.) which was much higher than the marketing expenses in the business. As Advantech made 2006 “the year of branding” and organized many different forums for branding Advantech and sponsored more artistic and cultural events through Advantech foundation¹, higher and more concentrating investments in art and culture can be expected in the future.

4.1.3 Type 3 - The company business doesn't get involved in artistic and cultural events but a specific foundation (not in the name of the business) sponsored by the business works as the principal for the company to sponsor artistic and cultural events.

Definition: The business does not get involved in sponsoring artistic & cultural events but it established a specific foundation (not in the name of the company) to operate as the principal for the business to sponsor artistic and cultural events. This type of high-tech corporate foundation has the same major function as type two does. By authorizing their corporate foundations to take care of the artistic and cultural sponsorship, the businesses keep their hands off the foundations but stay monitoring the financial management. The only characteristic distinguishes type three from type two is the foundation of type three are established and named in memory of a special

¹ Advantech foundation is the main organizer of the “Year of Branding Advantech” and organized many related forums like 2 “Branding Workshops” and 1 “Brand Action Workshop” (http://www.advantech.com.tw/TW/CMScontent.asp?doc_id={49C429A2-63C7-479E-83ED-C9079B9B37A}) and project “ABLE 100” to encourage art and culture creation in Taiwan (<http://www.advantech.org.tw/>).

person, most cases happened to be the founder of the company or the parents' names of the founder. There are also many cases in some global corporate foundations. For example, the Ford foundation, Wrigley Jr. Company Foundation, Levi Strauss Foundation, Scripps Howard Foundation, and The Rockefeller foundation etc. However, this sort of foundation is never alone in the high-tech industry in Taiwan. Hon Hai Precision Corporation, the leading high-tech business in Taiwan, has established the Yungling Educational Foundation. Others like Yan Ching-Ling Industrial Development Foundation & Yan Ching-Ling Medical Foundation were established by Yulon motor in the name of the present CEO's mother. These foundations established in the name of a special figure share some similar characteristics;

1. In the name of a reputable figure: Most of these successful high-tech companies in Taiwan did not start up overnight and most of them did not establish their corporate foundations until their companies have acquired a certain level of social recognition. So the time of establishing a corporate foundation for these high-tech companies often happened when the second generation ascended the throne. While the second generation was not matured enough to gain trust from the stakeholders and the society, the first generation would thus provide a legendary figure or a role model for the business to continue to win the corporate brand recognition from the public. This is considered as a type of marketing strategy by associating the business with its legendary figures. "If people like buying your products, it is because its story helps fill in the narrative gaps in their own lives" says Hugh McLeod¹. This is reckoned the most efficient promotion method by

¹ Hugh McLeod is the publisher of GapingVoid, is the poster child for underemployed creative types who want to find fame, fortune, success and notoriety as bloggers.

transmitting useful information to other members of our kind. Legends are not just good stories to have and they can be essential survival guides.

2. On the other hand, some of these high-tech companies established their corporate foundations in memory of the CEO's late relatives to dilute the "commercial hue" the CEO has impressed the public. For example, Lee Scott, the CEO of Wal-Mart, emphasized the environmental protection is one of the major missions of corporate social responsibility (Scott, 2005). Lilly Hsu, the co-founder of Xue Xue Institute, which is Taiwan's first private institution which functions as a creative hub, (Hsu) thinks that there are three generations in Taiwan, the first generation falls in the age of 70 to 90, which is age of the pioneers of Taiwan manufacturing industry; the second generation falls between 40 to 60, which is the generation succeeded in globalization and commercial agent, and the third generation comes to the age below 30, which must become the leaders of the emerging new brands in great China area¹ "Being one of the second generation, it is our responsibility to build a sophisticated, unique yet aesthetic environment." says Lilly Hsu (Kendzulak, 2007).

Case Study: Chen Mao-Pang Culture and Education Foundation (SAMPO)

(SAMPOTECH)Company Profile:

Established: 1976

Employee: 10,000

Total capitals: USD 63.6 Million

Established in 1976, SAMPO began its business as the commercial agent of SONY, SHARP and TOSHIBA in house electronic appliances. Later in 1958, a telecommunication business segment was established, in 1962, its own house

¹ The Great China Area is a common term which means China, Taiwan and Hong Kong.

electronics appliances segment was established to produce black and white television and the name SAMPO was applied since 1964. SAMPO started manufacturing colored televisions since 1969 after a technical cooperation signed with SHARP, Japan. In 2005, SAMPOTECH cooperated with German G-Hans Corporation and now its business covers four domains. The first subgroup is SAMPO Corporation, which is leading home appliances and electronics brand in Taiwan). The second subgroup is called 3C High Tech, which is known as SAMPO Security Technology Corporation and is producing CCTV products. The third subgroup is the Key Components subgroup and the fourth subgroup is the Distribution and Services subgroup. SAMPO was founded in 1936 and started as a small family business. SAMPO was ranked 98 in the Top 1000 companies in Taiwan in 2005.

Table 4.6 Financial Profile of SAMPO Corporation:

Unit/€ million

	Sales	Sales Cost	Ads and Promotion cost	Operation Cost
2001	306.98	253.97	15.21	50.71
2002	320.24	265.10	15.14	50.47
2003	481.17	406.44	16.25	54.17
2004	415.22	373.94	16.29	54.30
2005	358.47	336.69	18.21	60.68

(Table made by Lee, Hsin-Yen)

A big loss in sales revenue in 2005 is shown in the table. SAMPO kept an average (-14%) growth rate in two years. SAMPO did not therefore decrease budget in advertising and promotions, instead, it spent almost € 2 million in advertising and

promotion. SAMPO is a long standing brand in Taiwan and SAMPO has a longer roadmap for building brand image.

Chen Mao-Pang Culture and Education Foundation

Established: 1970

Executive Director: Hsih Ti-hua

Official Website: www.sampo.org.tw

Supervising Agency: Taipei City Government Bureau of Education

Employee: 6 (5 full time)

Endowment: € 2.77 Million

Source of Endowment: Corporate Donation 100%

Vision: In order to promote the spirit of a broad vision and true caring, organizing/supporting artistic and cultural events, education, and charity. The founder of SAMPO and Chen Mao-Pang Culture and Education Foundation annotated his success with a remark when he was 77 years old that “Every chance is a challenge and do not easily feel satisfied because what comes after satisfaction is the end”. Chen Mao-Pang Culture and Education Foundation has been established over 30 years and it used to be called “SAMPO foundation” during the time of the domestic economy depression. It was the time that the democratic atmosphere in Taiwan was improving and the SAMPO foundation seized every chance to contribute to the society. In the beginning, the foundation business focused on the social welfare through giving scholarships for low-income family students, holding activities for the family of the frontline army, promoting social education and providing emergency assistance etc. These objectives just met the demand of the time. Later in 1996 the SAMPO foundation was renamed as Chen Mao-Pang Culture and Education Foundation then it started to participate in artistic and cultural activities and to strengthen bilateral

exchanges in culture and art between Taiwan and Mainland China. All the artistic and cultural activities held by Chen Mao-Pang culture and education foundation have won respectable recognition from the society. In 1999 the portrait of Mr. Chen Mao-Pang has been made to be the logo of the foundation and the objective of the Chen Mao-Pang culture and education foundation is now aiming at sponsoring various activities in art and culture to convey Mr. Chen Mao-Pang's spirits to the people in Taiwan¹.

Appendix 14 shows the artistic and cultural activities sponsored by Chen Mao-Pang Culture and Education Foundation. Three characteristics can be presented in Chen Mao-Pang culture and education foundation;

1. Consistent emphasis on the specific figure: Most of the event and activities are entitled in "Mao-Pang". This characteristic reflects the effects of "legendary story telling", which diminishes the commercial hue of the corporate foundation and enhances a hue of legends.
2. Less external sponsoring: All of the artistic and cultural events are organized by the foundation though one of the foundation objectives claims to support artistic and cultural activities in Taiwan. "Most of the art and culture related events were arranged by our foundation, and prefer to keep this kind of consistency as a way to build an image of our own." said the PR manager of the foundation².

Table 4.7 Financial Profile of Chen Mao-Pang Culture and Education Foundation

Unit/€ million

Year	Actual Expense	Growth	Disposable Budget	Growth
------	----------------	--------	-------------------	--------

¹ Sources from Chen Mao-Pang Foundation, see official website at:

<http://www.sampo.org.tw/mo/publish/index.asp>

² See Interview file 04

2001	0.254		0.280	
2002	0.206	-19%	0.182	-35%
2003	0.208	1%	0.217	19%
2004	0.224	7%	0.231	7%
2005	0.173	-23%	0.278	20%

(Table made by Lee, Hsin-Yen)

Similar to other foundations, CMP foundation is still making progress in sponsoring artistic and cultural events but it is not matured enough to be aware of the need to respond to PR related issues. This shows a negative side of Chen Mao-Pang Culture and Education Foundation because especially it is not a newly established high-tech corporate foundation. It is one of the earliest corporate foundations in Taiwan (established in 1970). There are two foundations under the supervision of SAMPO; one is Chen Mao-Pang Culture and Education Foundation and the other one is the Chen-Chang Hsiu-Ju¹ culture and education foundation. The reason this research does not cover the latter foundation is the foundation was registered as “100% of its endowment is from personal donation” which does not meet the principle of “corporate foundations”. Until the time I had to start working on the chapter of research analysis I did not receive any reply of willingness to be interviewed from Chen Mao-Pang foundation.

From the table we see the annual disposable budget tends to be more stable than the annual actual expenses of the foundation. Before 2005 the foundation maintained a stable control on financial management.

Thus we get a corporate brand value of SAMPO and Chen Mao-Pang Culture and

¹ It is only known that Chen-Chang Hsiu-Ju is the mother of Mr. Chen Mao-Pang. The foundation was established in memory of Mrs. Chen but no information is provided on the website (<http://www.sampo.org.tw/show/news/news.asp>).

Education Foundation as;

1. Brand Value from marketing business = $68,6285929 \times 0,156832543 \times 1 \times 1.9 = (\text{€})$

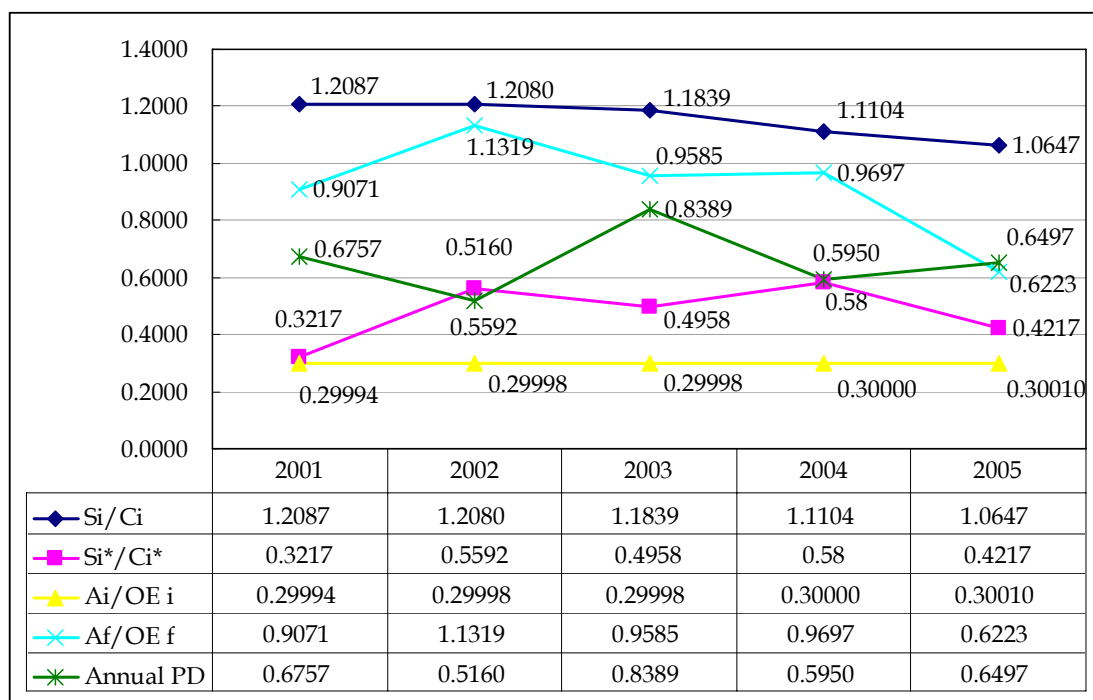
20.45 million

2. Brand Value from corporate foundation business =

$209,6226343 \times 0,156832543 \times 1 \times 1.9 = (\text{€})$ 62.463 million

Illustration 4.3 shows an overview on SAMPO-CMP;

Illustration 4.3 SAMPO-CMP Analysis (Type 3)



(Illustration made by Lee, Hsin-Yen)

For a long standing company like SAMPO, it is not surprising to see the stability in its business development. Comparing with the benchmark company (curve Si*/Ci*), SAMPO (curve Si/Ci) apparently went through less ups and downs. However, the consistent advertising and promotions expenses reflect two facts that 1) Matured and stable domestic market of SAMPO 2) The new market focus in China. The expenses in CMP foundation (curve Af/OEf) declined each year and dropped to a new low in

2005. This implies the new branding roadmap of SAMPO in recent years. In 2002, SAMPO made the first step of its global branding scheme. It started the cooperation project with Haier Group in China and started to move 80% of its product line to China¹. In 2003, SAMPO merged the European electronics maker Grundig AG as the second step of its global branding scheme. As branding and distribution are considered the crucial milestones when entering a new market, SAMPO is leading the high-tech industry in Taiwan to face globalization. "Market expansion is important for SAMPO's survival, since the domestic market is limited and the competition continues to grow after Taiwan's WTO entry," Chen Yen-liang, an analyst at Yuanta Core Pacific Securities Co. in Taipei². This explains Chen Mao Peng foundation's major business from 1991, which re-focused in encouraging cross-strait interactions and communications in art and culture.

4.2.1 Hypotheses Review

Finally, table 4.8 is made to make a comparison of these three types of corporate foundation on their behaviors in sponsoring artistic and cultural events and the corporate brand values they acquire from both business marketing and the artistic and cultural sponsorship made by corporate foundation.

Table 4.8 Comparison of the Three Types of Corporate Foundation

	Type 1	Type 2	Type 3

¹ ETToday online news (2002/02/20): <http://www.ettoday.com/2002/02/20/184-1265382.htm>

² Taipei Times online news (2003/04/11): <http://www.taipeitimes.com/News/biz/archives/2003/04/11/201659>

The Size of Mother Company	Only superstar high-tech companies	Some leading high-tech companies but mostly the developing middle size companies.	Small high-tech companies and long existing traditional companies.
History of Corporate Foundation	5~10 years	10~15 years	> 15 years
Corporate Brand Value	1(BenQ) (€) 1,204.69m (€) 1,282.04m	3 (Advantech) (€) 2.33m (€) 8.45m	2 (SAMPO) (€) 20.45m (€) 62.46m
Prestige Driver	1	3	2
Loyalty Driver	1	3	2
Budget Control	3	2	1
Sponsoring behavior corresponding to corporate branding plan	V	V	V
Foundation expenses corresponding	V	X	V

to brand value			
Preference of Art and Culture Sponsoring	Covers all types of sponsoring via two sponsoring mechanisms	Prefers in sponsoring traditional, local art and culture organizations	Focuses only in corporate image related events.

(Table made by Lee, Hsin-Yen)

What are the figures expressing?

The essence of Hirose's model is the quantitative financial analysis. With multiplying each individual driver, the outcome presents the brand value which cannot be manipulated by man-made interference. The corporate foundation is still a growing sector in the NPO development in Taiwan and the trend in establishing a foundation in sponsoring artistic and cultural events tend to be the model which brings most positive public awareness and recognition. Applying Hirose's model to the operation of the three representative types of high-tech businesses in Taiwan help us to understand that not only marketing tactics and strategies within the business itself can help the business corporation to gain brand value, but also the operation of the corporate foundations in sponsoring artistic and cultural industries can help the business corporations obtain more brand values. This research tried to prove sponsorship in artistic and cultural events can also gain brand value so investing in art and culture can be one of the best marketing strategies.

Sponsoring artistic and cultural activities makes corporate money bests.

As previous discussion has covered, about 54% of the high-tech corporate foundations in Taiwan are founded under the function of "supporting art, culture and education", it is for sure that most of the high-tech companies in Taiwan tend to

establish their corporate foundations in sponsoring artistic and cultural events. In type one organizations, many of them even have their own corporate exhibition halls for organizing artistic and cultural events. For example, BenQ built four exhibitions halls for holding regular artistic and cultural events, just like many artistic VIP rooms built by Banks in Taiwan, these high-tech superstars invested in sponsoring artistic and cultural events in their exhibition halls to intensify their image and enhance their corporate awareness and recognition. Although the constant of sales cost in calculating brand value makes the prestige drivers incompatible among three types of corporate foundation, it still revealed the fact that the more a company invest in artistic and cultural events, the higher brand value it acquires.

However, the research scope is limited in the domestic development of high-tech industries in Taiwan due to the objective is to find out the sponsoring behavior in domestic artistic and cultural industry. Thus the expansion driver which can help to reveal the overseas development of each case is abridged. But the research still reflects the high relevance between the brand value growth and the sponsorship in each case. Hirose's brand value model, in this research, aims not to present the high-tech industry that how much they can finance with their corporate brand, but intends to enhance the concept that intangible investments can as well bring tangible benefits to the company. There are several brand valuation methods on the market and each year different rankings are published by different organizations. This research applies Hirose's model, which can honestly present the most genuine brand value created by the intangible efforts made by businesses. With these concrete results, this research shows all the high-tech companies in Taiwan that "art and culture is a good business".

The best corporate marketing model with art and culture leads to win-win.


Just as discussed in Chapter two, there are many motivations behind sponsorship. Illustration 4.9 presents a spectrum of corporate sponsoring behavior. There are many reasons behind establishing a corporate foundation and different operation methods result in different outcomes. Type one foundations can for sure top the others in brand value but to have a type one corporate foundation first requires a superstar business behind it. It is without a doubt that the bilateral investments in artistic and cultural sponsorship in both the business and the corporate foundation reward best.

Another point to be noticed here is type two foundations are similar to type one foundation but they are just minor in scale, maturity and the amount of budget. Thus type two foundations can be defined as the prototype of type one foundations, which is the type of foundation in the transition into type one foundations. If the mother company behind the foundation has a prosperous future ahead, the foundation can thus be a soon-to-be superstar foundation. On the contrary, if the mother company behind the foundation is crippled in the ups and downs of economic trends, the foundation will eventually bubble. Type three foundations are more conservative comparing with the other two types and the artistic and cultural sector has less to expect from them. Illustration 4.10 organizes the characteristics of the three types of foundation.

Illustration 4.9 the Spectrum of Corporate Sponsoring Behavior

	Objective	Content	Method of Sponsoring
	Corporate Management	The chief objective of a corporation	Tax shield by

is to maximize the profits for the donation.

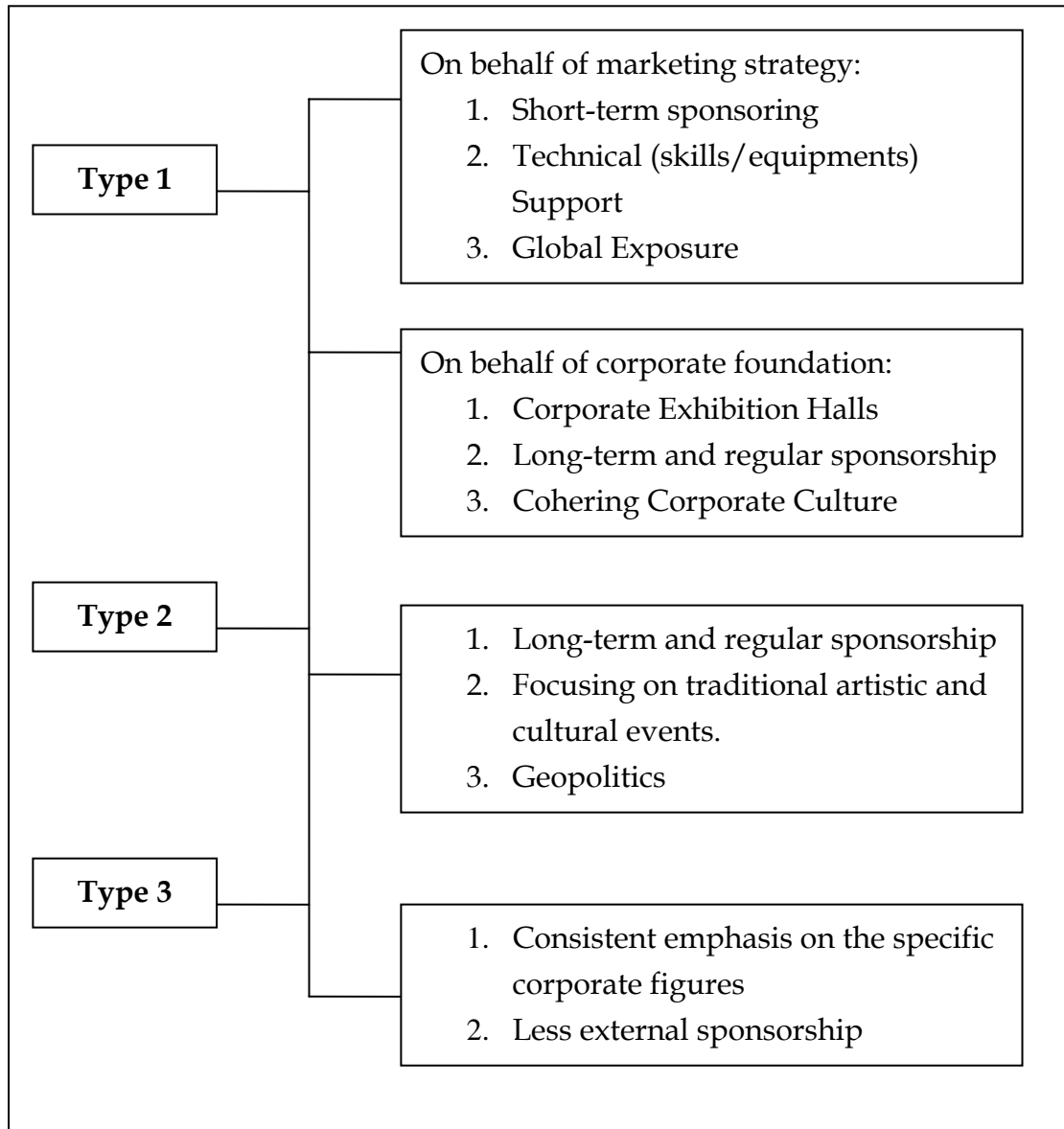
	Responsibility	stakeholders. Making profits is prior to anything else. It the only way to gain credits from the investors.	
	Benevolent Investment	The objective of donating behavior is to expect certain feedback from the charity behavior. Benevolent inv combine and magnify the behavior with corporate mission, objectives and products.	Strategic investment in charity events.
	Long-term Self-interested	The purpose of donating behavior is to increase corporate interests. A thorough plan is required before sponsoring any events. The goal is to bring mutual benefits.	Cause-related Marketing
	Public Welfare	It is about corporate social responsibility (CSR). It is always concerning about the benefits to the public and trying to maximize the profits to the public.	Voluntary work, technical (equipment) assistance and objects donation.
	Altruism	Disinterested supports	Anonymous donations

(Source from Tseng Yi-Hsin, On Corporate Sponsoring in Public Welfare, 2000, pp. 58)

4.2.2 Corporate Foundation Brand Management Model

Illustration 4.10 shows the characteristics of the three types of high-tech corporate foundations in Taiwan.

Illustration 4.10 The Characteristics of The Three Types



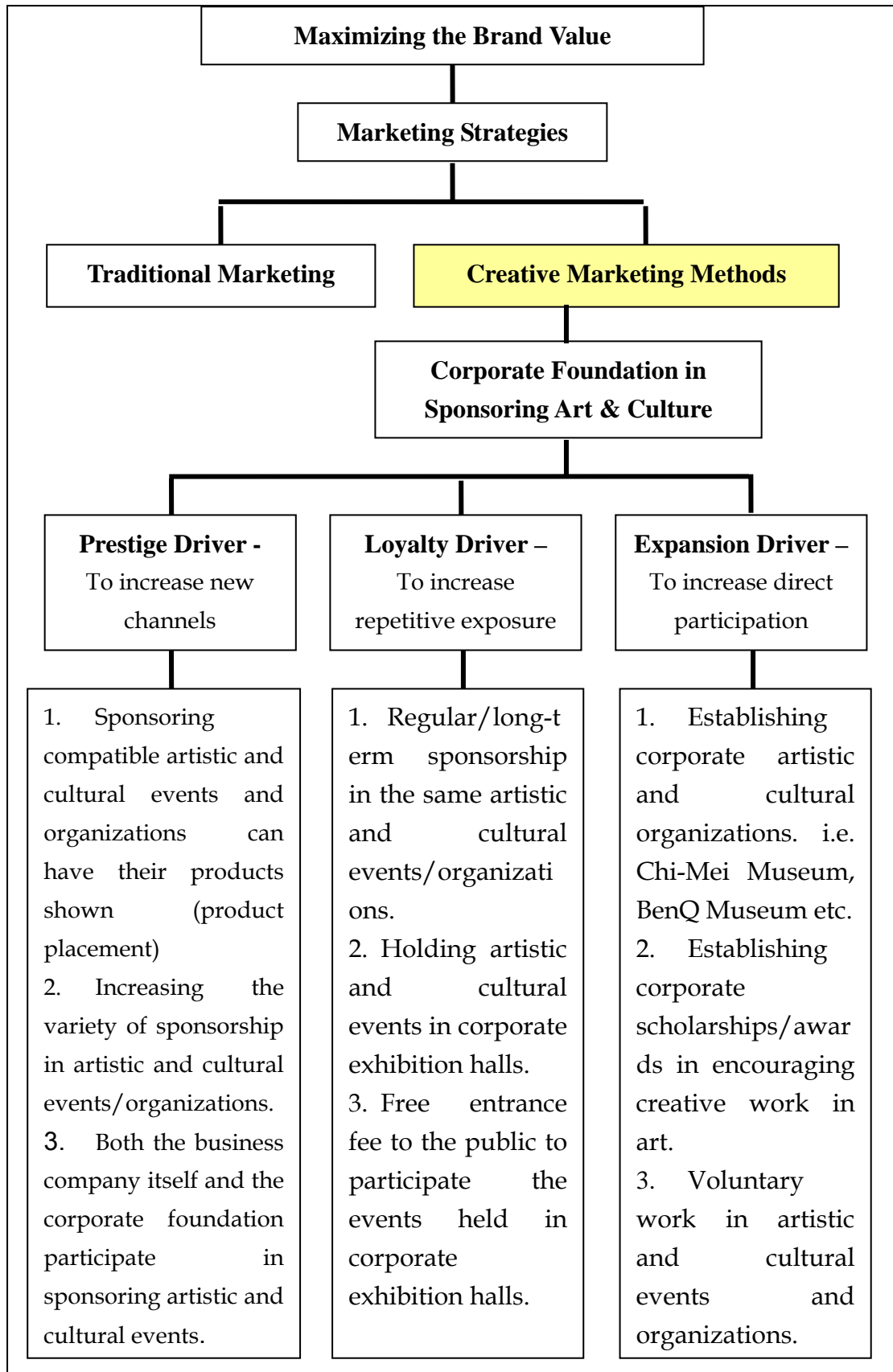
(Illustration made by Lee, Hsin-Yen)

Hirose's model intends not only to provide figures to disclose "who's better" "which are the better brands" but also try to construct a brand management model which presents the competitive strengths behind each case. Here in the end of the research,

combining all the advantages of the successful representative three high-tech corporate foundations of their sponsorship in art and culture, a high-tech corporate foundation brand management model is presented as a guide to the present and potential high-tech companies which intend to either fulfill their corporate social responsibility or increase their brand value.

Illustration 4.11 High-tech Corporate Foundation Brand Management Model¹

¹ Product placement is an advertising approach that intentionally inserts products into entertainment programs such as movies, TV programs and video games. More details at: Product placement is an advertising approach that intentionally inserts products into entertainment programs such as movies, TV programs and video games.



5.1.1 An Outlook on Taiwan

In the previous chapter, three types of high-tech corporate foundation have been analyzed for their behaviors in sponsoring artistic and cultural events. Hirose's brand value model is applied in the analysis as the evaluation on the performance of each foundation. In Taiwan, a corporate foundation, whether the corporation behind the foundation is from high tech industries or from traditional industries, a corporate foundation is subject to the business. This has more or less restrained the corporate foundations from organizing and arranging artistic and cultural events. In this research, it shows that more and more corporate foundations established by the high-tech superstars in Taiwan are able to position themselves as professional agent for holding artistic and cultural events. BenQ foundation, Quanta foundation, and Chi-Mei Museum are successful examples. In this research we also found the brand value curves of the three types of high-tech companies correspond to their sponsoring behavior in art and culture made by their corporate foundations.

5.1.2 Research Conclusion

Taking a close look at the artistic and cultural events in recent years in Taiwan, it is not hard to find the importance of the NPOs has been growing. According to the "Directory of 300 Major Foundations in Taiwan" published by Himalaya foundation in 2005, art and cultural related foundation has outnumbered other types of foundations. The directory only focuses on the foundations of larger scale, actually there are more than 2,000 foundations operating in Taiwan¹. However, the resources behind them

¹ Ministry of Education of Taiwan(<http://www.edu.tw>). The most recent figures from the Ministry of the Education show that as of December 2004, there were a total of 33,939 associations and 24,304 are

can never be neglected. In the directory, it shows the total endowment of the foundations in art and culture accounted more than € 21.4 million in 2004 (Himalaya, 2005: 217-222). Thus proper arrangements of these resources can be expected to bring enormous influence to the artistic and cultural development in Taiwan.

Beside the shrinking governmental subsidies, support from corporate foundations has become the crucial strength behind the artistic and cultural industries in Taiwan. The partnership between art and culture and the high-tech industries shall be observed with more attention to the trends of development. The partnership between high-tech corporate foundations and artistic and cultural organizations, instead of abstain art and culture from “outside the society”, the partnership brings art and culture into the society to inspire people and release their potentials. As art and cultural industries are no longer just referring to the problem of commoditizing art and culture, global capitalism has considered cultural economics as a profound dynamic force.

Suggestions to business corporations

In the book of “Megatrends 2000” in 1991, John Naisbitt and Patricia Aburdene pointed out the “The Renaissance of Art” is one of the ten new forces which would greatly influence the world and our lives¹. Art and culture will become the most popular recreation all over the world. As more and more businesses neglect the sports events they used to sponsor and are now opening their arms to welcome artistic and cultural events as the way to build corporate image and promote their

Social organizations. The majority of the association in this latter category focus their work on arts and culture, as well as on social service and philanthropic work.

¹ “Megatrends was a prophetic work: The information society and global economy, once the stuff of controversial theory, are now part of daily life.” More details at: http://www.musical-expressions.com/megatrends_2000.htm

products, many businesses now in Taiwan are taking it as the doctrine to build corporate image as well as increasing corporate brand value.

Sponsoring artistic and cultural events is no longer a matter of inconvenience since artistic and cultural industries are leading the trends in a society. Not only are the public paying more participation in artistic and cultural events but also more and more people prefer to work for a company sponsoring artistic and cultural events. Through the sponsorship, a business can nurture artistic and cultural organizations and raise the accessibility to art and culture for the public. Moreover, besides accomplishing corporate social responsibility, sponsoring art and culture also help a business to gain more brand value. In order to secure proper feedback from the sponsorship, businesses should take artistic and cultural organizations as their partners. Through mutual monitoring and proper rules and agreements, artistic and cultural sponsorship will generate more brand value beyond expectation.

Suggestions to the art and culture industry

In the past, the resources of operating artistic and cultural organizations in Taiwan highly depended on governmental subsidies. But the government failed to meet the demand from the art and cultural industries. When demand is higher than supply, alternatives in supply are inevitable. Therefore, the partnership with the businesses can be trustworthy. In this research I found most of the high-tech companies prefer sponsoring artistic and cultural events which can encourage more and more artistic and cultural organizations to try to look for partnership with these high-tech companies and their corporate foundations.

However, conceptual differences always exist between a business and an artistic/cultural organization. The sponsoring mechanism in Taiwan is still in the initial

stage that the corporate sponsoring budget is rather unstable and this has made the sponsorship more complicated. Thus the art and cultural organizations should try to realize the demand behind the corporate sponsorship from different angles and maximize the effects of the partnership. Building a proper mutual communication requires not only the passion from the businesses but also the enthusiasm and hard work from the art and cultural sector.

The objective of this research intends not just to reveal the benefits to the high-tech industries in Taiwan that sponsorship in art and culture can help to increase corporate brand value. The effects are no less than what they have done in business marketing by spending money in advertising and promotion. Further than that, this research intends to probe into the sponsoring behaviors behind these high-tech business and their corporate foundations and to provide all those art and cultural organizations which are deficient in funds an efficient way to gain financial support. This research can provide a better strategic reference to keep the art and cultural performances rolling and going and polish art and culture till it shines.

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Table and Charts

Table 1.1 歷年文化統計報告, 文建會

(Statistics Report on Cultural Event in Taiwan, Council for Cultural Affairs, Taiwan)

Appendix

1. The Outline of Interview

15 March 2007

To whom it may concern,

I hereby confirm that Claude Lee is enrolled in the Master's Program Cultural Economics and Cultural Entrepreneurship at the Erasmus University Rotterdam in The Netherlands for the academic year 2006-2007.

Mr. Lee is a valued and most diligent graduate student in our program, and is currently preparing an MA thesis under my supervision entitled "A Brush on Brands: The relationship between high-tech companies and art & culture in Taiwan". The data Mr. Lee collects for his study will be solely used for academic purposes.

Please do not hesitate to contact me should you have any further questions regarding Mr. Lee's scholarly work.

Sincerely,

Dr. Filip Vermeylen

Coordinator MA Cultural Economics and Cultural Entrepreneurship
Erasmus University Rotterdam

E-mail: vermeylen@fhk.eur.nl

2. Top 250 manufacturers

Top 250 Manufacturers in Taiwan

No.	Category	Number of Manufacturers	Note
1	Chemical (materials/products/cosmetics)	12	
2	Petrol-chemistry	17	
3	Semiconductor	25	
4	Opto-Electronic manufacturer	21	

5	Automobile manufacturer	11	
6	Metal/Non metal Materials	36	
7	Food Stuff/Processing	5	
8	Furniture Making	1	
9	Electrical Appliances	7	
10	Textile Product	12	
11	Aerospace related	1	
12	Telecommunication and Internet	16	
13	Paper Products, Publishing, Printing	2	
14	Beverages	4	
15	Plastics & Rubber Making	3	
16	Electronics	17	
17	Computer System	12	
18	Computer Peripherals	41	
19	Pharmacy	1	
20	Shoe making	2	
21	Mechanical Products	4	

3. 27 High-tech Companies with Corporate Foundation

27 High-tech Companies with Corporate Foundation

Rank	Company	Total Revenue (€ Billion)	Growth Rate	Profit Rotis	Corporate Foundation
1	Foxconn	10.5418	18.04	7.06	3
2	Quanta	8.1131	11.03	-	1
3	TSMC	6.3863	26.52	36.14	1
4	Compal	5.2847	30.3	3.11	2
5	AUO	4.1151	68.63	16.99	1
6	LITEON Technology	3.8954	56.33	4.85	2
7	BENQ	3.6943	35.95	5.16	1
8	Inventec Group	3.2843	61.04	1.84	X

9	UMC	2.9328	38.24	27.14	2
10	Wistron	2.9145	49.98	-0.71	X
11	CMO	2.5633	65.29	16.77	2
12	TATUNG	2.3723	13.45	5.6	3
13	Texas Instruments	2.2025	13.54	3.82	X
14	CHUNGHWA PICTURE TUBES	1.9604	65.13	13.16	X
15	Asus	1.9513	4.87	19.34	X
16	Kuozui Motors	1.9393	32.21	-	X
17	OKWAP	1.8999	148.3	2.75	X
18	MSI	1.6438	2.94	-	X
19	Philips Lighting Taiwan	1.6360	16.84	-	X
20	Quanta Display	1.4550	111.01	9.91	X
21	POWERCHIP SEMICONDUCTOR	1.4359	150.01	37.15	2
22	MITSUBUSHI Motors	1.4070	1.32	9.59	X
23	MiTAC International	1.2626	27.61	4.24	X
24	LITEON IT	1.2154	20.01	8.79	2
25	Delta Electronics	1.1604	14.32	14.35	X
26	USI	1.1521	32.37	2.27	X
27	ASE	1.0811	37.34	-	3
28	ProMOS Technologies	1.0740	70.95	23.51	X
29	Foxconn Technology	1.0363	331.4	4.98	X
30	Yulon General Motors	1.0285	-3.6	13.76	3
31	Coretronics	1.0272	71.94	4.14	X
32	NANYA	1.0130	42.53	17.37	X
33	MediaTek	1.0014	5.23	35.76	2
34	Ford Lio Ho Motor Company	0.9703	5.58	-	X
35	FIC	0.9693	-20.84	-	X
36	HannStar	0.9690	17.62	6.45	X
37	GIGABYTE	0.9631	13.35	4.24	2

	Technology				
38	HTC	0.9099	66.79	10.59	2
39	SPIL	0.8752	27.85	12.23	X
40	MiTAC	0.8332	33.63	1.31	X
41	Panasonic Taiwan	0.8204	8.58	-	2
42	Winbond Electronics	0.7804	5.64	10.91	2
43	CMC	0.7043	3.02	-2.81	X
44	ASKEY	0.6789	71.53	2.29	X
45	ADATA	0.6543	94.08	3.1	X
46	Mosel Vitelic	0.6489	-1.31	-	X
47	Wintek	0.6474	141.85	15.51	X
48	YHI	0.5754	33.98	13.31	X
49	MXIC	0.5738	31.93	0.95	2
50	PREMIER IMAGE TECHNOLOGY	0.5472	-11.61	4.78	1
51	Uniwill Computer Corp	0.5410	15.35	-0.76	X
52	KYMCO	0.5276	28.91	10.35	X
53	SYM	0.5043	31.02	7.47	X
54	RITEK	0.4983	-20.01	-33.48	X
55	VIATEK	0.4875	-3.73	-19.49	X
56	Sainfoin Technology	0.4873	67.51	6.89	X
57	D-Link	0.4771	35.25	13.63	X
58	Foxlink	0.4767	51.17	6.97	X
59	SUNPLUS	0.4735	70.66	14.46	X
60	Accton	0.4618	13.15	-	2
61	Kingston	0.4579	33.77	4.17	X
62	Arima	0.4526	-31.01	-10.61	X
63	TDK	0.4509	-7.55	-	2
64	NOVATEK	0.4376	60.5	20.39	X
65	NANYA PCB	0.4331	16.7	3.61	X
66	PQI, Power Quotient International	0.4295	81.57	0.98	X
67	Sampo Technology	0.4256	-13.71	-5.96	3
68	Optimax Technology	0.4253	69.81	17.87	X

	Corporation				
69	Elitegroup Computer Systems	0.4165	-62.95	-3.67	X
70	Kinpo Electronics	0.4155	21.21	10.73	X
71	Unimicron	0.4144	24.44	13.32	X
72	CSBC	0.4065	12.69	4.43	X
73	Global Brand Manufacturer	0.4060	170.63	4.25	X
74	YAMAHA	0.4014	23.79	-	1
75	TPO	0.3985	518.27	-21.44	X
76	Vanguard International Semiconductor	0.3970	45.61	29.95	X
77	Arima Communications	0.3963	5.37	4.26	X
78	GARMIN	0.3923	10.57	-	X
79	Primax Electronics	0.3857	-7.27	-	X
80	Aopen	0.3823	-13.31	-10.36	X
81	ABILLITY Enterprise	0.3802	69.16	-	X
82	Transcend	0.3647	53.32	12.91	X
83	CCI	0.3603	9.22	11.16	X
84	Alpha Networks	0.3496	45.86	5.04	X
85	Inventec Group	0.3349	34.86	2.85	X
86	OSE	0.3324	-1.71	-	X
87	Eastern Asia Technology	0.3249	43.38	-0.32	X
88	AmTRAN	0.3249	-10.57	-	X
89	Compeq manufacturing	0.3196	6	-7.39	X
90	BTC	0.3165	-14.54	-	X
91	Chicony	0.3144	11.39	8.42	X
92	AcBel Polytech	0.3106	22.13	11.69	X
93	Gemtek	0.3089	48.52	7.98	X
94	TwinMOS Technologies	0.3058	42.7	-	X
95	CyberTAN	0.3048	33.01	4.37	X
96	Prime View	0.3012	54.69	15.07	X

	International				
97	Canon	0.2852	13.55	-	X
98	ChipMOS	0.2827	33.52	-	X
99	CLEVO	0.2826	5.35	3.69	X
100	RADIANT Opto-electronics	0.2815	49.47	18.2	X
101	WNC	0.2796	45.5	4.14	X
102	PRINCO	0.2725	2.52	19.27	X
103	ZyXEL Communications	0.2713	45.33	17.98	X
104	Sampo Technology	0.2694	-3.29	-7.88	X
105	PRODISC Technology	0.2668	11.11	2.95	X
106	Silicon Integrated Systems	0.2662	-36.34	-18.75	2
107	YAGEO	0.2600	-2.04	-98.36	3
108	AIDC (Aerospace Industrial Development Corporation)	0.2551	11.94	0.42	X
109	Himax	0.2522	124.01	12.6	X
110	Holy Stone	0.2510	46.64	7.06	X
111	King Yuan Electronics	0.2507	47.76	27.54	X
112	Quanta Storage	0.2496	-21.86	5.75	X
113	GCE (Gold Circuit Electronics)	0.2471	41.15	9.55	X
114	Genius	0.2464	1.14	6.21	X
115	Auto21	0.2421	40.91	-	X
116	ENLIGHT CORPORATION	0.2342	21.05	1.62	X
117	RealTek	0.2328	0.36	-	X
118	Chi Lin Technology	0.2310	65.25	2.61	X
119	TRIPOD TECHNOLOGY	0.2267	45.79	12.37	X
120	SIMPLO TECHNOLOGY	0.2253	34.54	7.88	X
121	Jean	0.2222	-23.12	-15.22	X

122	Leadtek	0.2206	52.68	2.24	X
123	Giant	0.2202	27.93	12.94	X
124	Unitech	0.2187	49.6	-	X
125	Elite Semiconductor Memory Technology	0.2177	63.28	19.33	X
126	LITEON Semiconductor	0.2154	34.45	11.41	X
127	Phihong Technology	0.2149	12.68	1.57	X
128	Twinhead	0.2143	68.73	-	X
129	Kolin	0.2136	103.11	-1.49	X
130	Sanyo	0.2128	15.11	6.23	X
131	BUFFALO TECHNOLOGY	0.2120	0.72	0.24	X
132	Tul Corporation	0.2119	54.71	0.6	X
133	AMTC	0.2079	89.91	14.94	X
134	Kingmax	0.2075	10.79	-0.61	X
135	Altek	0.2032	-29.76	5.35	X
136	DBTEL	0.2028	3.39	-12.29	X
137	HITACHI	0.2015	4.95	-	X
138	SPI Electronics	0.1993	25.17	6.15	X
139	Advantech	0.1953	14.2	27.66	2
140	Pan International	0.1937	39.99	9.29	X
141	PowerTech Technology	0.1920	75.1	34.27	X
142	CHIN POON INDUSTRIAL	0.1915	12.34	8.89	X
143	AVC	0.1906	41.91	5.12	X
144	EVERSKILL TECHNOLOGY	0.1906	36.58	7.79	X
145	Sintek	0.1905	10.25	15.7	X
146	Wus	0.1872	40.67	8.4	X
147	Tong Yang Group	0.1820	9.08	17.03	X
148	WebEIP	0.1804	17.77	-4	X
149	Career Technology	0.1732	79.53	14.74	X
150	RedHat Enterprise	0.1708	-0.74	2.23	X
151	K-BRIDGE ELECTRONICS	0.1703	61.4	5.62	X

(Table made by Lee, Hsin-Yen)

4. Corporate Foundations of Top High-tech Companies in Taiwan

Corporate Foundations of Top High-tech Companies in Taiwan

Rank	Company	Foundation	Note
1	Foxconn	Yungling Educational Foundation	3
2	Quanta	Quanta Culture & Education Foundation	1
3	TSMC	TSMC Education and Culture Foundation	1
4	Compal	Xu Chao-Ying Social Welfare and Charity Foundation	X
5	AUO	BenQ Foundation	1
6	LITEON Technology	LITEON Cultural Foundation	2
7	BENQ	BenQ Foundation	1
9	UMC	UMC Science and Culture Foundation	2
11	CMO	CHIMEI Museum	1
12	TATUNG	TATUNG Cultural Foundation	2
20	Quanta Display	Quanta Culture & Education Foundation	1
21	POWERCHIP SEMICONDUCTOR	PSC Cultural Foundation	2
24	LITEON IT	LITEON Cultural Foundation	2
25	Delta Electronics	Delta Electronics Education and Culture Foundation	2
27	ASE	ASE Cultural Communication Foundation	2
29	Foxconn Technology	Yungling Educational Foundation	3
30	Yulon General Motors	Yan Ching-Ling Industrial Development Foundation & Yan Ching-Ling Medical Foundation	X
33	MediaTek	MediaTek Education Foundation	2
37	GIGABYTE Technology	Gigabyte Education Foundation	1
38	HTC	HTC Foundation	2
41	Panasonic Taiwan	Panasonic Culture and Education Foundation	1
42	Winbond Electronics	Pan Wen Yuan Foundation	3
49	MXIC	MXIC Education Foundation	2
50	PREMIER IMAGE TECHNOLOGY	Premier Foundation	1
60	Accton	Accton Art Foundation	2
63	TDK	TDK Educational Fund Committee	2
67	Sampo Technology	Chen-Mao Bang Foundation	3

74	YAMAHA	YAMAHA Music Foundation	1
106	Silicon Integrated Systems	SIS Education Foundation	2
107	YAGEO	YAGEO Foundation	2
126	LITEON Semiconductor	LITEON Cultural Foundation	2
139	Advantech	Advantech Culture and Education Foundation	2

5. Initial Endowment versus Current Endowment of the Major 300 Foundations in Taiwan

Initial Endowment versus Current Endowment of the Major 300 Foundations in Taiwan

Size of Endowment (NTD million)	Initial Endowment		Current Endowment	
	Number	%	Number	%
5 million or less	86	28.4%	44	14.5%
5 to 10 million	68	22.4%	47	15.5%
10 to 30 million	79	26.1%	61	20.1%
30 to 50 million	16	5.3%	24	7.9%
50 to 100 million	17	5.6%	49	16.2%
100 million to 1 billion	29	9.6%	69	22.8%
1 billion or more	8	2.6%	9	3.0%

(Source from "The Directory of 300 Major Foundation In Taiwan", pp. 239)

6. Best 100 Global Brand 2006 by Interbrand

Best 100 Global Brand 2006 by Interbrand

Rank	Brand	Country Origin	of 2006 Brand Value (\$ m)
01	Coca-Cola	US	67,000
02	Microsoft	US	56,926
03	IBM	US	56,201
04	GE	US	48,907
05	Intel	US	32,319
06	Nokia	Finland	30,131

07	Toyota	Japan	27,941
08	Disney	US	27,848
09	McDonald's	US	27,501
10	Mercedes	Germany	21,795
11	Citi	US	21,458
12	Marlboro	US	21,350
13	Hewlett-Packard	US	19,641
14	American Express	US	19,641
15	BMW	Germany	19,617
16	Gillette	US	19,579
17	Luis Vuitton	France	17,606
18	Cisco	US	17,532
19	Honda	Japan	17,049
20	Samsung	South Korea	16,169

Source from http://www.ourfishbowl.com/images/surveys/BGB06Report_072706.pdf

7. Discount Rate from 2001~2005 in Taiwan

Discount Rate from 2001~2005 in Taiwan

Year	Discount Rate (%)	Year	Discount Rate (%)
2001/2/2	4.375	2001/12/28	2.125
2001/3/6	4.25	2002/6/28	1.875
2001/3/30	4.125	2002/11/12	1.625
2001/4/23	4	2003/6/27	1.375
2001/5/18	3.75	2004/10/1	1.625
2001/6/29	3.5	2004/12/31	1.75
2001/8/20	3.25	2005/03/25	1.875
2001/9/19	2.75	2005/07/01	2
2001/10/4	2.5	2005/09/16	2.125
2001/11/8	2.25	2005/12/23	2.25

8. Discount Rate from 2001~2005 in Taiwan

Benchmark Companies from 2001~2005 in Taiwan

Year	Company	Unit Sales/Cost	Corporate Website
2001	AMTC (Allied Material Technology Corporation)	0,3217	http://www.amtc.com.tw/chinese/index.aspx

2002	MOSEL VITELIC INC.	0,5592	- http://www.mosel.com.tw
2003	PRIME OPTICAL FIBER CORPORATION	0,4958	http://www.pofc.com
2004	PRIME OPTICAL FIBER CORPORATION	0,5800	http://www.pofc.com
2005	TA JIANG DEVELOPMENT CORP	0,4217	http://www.premierme.com.tw

9. Art and Culture Activities Sponsored by BenQ Foundation

Art and Culture Activities Sponsored by BenQ Foundation

No.	Activity	Content	Year
01	Smangus Digital Ecology Experience Gallery	The most remote digital ecology experience hall, which present the “black tribe” aboriginal culture of the Smangus and the documentary of the history and culture of Smangus.	2007
02	Blume Tree College	A corporate owned training center. Regular speeches on virtue and culture held for the employees and the public.	2007
03	BenQ Prize of Truth, Virtue and Beauty	Holding speeches and forums in art and culture (artists, architect, literature authors...etc.) and holding a competition in literature, which is the largest literature competition in Taiwan.	2006
04	Ming Da Hall	A donation to National Taiwan University (Top 1 in Taiwan), not only the building but the avant garde sculpture “Ladders” displayed in front of the building.	2007
05	Nanguan Liyuan Opera Exhibition	The oldest Chinese opera in the recorded history “Nanguan Liyuan Opera”. BenQ foundation is now holding a tour exhibition for it in 2007.	2007
06	Reading a living history: His-Da Ceramics	A more than 100 years old ceramic relic was found during the construction of BenQ branch in middle Taiwan. BenQ decided to reserve the	2007

		relics of ceramics and a museum was built as for public visiting.	
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(Table made by Lee, Hsin-Yen)

10. Art and Culture Activities Sponsored by BenQ

Art and Culture Activities Sponsored by BenQ

No.	Activity	Content	Year
01	BenQ Let's JAM	Taipei River bank Jazz Festival ¹	2002~2004
02	Taipei Biennial Exhibition	Title "Do You Believe in Reality?" ²	2004
03	Cannes Film Festival ³	Sponsoring those filmmakers from Taiwan in contesting in Cannes Film Festival.	2004/2005
04	Taiwan International Animation Festival ⁴	Exclusively sponsor in technical equipments.	2005
05	The 51 st Venice Biennale ⁵	Exclusively sponsoring artists from Taiwan in presenting their works in the event.	2005
06	ARS Electronica ⁶	Exclusively sponsor in technical equipments.	2005
07	Vivian Westwood Fashion Exhibition ⁷	Exclusively sponsor in technical equipments.	2005
08	Musical "Fantasy Railroad in the Stars"	Co-sponsored with National Chiang Kai-shek Cultural Center	2005
09	Taipei Fine Art Museum "Bias" Exhibition ⁸	Exclusively sponsor in technical equipments.	2005
10	Open arms to the World from Taiwan	A pact signed with National Palace Museum which promised to donate NTD 3,000 in	2005

¹ See official website at: http://www.e-classical.com.tw/ad/jazzfest/index_2.htm. It started from 2002, a year before the BenQ foundation was established.

² See official website at: <http://www.tfam.gov.tw/2004TaipeiBiennial/index.htm>

³ See official website at: http://www.festival-cannes.fr/index.php/choose_lang

⁴ See official website at: <http://tiaf.ctfa.org.tw/2005/>

⁵ See official website at: <http://www.labiennale.org/en/>

⁶ See official website at: <http://www.aec.at/de/prix/index.asp>

⁷ See official website at: <http://www.tfam.gov.tw/vivienne-westwood/index.htm>

⁸ See official website at: <http://www.tfam.gov.tw/>

	Project	three years to the museum.	
11	New Media Collection 1965-2005 Centre Pompidou ¹	Sponsored Taipei Fine Art Museum to hold the New Media Collection.	2006
12	Taiwan Puppetry Exhibition ²	Co-sponsored with Puppetry Center of Taipei.	2006
13	Cloud Gate Dance Theatre "Wind Shadow" ³	Exclusively sponsor the performance in finance and display equipment.	2006
14	Painting and Calligraphy of the Northern Sung (960-1127) ⁴	Co-sponsored the exhibition in finance and display equipment.	
15	TiBE – Meeting with Asian Publishers ⁵	Sponsored in building the digital gallery in the exhibition.	2007
16	Movie "Spider Lilly" ⁶	Sponsored in filming the movie.	2007
17	National Lantern Festival 2007	Major sponsor of the event.	2007

(Table made by Lee, Hsin-Yen)

11. Hirose's Brand Valuation on BenQ

Prestige Driver of BenQ

Driver	Si	Ci	V1	V2	V3
Prestige Driver	Sales of the company	Sales cost of the company	Si/Ci	Si*/Ci*	V1-V2
2003	2651,19	2401,18	1,104119641	0,4958	0,60832
2004	3604,15	3318,83	1,085970056	0,58	0,50597
2005	3034,31	2973,18	1,020560477	0,4217	0,59886
	Ai	OE i	V4	V5	PD
	Ads Cost	Operating Cost	Ai/OE i	V3*V4	V5/3*S3

¹ See official website at:

http://www.tfam.gov.tw/english/exhibit/exh_01.asp?exhibit_no=218&Item=before

² See official website at: http://express.culture.gov.tw/search_single.php?ActID=3603

³ See official website at: http://www.cloudgate.org.tw/event/2006/autumn_present/

⁴ See official website at: <http://tech2.npm.gov.tw/sung/>

⁵ See official website at: <http://www.tibe.org.tw/2007/>

⁶ See official website at: <http://spiderlilies-movie.com/>

2003	75,269	171,15	0,439783815	0,267529133	722.316
2004	83,747	197,98	0,423007374	0,214029065	
2005	72,457	175,48	0,412907454	0,247273955	

Prestige Driver of BenQ Foundation

Driver	Si	Ci	V1	V2	V3
Prestige Driver	Sales of the company	Sales cost of the company	Si/Ci	Si*/Ci*	V1-V2
2003	2651,19	2401,18	1,104119641	0,4958	0,60832
2004	3604,15	3318,83	1,085970056	0,58	0,50597
2005	3034,31	2973,18	1,020560477	0,4217	0,59886
	Af	OE f	V6	V7	PD
	Foundation Expenses	Disposable Budget	Af/OE f	V3*V6	V7/3*S3
2003	2,526	20,968	0,120469287	0,073283833	768.697
2004	3,774	18,452	0,204530674	0,103486397	
2005	8,388	8,388	1	0,598860477	

Loyalty Driver

	μ	σ	LD
Loyalty Driver	Average of sales cost	Standard deviation of sales cost	$\mu-\sigma/\mu$
2003~2005	2897,73	378,4088684	0.8694
		AVG of Ci 2897,73	
		D1	D2
		deviation score	squares of DC
		-496,55	246561,9025
		421,1	177325,21
		75,45	5692,7025
			D3
			Avegare of D2
			143193,2717

12. Art and Culture Activities Sponsored by Advantech Foundation

No.	Activity	Content	Year
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01	Taipei Chinese Orchestra ¹	Regular Sponsor	2006~present
02	Art and culture activities in Red House Theater ²	Regular Sponsor	2006~present
03	Laughter in Demand ³	Sponsored the performance of Taipei Music Ensemble Troupe ⁴	2006~present
04	Hsin-chu Philharmonic Orchestra ⁵	Regular Sponsor	2004~present
05	Literature Dreams High	Contest for literature creation	2002~present
06	Community Story Teller	Regular Sponsor	2004~present

13. Hirose's Brand Valuation on Advantech

Prestige Driver of Advantech

Driver	Si	Ci	V1	V2	V3	
Prestige Driver	Sales of the company	Sales cost of the company	Si/Ci	Si*/Ci*	V1-V2	
	2001	132,78	81,39	1,6314	0,3217	1,3097
	2002	155,4	96,95	1,6029	0,5592	1,0437
	2003	166,8	108,15	1,5423	0,4958	1,0465
	2004	190,49	132,3	1,4398	0,58	0,8598
	2005	207,61	142,42	1,4577	0,4217	1,0360
	Ai	OE i	V4	V5	PD	
	Ads Cost	Operating Cost	Ai/OE i	V3*V4	V5/5*C5	
2001	6,23	17,95	0,347075209	0,4546	48,38177	

¹ See official website at: <http://www.tco.taipei.gov.tw/>

² Red House Theater: The Red House Theater, often called the "Red Theater" or "Red Play House" in English, is a historic theater in the Ximending area of Taipei, Taiwan. Built in 1908 and designed by Japanese architect Kondo Juro, it was originally a market building but was used as a theater from 1945 onwards. Source at: http://en.wikipedia.org/wiki/Red_House_Theater

³ This is a performance of Chinese duet talk-show. The title is a pun which doesn't have a translation in English. I translated in "Laughter in Demand"

⁴ See official website at: <http://www.tqt.com.tw/>

⁵ Official website at: <http://m0029.cyberstage.com.tw/>

2002	6,56	18,98	0,345626976	0,3607
2003	6,33	18,61	0,34013971	0,3560
2004	6,22	21,32	0,291744841	0,2509
2005	7,05	26,42	0,266843301	0,2765

Prestige Driver of Advantech Foundation

Driver	Si	Ci	V1	V2	V3
Prestige Driver	Sales of the company	Sales cost of the company	Si/Ci	Si*/Ci*	V1-V2
2001	132,78	81,39	1,6314	0,3217	1,3097
2002	155,4	96,95	1,6029	0,5592	1,0437
2003	166,8	108,15	1,5423	0,4958	1,0465
2004	190,49	132,3	1,4398	0,58	0,8598
2005	207,61	142,42	1,4577	0,4217	1,0360
	Af	OE f	V6	V7	PD
	Foundation Expenses	Disposable Budget	Af/OE f	V3*V6	V7/5*C5
2001	1,356	1,383	0,980477223	1,2841	175,2043
2002	1,368	1,048	1,305343511	1,3624	
2003	1,312	1,269	1,033884949	1,0820	
2004	1,382	0,88	1,570454545	1,3503	
2005	1,157	1,118	1,034883721	1,0722	

Loyalty Driver of Advantech

	μ	σ	LD
Loyalty Driver	Average of sales cost	Standard deviation of sales cost	$\mu - \sigma / \mu$
2001~2005	112,242	109,39316	0,02538123
		AVG of Ci	
		112,242	
		D1	D2
		deviation score	squares of DC
		-30,852	951,85
		96,95	9.399,30
		108,15	11.696,42
			D3
			Avegare of D2
			11.966,86

132,3 17.503,29
 142,42 20.283,46

14. Art and Culture Activities Sponsored by Chen Mao-Pang Culture and Education Foundation

No.	Activity	Content	Year
01	Mao-Pang Goodwill Ambassador Tryout	To improve cross culture communication among academic circles in Taiwan and China	1996~present
02	Cross strait ¹ Quality life of Youth Camp	Inviting students from China to experience the cultures and art in Taiwan and vice versa. Intercommunication activity between the college's student of Taiwan and Mainland.	1995~present
03	Mao-Pang Action Project Planning Competition/Camp	Encourage and inspire innovation and creativity in different sciences and cultures.	1991~present
04	Mao-Pang Financial Support Program for local art and culture organization	Twice in a year to support art and culture organizations in Taiwan.	2001~present
05	Humanitarian Forum	Holding seminars in art and culture.	Irregularly scheduled
06	Mao-Pang Living Design Competition	Encouraging innovation and creativity through living designs.	1999~present
07	Mao-Pang Memorial Hall	An Exhibition hall of the history of digital culture.	From 2001 free to the public

15. Hirose's Brand Valuation on SAMPO(TECH)

Prestige Driver of SAMPO

Driver	Si	Ci	V1	V2	V3
Prestige Driver	Sales of the company	Sales cost of the	Si/Ci	Si*/Ci*	V1-V2

¹ It is a common expression to describe the relation between Taiwan and Mainland China. The strait is the Taiwan Strait in between.

	company				
2001	306,98	253,97	1,20872544	0,3217	0,88702544
2002	320,24	265,1	1,207996982	0,5592	0,648796982
2003	481,17	406,44	1,183864777	0,4958	0,688064777
2004	415,22	373,94	1,110392042	0,58	0,530392042
2005	358,47	336,69	1,064688586	0,4217	0,642988586
	Ai	OE i	V4	V5	PD
	Ads Cost	Operating Cost	Ai/OE i	V3*V4	V5/5*C5
2001	15,21	50,71	0,29994084	0,266055156	68,6285929
2002	15,14	50,47	0,299980186	0,19462624	
2003	16,25	54,17	0,29998154	0,206406731	
2004	16,29	54,3	0,3	0,159117612	
2005	18,21	60,68	0,300098879	0,192960154	

Prestige Driver of Chen Mao-Pang Culture and Education Foundation

Driver	Si	Ci	V1	V2	V3
Prestige Driver	Sales of the company	Sales cost of the company	Si/Ci	Si*/Ci*	V1-V2
2001	306,98	253,97	1,20872544	0,3217	0,88702544
2002	320,24	265,1	1,207996982	0,5592	0,648796982
2003	481,17	406,44	1,183864777	0,4958	0,688064777
2004	415,22	373,94	1,110392042	0,58	0,530392042
2005	358,47	336,69	1,064688586	0,4217	0,642988586
	Af	OE f	V6	V7	PD
	Foundation Expenses	Disposable Budget	Af/OE f	V3*V6	V7/5*C5
2001	0,254	0,28	0,907142857	0,804658792	209,6226343
2002	0,206	0,182	1,131868132	0,734352628	
2003	0,208	0,217	0,958525346	0,659527528	
2004	0,224	0,231	0,96969697	0,514319555	
2005	0,173	0,278	0,622302158	0,400133185	

Loyalty Driver of SAMPO

μ σ LD

Loyalty Driver	Average of sales cost	Standard deviation of sales cost	$\mu-\sigma/\mu$
2001~2005	376,416	317,3817217	0,156832543
AVG of Ci			
376,416			
	D1	D2	D3
	deviation score	squares of DC	Avegare of D2
	-122,446	14993,02292	100731,1572
	265,1	70278,01	
	406,44	165193,4736	
	373,94	139831,1236	
	336,69	113360,1561	

16. 2001~2005 National Budget of Taiwan and the percentage of the Cultural Account:

Euro 000	Total National Budget	Cultural Account	Percentage
2001	38,289,224	132,987	0.347%
2002	38,078,321	73,275	0.192%
2003	37,437,330	91,222	0.244%
2004	38,363,840	126,158	0.329%
2005	38,943,214	87,474	0.225%

Sources from: Central Government General Budget Proposal, Fiscal Year 2001~2005, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan

Interview Files

This part keeps all the interviews I had with these organizations. I did my research enquiry in three steps.

First, I sent each of them an invitation letter to explain my intention and enquire if they were willing to provide some information and figures of their foundation for the research. The invitation letter is shown as follows and was sent to the foundations of Accton/ Advantech/ BenQ/ Delta/ Gigabyte/ Lite-on/ Quanta/ SAMPO/ TSMC/ UMC/ Lite-on...etc. total ten high-tech companies in Taiwan.

Dear OOXX Foundation,

I am a postgraduate student from Erasmus University Rotterdam and meanwhile I am doing a research on the relation between corporate foundation and corporate brand value. I'd like to enquire for your supports for some information.

Please check the attachment and kindly give me your comments.

Corporate foundations have shouldered not only the corporate social responsibility as a feedback of goodwill to the public but help build corporate image, even corporate brand value among the public.

Here sincerely I am to enquire your support on my research which will need some information and data from your side, such as;

1. Overview of annual events (from 1998~2006)
2. Overview of annual budget (from 1998~2006)
3. An interview & questionnaire with the foundation organizer.

Please let me know if OOXX Foundation would like to participate in this research as for further arrangements. I am sure this research will also help the public and other corporations know how much your foundation has done for the public and provide a new wind vane for building corporate brand value.

Thank you very much,

Best Regards,

Claude Lee

Postgraduate, MA in Cultural Economics & Cultural Entrepreneurship

Department of Law, Society and Culture

Erasmus University Rotterdam

Email: 305827hl@student.eur.nl

Website: <http://www.eur.nl/english/>

Except for Art-time foundation and Gigabyte foundation, none of the other corporate foundations ever replied my invitation. Thus I had to make phone calls to their PR manager of their mother companies. Also combined with further research result from the Himalaya foundation, I narrowed the samples down to the three in my research and made a new questionnaire to save more qualms and doubts from the foundations. The first questionnaire was too “blurry” for some companies and foundations that they could get a clear view of what figures I intend to acquire and I think it is the critical reason I failed to collect figures via the first questionnaire/invitation.

The revised edition of questionnaire is shown as follows and I first sent them the mail before I officially make an interview with them.

This invitation letter also enclosed with a reference letter written by my supervisor, Dr. Filip Vermeylen.

15 March 2007

To whom it may concern,

I hereby confirm that Claude Lee is enrolled in the Master's Program Cultural Economics and Cultural Entrepreneurship at the Erasmus University Rotterdam in The Netherlands for the academic year 2006-2007.

Mr. Lee is a valued and most diligent graduate student in our program, and is currently preparing an MA thesis under my supervision entitled "A Brush on Brands: The relationship between high-tech companies and art & culture in Taiwan". The data Mr. Lee collects for his study will be solely used for academic purposes.

Please do not hesitate to contact me should you have any further questions regarding Mr. Lee's scholarly work.

Sincerely,

Dr. Filip Vermeylen
Coordinator MA Cultural Economics and Cultural Entrepreneurship
Erasmus University Rotterdam
E-mail: vermeylen@fhk.eur.nl

To OOX Foundation,

This research aims at discussing the influence made by corporate brand value from the corporate foundations in art and culture. The Japanese brand valuation method, the HIROSE's model is applied in this research.

Please kindly provide data and information as follows;

1. According to the "The Directory of 300 Major Foundation in Taiwan" published by Himalaya foundation (2005 edition), the annual expenses of your foundation during 2001 to 2003 are shown in the table (please confirm/correct the figures).

Year	Actual Expense (NTD)	Confirm/Correct
2001	OOXX	
2002	OOXX	
2003	OOXX	

2. Please kindly provide figures of actual expenses of 2004 and 2005 and the disposable budgets during 2001 to 2005. (note: actual expense/disposable budget go proportionally to the final corporate brand value)

Year	Actual Expense (NTD)	Disposable Budget (NTD)
2001	OOXX	
2002	OOXX	
2003	OOXX	
2004		
2005		

3. Followed with question 2, are there any decisive principles your foundation sponsor? Is there a ceiling for spending?
4. Followed with question 3, what is the major source of your foundation?
5. Please kindly provide an overview on the art and culture activities your foundation has done in years.
6. Would you like to receive interviews? Please provide the contact window.

Here I re-arranged the content of these interviews as for reference.

01- Interview with BenQ

02- Interview with Art-time

- 03- Interview with Advantech
- 04- Interview with Chen Mao-Pang
- 05- Interview with Quanta

Interview with BenQ

Since BenQ is the multi-times bigger than the other companies in this research, the way to acquire the data from the company is without a doubt, rather complicated and difficult. First I tried to contact the marketing department because I intended to figure out the decisive factors behind two marketing targets, however, as discussed in my research, BenQ represented type one which “Both the company business and its corporate foundation get involved in sponsoring art & cultural activities.”

First Interview

Date: 26/March/2007

Time: 16h00~16h30

Interviewer: Claude Lee

Interviewee: Ms Landy Chen, Ms Yiyi Ho, and Mr. Luke Chen, BenQ Marketing Team

This interview did not go as smooth as others I did, so I will excerpt only two points from the interview with them.

Landy Chen: Meanwhile the foundation is doing nothing about art and culture sponsoring. (This is proven incorrect later I had the interview with the PR manager.)

Yiyi Ho: First, I am not authorized to give this sort of information, not to mention that I don't have full picture of it.

Second Interview

Apart from the “malfunctioning” first interview with some members from the BenQ foundation marketing team, sincere gratitude here I hold to appreciate Jennifer Chen's support and encouragement. Moreover, Jennifer has overruled the “nothing about art and culture sponsoring in BenQ foundation” remarked in the first interview. As I also mentioned the not friendly feedback I received during the first interview, Jennifer Chen first apologized for the unprofessional behaviour and explained the figures are not something I could ever acquire on my “hard work”. Two profound viewpoints about BenQ art and culture sponsoring behaviour were expressed during the interview. Here I excerpted the interview into two points.

Date: 6/April/2007

Time: 16h00~16h30

Interviewer: Claude Lee

Interviewee: Jennifer Chen, PR manager of BenQ

1. Bilateral art and culture sponsoring: The BenQ foundation is mainly dedicating to art and culture activities which are based on a long term period of sponsoring. It a way to present the corporate social responsibility, BenQ foundation is glad to see the foundation works well on nurturing the local art and culture organization and improve the living quality of people in Taiwan.
2. 15%~20% of marketing budget is dedicating to art and culture supports: In this part, BenQ is willing to see the logo, the products displayed on the events. Art and culture activities are the less risky means of marketing medium which works well on diminishing the harm that the public may direct the good will under commercial colours.

Interview with Art-time:

(Translated by Lee, Hsin-Yen)

Dear Claude Lee:

Thank you for your support to Accton. Art-time foundation was established in 2002 by Accton company.

You can visit our foundation website as for more details. Enclosed with all the events sponsored/organized by Art-time foundation in recent years. I need some more time to collect the figures you require and allow me to reply you on this issue later.

Please feel free to ask any questions,

Hsih-Meng Hsian
Art Project-Project Manager

02-8791-4054 #1339 TEL 02-8791-8807 FAX
meng_shih@accton.com.tw
Art-time : www.arttime.com.tw

After the “figure issue” being tossed around for months, I had a chance to interview the media PR of Accton.

First Interview

Date: 16/April/2007

Time: 15h00~15h30

Interviewer: Claude Lee

Interviewee: Mr. Tseng, Jia-Jun, the PR Manager of Accton

Research: Art-time is the most renowned corporate foundation which is founded by a high-tech company in Taiwan and it sustains to be the only art & culture foundation in the domain. My research intends to find out how much brand value can be increased through such an art & culture foundation.

Please kindly provide these figures about the operation of Art-time foundation:

- (1). Registered endowment
- (2). 2002~2006 annual operating budget
- (3). 2002~2006 annual operating expense

Accton: As for the registered endowment, it's about NTD 2 million. I'm not authorized to give you the annual budget and expenses, or I should say, we cannot provide figures like this.

Research: Why not?

Accton: Well, the foundation was established more or less about tax shielding, so, anything about corporate financial concerns can be touchy. I am sorry about that.

Research: Thank you for your explanation. Let's move on. What is the percentage of the sources of the endowment? 100% comes from Accton? from personal donations?

Accton: It mainly comes from the sales revenue of Accton. But we also receive supports and sponsoring in other forms from other business. There is no specific principle for managing the budget.

Research: Meanwhile I have no further questions, thank you very much.

Interview with Advantech

Date: 25/April/2007

Time: 17h00~17h20

Interviewer: Claude Lee

Interviewee: Meg Chen, Corporate Marketing

Similar to other foundations, these foundations all are making progress in sponsoring art and culture activities but not that matured enough to train or to be aware of the need to have any foundation personnel to respond PR related issues. Besides the figures for corporate brand value calculation, not much information was provided from the short interview with Advantech.

Interview with Chen Mao-Pang Culture and Education Foundation

Date: 3/May/2007

Time: 17h00~17h20

Interviewer: Claude Lee

Interviewee: Ms Lin, Senior Executive Secretary of SAMPO

Similar to other foundations, these foundations all are making progress in sponsoring art and culture activities but not that matured enough to train or to be aware of the need to have any foundation personnel to respond PR related issues. I personally think this shows a negative sign on Chen Mao-Pang Culture and Education Foundation because it is not any newly established foundation. It is one of the earliest corporate foundations in Taiwan (established in 1970). The only reason I could come up with is the distracting management. Actually there are two foundations under the supervising of SAMPO; one is Chen Mao-Pang Culture and Education Foundation and the other one is the Chen-Chang Hsio-Ju culture and education foundation. The reason this research does not cover the latter foundation is the foundation was registered as "100% of its endowment is from personal donation" which excluded itself from the principle of this research focusing on "corporate foundations". Until the time I started writing the chapter of research analysis I have not received any willingness to be interviewed by the foundation.

Interview with Chen Mao-Pang Culture and Education Foundation

Date: March~May/2007

Time: by e-mail and telephone

Interviewer: Claude Lee

Interviewee: Mr. Lee, Corporate Spokesman

Quanta foundation is classified to the type one as BenQ foundation and they both share the same characteristics as superstar high-tech companies in Taiwan and have been sponsoring art and culture activities bilaterally by the company itself and the corporate foundation. But one thing interesting was found after I had a few interviews with the employees of Quanta that the art and culture events sponsored by Quanta, apart from its corporate foundation, are under a rather complicated system. There are two major mechanisms within Quanta which are responsible for holding art and culture events; one is the marketing department, which functions similar to the marketing mechanism of BenQ and the other one is the committee of corporate welfare which is holding a big variety of activities for the employees of Quanta. Thus it

is very complicated to divide the two without a deep research on these two internal corporate mechanisms. Since they are both exclusive and confidential to the outside world (neither responsible to publish the information to the public). I had to abandon my research intention on Quanta foundation.