

FGF Studies in Small Business and Entrepreneurship

Elisa Innerhofer
Harald Pechlaner
Elena Borin *Editors*

Entrepreneurship in Culture and Creative Industries

Perspectives from Companies and
Regions

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Editors

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Introduction

Cultural and Creative Entrepreneurship as Drivers for Change and Development

Harald Pechlaner, Elisa Innerhofer, and Elena Borin

Abstract Cultural and creative industries have been recently affected by the broader economic, social and structural changes that are influencing not only the academic debate around cultural and creative industries but also their governance and management models. The aim of this book is to investigate how economic, social, and structural changes affect entrepreneurship in the cultural and creative industries through a multi-disciplinary perspective. The volume presents an interdisciplinary approach to this theme, including contributions from entrepreneurship and its management, regional and destination management and development, sociology, psychology, innovative sectors, and the creative industries. The presented contributions will focus on an analysis of individuals/entrepreneurs from the creative industries and analyses of cultural organizations, artistic initiatives, businesses, and regions and destinations. Contributions will be research-based, practice-based or a combination of both.

Keywords Culture • Creative industries • Entrepreneurship • Change • Regional development

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1 Times of Change: The Impact on Creative Industries

Defining creative industries is often context-dependent. Even if they are defined in various ways, the core of the term remains the same: creative industries are characterized by the input of creative individuals (Chaston and Sadler-Smith 2012). Creative industries are those that have their origins in individual creativity, skill, and talent. They contribute to wealth and the creation of jobs through the generation and exploitation of intellectual property (DCMS 2001). Cultural industries, as part of the creative industry, combine the creation, production, and commercialization of creative content, which is intangible and cultural in nature. These industries generally include print, publishing and multimedia, audiovisual, phonographic, and cinematographic productions as well as those dealing with crafts and design. The term “creative industries” includes a broad range of sectors and refers to architecture and advertising. The main part of the products and services consist of creative or artistic work and activities (United Nations Educational, Scientific and Cultural Organisation 2006).

It is now generally accepted that creative industries contribute to economic growth. They play an important role in spreading innovation across the wider economy through their products and services, but also through new ideas, knowledge, processes, and ways of working. Furthermore, they also contribute to social inclusion, foster the inclusion of cultural diversity, and promote sustainable human development (United Nations 2011). In addition, creative industries can enhance the social environment in a city or region (UNCTAD 2008), which seems to be even more important when one considers the ongoing migration flows. Creative industries can be described as the changing paradigm of future economic growth in highly developed countries, which no longer concentrate on manufacturing output and labor productivity, but rather expend effort on attracting human capital (Pratt 2009).

The effects of recent developments and the financial crisis on the creative industries, however, are important issues that require further investigation and theoretical reflection (Rozentale 2014). The economic, social, and structural changes and the economic and financial crisis have impacted the different sectors of the creative industry, including entrepreneurship/entrepreneurial activities in the cultural and creative fields (De Propriis 2013) and have caused management issues in coping with the slowdowns and developments (Brabazon 2015).

The economic crisis created challenges for the creative industries, especially for specific branches, such as the cultural sector. The effects of recession often hit the cultural sector first. Researchers often discuss the negative effects of reduced public financing on the industry (Pratt and Hutton 2013). Due to the heterogeneity of the creative industries, however, this is not the case for other creative sectors, such as for the information and communications sector, which mostly operates independently and without public financing and subsidies (Pratt and Hutton 2013; Reid et al. 2010).

According to the Creative Economy Report 2010, the creative industries have, in general, been more resilient to the global economic crisis than other, mainly traditional manufacturing industries (United Nations 2011). One reason for the resilience of the CCIs in turbulent times may relate to their capacity to form specific production areas, or so-called clusters. Clusters are considered a governance tool that can potentially foster the development of creative industries through information spillovers,

knowledge sharing, interactions, and the necessary infrastructure (Musterd and Murie 2010). The resilience of creative industries is also a result of their interdependent relationship with non-creative, traditional businesses. Creative industries providing services to traditional businesses are generally less resilient than those providing their goods and services to the final consumer (Pratt and Hutton 2013).

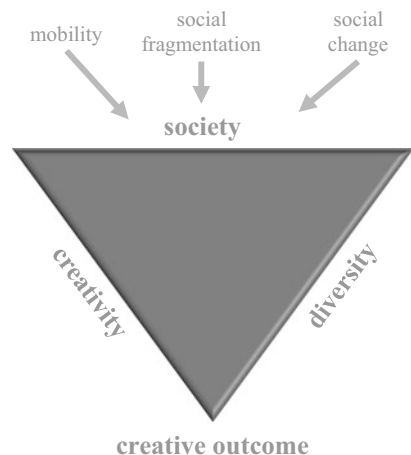
Furthermore, the landscape of increased connectivity, complexity, and growth, based on continued digitization, influences and changes creative industries. This could be interpreted as both a challenge and an opportunity for new business models within the creative sectors. Innovation in the creative is are driven by an intricate relationship between content and technology and by the collaboration of artists and scientists (Technology Strategy Board 2013).

The creative industries are not just influenced by changes, however; they also induce changes, including via working practices, for example. According to Florida (2002), “artists, musicians, professors and scientists have always set their own hours, dressed in relaxed and casual clothes and worked in stimulating environments.” They strive to work more independently, give up job security for autonomy, and express their identities through work. Florida (2002) maintains that with the rise of the creative class, this way of working has moved from the margins and become mainstream, economically speaking. These developments also induce organizational changes. Traditional hierarchical systems of control are replaced with new forms of self-management, peer-recognition and pressure, and intrinsic forms of motivation.

Because of the positive impacts of creative industries on growth and development, they are an important target group for city, regional and destination development. According to Florida (2002), creative industries are developing in cities that fulfill certain social aspects and have a social image. Creativity is also linked to a plural vision of society in times of increased mobility and social fragmentation. The growing diversity of postmodern societies is also seen as a creative resource (Fig. 1) (Richards and Wilson 2007).

This diversity and multiplicity of stakeholders has led academics and professionals to reflect on the way cultural and creative industries are interpreted. Culture should be

Fig. 1 The relationship between society, creativity, and diversity. Source: Own illustration

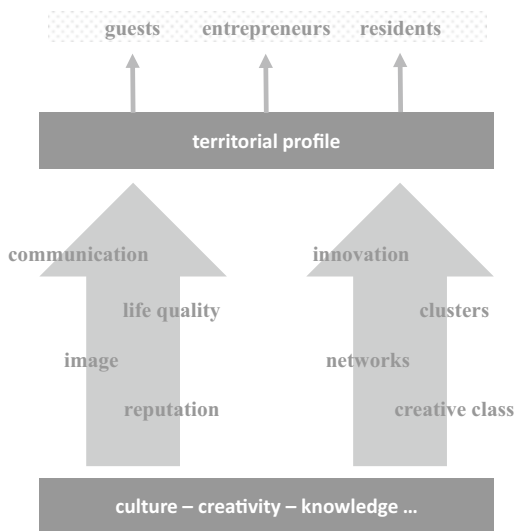


interpreted as an ecology rather than as an economy (Holden 2015), and debate on the need for new governance systems and management models based on cultural identity at the territorial level has increased (Bonet and Donato 2011). In particular, the criteria for designing and enhancing cultural ecosystems (Borin and Donato 2015) have developed from the long-standing experience of creative clusters and districts and trans-sectoral networks and multi-stakeholder partnerships have been identified as potential models to enhance the cultural and creative sector (Borin 2015).

As such, some similarities may be observed when analyzing the locational factors important for the attraction of the creative industries and for a region as a location for companies and entrepreneurs and as a destination for tourists. Knowledge, innovation, and creativity are considered central facilitators of a region's competitiveness (Floeting 2007). In recent years, urban policy developers and regional development agencies have paid increasing attention to the soft infrastructure and soft locational factors of cities and regions (Pechlaner and Bachinger 2010). According to Landry (2008), soft infrastructure refers to the various types of social interaction, facilitated by informal institutions, which enable the generation of new ideas. Soft infrastructure or soft locational factors mainly include intangible aspects, such as quality of life, urban/rural atmospheres, the level of diversity of the population, tolerance, networking quality, the existence of sector-specific networks (e.g. industrial networks or creative clusters), and the image or reputation of a city or region (Pechlaner and Bachinger 2010). These locational factors attract not only the creative class but also visitors and guests (Fig. 2). As such, arts, cultural heritage, and cultural and as creative initiatives are the basis for the successful development of cultural tourism (Pechlaner et al. 2009).

Why have the creative industries and creativity become such important aspects of territorial development strategies? What are the challenges for creative industries in terms of business models, financing, and interaction with the broader territorial ecosystem? The contributions in this volume will address these questions, analyzing

Fig. 2 Creativity as a resource for a territorial profile. Source: Own illustration based on Lange et al. (2009)



and discussing the links between creative industries and tourism and destination development and creative industries' development with regard to emerging models of governance and management and their interaction with their territorial ecosystem.

2 About the Book: Content and Organization

The volume uses an interdisciplinary approach and includes contributions from entrepreneurship and management, regional and destination management and development, sociology, psychology, innovative sectors, and the creative industries. The papers focus on analyzing individuals/entrepreneurs from creative industries, and further analyses of cultural organizations, artistic initiatives, businesses, and regions and destinations. A wide range of examples taken from various countries explore the interface between tourism and creativity, between regions, rural areas and creative spaces, and between cultural and creative clusters. The relationship between individual and collective creativity is also discussed.

The main objectives of the book are threefold. First, it should help to contribute insight concerning changes at the management and governance levels in the creative and cultural enterprises. Second, the volume aims to discuss the impacts of economic, social, and structural changes on cultural entrepreneurship. Third, the role of cultural entrepreneurship in regional and destination management and development should be investigated by presenting best practice examples. Furthermore, the volume should provide a platform to address problems and challenges and to initiate discussions on selected issues concerning cultural entrepreneurship and its connection to tourism as well as to business, organizational and regional development.

The book includes articles investigating cultural entrepreneurship on a corporate level, i.e. within companies and firms, as well as on a spatial level, or in regions and destinations. Contributions are research-based, practice-based or are the result of a combination of both. The primary audience of the book includes professors and academics as well as researchers interested in the fields of entrepreneurship, cultural management, creative industries, and regional and destination development. The book targets academics and researchers in the field of tourism management, regional management, and business management and creates awareness of the importance of creative industries, the arts, and culture for the innovativeness and success of businesses, organizations and regions. The goal is to give insight into how entrepreneurship can be integrated within the development of creative practices.

2.1 Structure of the Book

The book is divided into three parts. Part I focuses on cultural and creative industries and their business strategies. On the basis of theoretical frameworks presented in each chapter, the authors present examples of how creative and cultural industries

may be combined with business and organizational issues to compete in dynamic markets. Artico and Tamma focus on the collaborative potential of culture and business and provide insight into companies that place culture at their core. The following two chapters focus on financial issues related to creative industries. In Chap. 2, Konrad focuses on start-up activities within creative industries and gives an overview of their finance behavior and financing structures. Borin, Sinapi, and Donato argue that financing structures are keys to success within the cultural and creative field and investigate access to bank financing for SMEs (small and medium-sized enterprises) in the cultural and creative sector. Chapter 4 (Borghoff) is based on a case study analysis. The author outlines entrepreneurial storytelling in project and organizational development. Lange (Chap. 5) highlights professional careers within the various sectors of the creative industries by analyzing how entrepreneurs deal with the paradox between individual professionalization and dependence on social contexts and professional scenes. Schulte-Holthaus presents comprehensive research on literature dealing with entrepreneurship within the creative industries.

Part II explores the potential of cultural and creative industries to promote change and influence development. Kiitsak-Prikk, Kuznetsova-Bogdanovits and Ranczakowska-Ljutjuk's contribution focuses on the entrepreneurial education offered to students in the creative fields on the basis of their study not only of institutions of higher education but also of the broader ecosystem of the Cultural and Creative Industry (CCI) in Estonia. In the following chapter, Birnkraut reflects on the relationship between social and cultural entrepreneurship. In their contribution, Kooyman and Goldberg-Miller discuss the international policy community's shift in perception regarding the creative sector, in which it was no longer viewed as a mere cultural resource, but rather as an economic engine. Petrova addresses entrepreneurship in the cultural and creative sector, with reference to its spillovers. Srakar and Vecco investigate the connection between regional development and the performance of cultural firms in Europe, while Pechlaner and Innerhofer reflect on the culture and CCIs in regional innovation systems.

Part III aims at providing insight into the link between CCIs and regional development in the framework of tourism and destination governance and management. Papers will analyze case studies focusing on, for example, cultural entrepreneurship and rural development in Serbia (Mikic) and street art as a tool for village rebranding and as a means to enhance a sense of community belonging in Spain (Currás and Escriva). Stakeholder perspectives and multi-stakeholder management and governance are also addressed with respect to the greater region of Stuttgart (Eisenbeis) and within a World Heritage Site in Italy (Crisci, Gon and Cicero). Stefanovic's paper focuses on defining the main characteristics, challenges, and prospects for entrepreneurship in the cultural and creative sector within a metropolitan area. Papathanasiou-Zuhrt, di Russo, and Kutsikos explore innovation of business models within experience-driven business ecosystems that focus on adaptive reuse of cultural heritage. In the last chapter, Schieb-Bienfait, Saives, and Charles-Pauvers address cultural quarters and the creative clustering process.

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Part I
Combining Creative Industries
and Business Issues

Culture-Based Products: Integrating Cultural and Commercial Strategies

Chiara Isadora Artico and Michele Tamma

Abstract Today it is customary to speak of the collaborative potential of culture and business to achieve benefits in one's cultural and professional lives. Making sense of the involvement of culture in firms, however, requires a better understanding of the link between cultural practices and projects and the development of business models. This paper focuses on companies that place culture at the core of their respective production practices and business models, with particular reference to those offering *culture-based products*. For these kinds of products, the creation, preservation, enhancement and transmission of a specific culture all play vital roles in embedding particular aesthetic and symbolic content in their unique consumption experiences. In order to explore the integration of cultural and commercial strategies that *culture-based products* seem to drive, we propose an early study through the investigation of a set of brands competing in the same field.

Keywords Commercial and cultural strategies • Culture-based products • Cultural activities • Retail • Luxury perfumery industry

1 Introduction

Today it is customary to speak of the collaborative potential of culture and business to achieve benefits in one's cultural and professional lives. It is increasingly claimed that culture is crucial for social and economic development and that economic benefits are broader than those relating merely to the production and consumption of cultural goods, since culture can support creativity and foster innovation in other sectors. Not everything is, however, so simple. On the one hand, there is debate concerning the risk of the commodification and poor protection of culture and cultural heritage, as well as on the sustainability of cultural policies in a time of public funding shortages. On the other hand, it has been argued that public and private investment in culture is able to generate economic and social

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benefits almost “automatically.” Concerning public policies, well-known issues arise on how to allocate funds and resources, how to measure outcomes, and how to promote the participation and engagement of citizens and for-profit and non-profit organizations (entrepreneurs) acting individually or collectively. As concerns the private sector, especially enterprises, the question is *if, to what extent, and how* to respond to this “call” for more engagement in art and culture. Beyond philanthropy, could companies also be motivated by business logic?

Making sense of the involvement of culture in business—beyond patronage and sponsorship—requires a better understanding of the link between cultural practices and projects and the development of business models. As noted by Comunian (2009, 203), much research in the field has insufficiently investigated “how arts and culture can be integrated in the products and become a source of added value in the production chain.”

The focus of this paper is on those **companies that place culture at the core of their respective business models and product selections**, with particular reference to those offering *culture-based products*. For these kinds of products, the creation, preservation, enhancement and transmission of a specific culture all play vital roles in embedding particular aesthetic and symbolic content in the unique cultural consumption experiences that they offer (Moreno et al. 2004; Cinti 2007; Sedita 2009; Tamma 2010). Starting from the inspiring example of *The Merchant of Venice*, a luxury perfume brand recently launched by Mavive S.p.A.—a Venetian company heavily committed to numerous cultural and artistic activities—and also considering a set of brands competing in the same field, the present exploratory research aims at investigating the extent to which these companies integrate cultural and commercial aspects in their strategy and whether and how these tend to influence their business model configurations.

2 Theoretical Background

“Today, more than ever, products determine their own market presence not only through their [functional] attributes but also through the meanings that they assume, the dialogue that they establish with the user and also the symbolic value that they exude” (Dell’Era 2010, 72). Consumers increasingly make brand choices on the basis of aesthetic and symbolic content, as well as user interface and their own experiences. This trend has accentuated the importance for companies to embed distinct values and meanings in their business organization and product portfolio and to appropriately communicate such values and meanings to consumers (Manniche and Testa 2010, 264).

It has been increasingly recognized that this type of innovation can benefit from the content, information and creative ideas that the cultural sector can provide (KEA 2009), thus the need for businesses to invest in culture and to build relationships within the cultural sphere, including artists and arts organizations (Comunian 2009, 37).

Private investment in culture is far from new. Forms of patronage and sponsorship have long supported arts and culture. However, corporate sponsorship has been considered mostly in terms of marketing objectives, as a means for brand promotion, and as an opportunity to strengthen corporate image or change the public perception of a company. In this sense, “the collaboration with the arts is seen as an add-on, ex-post, that simply expands the market possibility of the products” (Comunian 2009, 203). A company’s engagement in arts and culture, however, can be more far-reaching. Instead of being viewed as a simple “add-on,” it can be considered a powerful engine for the innovation of product and process.

The increase in the number of programs for art-in-business and artful learning testify to a growing interest in the use and effects of art and methods of creating art in various organizational contexts (Darsø 2005). Schnugg (2014) considers the many possibilities of bringing the arts into organizations: arts-based interventions take various forms in terms of how they are realized and how they influence organizations and their actors.

Relationships with artists and cultural organizations (as interpreters of present and future trends, tastes, languages, and lifestyles) can provide creative ideas for product innovations. Such a “strategy aims at radically changing the emotional and symbolic content of products (i.e. their meanings and languages) through a deep understanding of broader changes in society, culture, and technology [. . .]. Instead of being pulled by user requirements [*user-centered design*], *design-driven innovation* is pushed by a firm’s vision about possible new product meanings and languages that could diffuse in society” (Verganti 2008).

Cultural heritage, at the local and national level, can also provide content, meaning, and know-how with which to confer identity and authenticity to product offerings: “The transformation of traditional knowledge into creative goods and services reflects something significant about the cultural values of the country and its people” (UNCTAD 2008). The increasing impact of *Country-of-origin* and *made-in* labels is well known by practitioners and scholars (see Bertoli and Resciniti 2013). There is no doubt that a product’s place of origin, like its price or brand, can positively or negatively affect the attitudes and behavior of consumers (Bilkey and Nes 1982; Papadopoulos and Heslop 2002; Kaynak and Cavusgil 1983), though the effect on its perception tends to be more influential among shoppers of specialty goods than among shoppers of convenience goods (Eroglu et al. 2003; Liefeld 1993).

Symbolic content and cultural meaning, however, can be difficult to communicate consistently outside of specific social and geographic contexts when references to culture and local distinctions are missing; therefore, firms face the need to communicate and stage experiences (Carù and Cova 2007) to recreate context: “Products can create experiential value for customers, but the process of purchasing them can also be experiential in nature” (Candi et al. 2013, 282). The choice of distribution location, as well as the creation of a particular context of experience inside the place of sale (shops, stores, corners and outlets) can promote the product’s origin, the perception of the cultural content of goods and services, and the identity of the producer (Vescovi 2013). In addition, it has become crucial to

offer a shopping experience full of perceptual stimuli and emotional elements. In the literature that identifies the store as a key element in the transfer of feelings and emotions (Holbrook and Hirschman 1982), the role of the point-of-sale, of its layout, architecture and atmosphere, is widely acknowledged (Checchinato and Hu 2013).

The commitment of companies to arts, culture, and cooperation with cultural organizations can be considered not only as a method with which to develop and communicate an innovative and distinctive selection of products, but also as a strategy to maintain and cultivate a rich environment of unique and valuable resources. With their conservation, regeneration and use of culture and cultural heritage, companies can create both economic and social value. We refer to the concept of “shared value” defined by Porter and Kramer (2011, 66): “as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.” The more tightly corporate philanthropy is aligned with core business strategies, the more the long-term competitiveness of the company will benefit through enhancing the cultural context of products and their production.

Various aspects and connections between firms, arts and culture have been well investigated by scholars. The integration of commercial and cultural strategies, however, especially in the case of firms that place a heavy emphasis on culture and creativity, appears as yet insufficiently developed. In this article, we contribute to the development of a theoretical framework to describe and interpret culture-based business with an explorative multiple case study that highlights relevant aspects of the studied businesses’ cultural and commercial strategies and business model configurations.

3 Methods and Cases

The present work is based on a multiple case study. The qualitative research design was motivated by the lack of an existing theoretical framework to deepen the integration of commercial and cultural strategies in culture-based business, and so by the need to uncover and better understand relevant aspects and concepts in this area. In order for an “organization study to fulfill its potential for description, explanation, and prescription, it is first necessary to discover relevant concepts for the purpose of theory building that can guide the creation and validation of constructs” (Gioia et al. 2013, 16).

The cases studied involve business firms operating in the luxury perfume industry whose products are recognized as “historic” and potentially competitive by virtue of their history, identity, and cultural meaning. This quickly expanding industry, though not new, is now highly international and characterized by selective distribution channels. There is also significant interest in the field of luxury perfume by the European Commission, which has identified three luxury products around which to build European cultural tourism routes in the next 7 years: chocolate,

jewelry and perfume. The perfume sector is characterized by frequent launches of new lines (of which roughly 500 per year occur in men's fragrances alone) capable of generating much of a company's time and investment and producing most of its profits. Most of the industry's energy is geared toward creating and launching new proposals in a continuous cycle, with significant effort spent on advertising and communication. The fragrance market is thus presented as highly reactive, straining endlessly to create new "experiences" and products, often through the use of replication and prepackaged formats.

The first case selected was *The Merchant of Venice* by Mavive S.p.A. The time data were collected, the company, in partnership with the Fondazione Musei Civici di Venezia, was cooperating to establish the perfume section in the Museo Palazzo Mocenigo while also developing a line of fragrances inspired by Mavive's historic and technical research into the ancient tradition of Venetian *perfume art*. This case study was conducted over the course of more than 1 year, with researchers having access to managerial and operational processes, mainly in the company's headquarters, in its renovated Venetian historical stores, and in the museum with which Mavive collaborates. Besides participant observation (on average 3 days per week) other data sources were used: interviews, documents, websites, etc.

After roughly half a year, the first evidence led us to consider three strategic levels of action: (a) the product (the value proposition); (b) the distribution and management of retail outlets; and (c) the company's organization and participation in cultural projects and events. While completing the study of the first case, we began our comparative study of other cases.

The cases investigated were chosen according to the high quality of their products, their orientation toward niche markets, and the capacity of their producers to recognize cultural activities as strategic tools for their development and advancement. The selected cases included the *Collection Imperial* by Rancè (Milan), the *Scents of New York* thematic line by Bond n°9 (New York), Durance's and Galimard's lines based on traditional Grignan and Grasse recipes (France), and the master perfumery collection by Molinard (Grasse). All of these companies have been particularly successful in focusing their products' concepts on the historical or contemporary *leitmotif* of their respective territories and are now active in several cultural activities. For these brands, data were collected from different sources, including analyzing a total of 24.50 h of recorded interviews, the companies' respective websites and social media, their advertising campaigns and press reviews, and from direct experience of the products, flagship stores, exhibition stands, and cultural activities of the firms involved (except Bond n°9 as regards direct experience). The interviews were conducted, first, in an anecdotal way, where managers freely discussed their cultural and commercial strategies, and were later followed by a structured interview, where managers were led to analyze the actions and activities linked to the three previously identified strategic levels of action, including their connections and their impact.

4 Findings

The following section proposes a comparison of the cases studied, giving an overview of the primary evidence that emerged (see Table 1).

Companies make use of different strategies to infuse their products with symbolic and cultural meaning. *Mavive*, for example, has focused its recent commercial strategy on the launch of a new brand, *The Merchant of Venice*, a luxury line that offers an assortment of exclusive *Eau de Parfum* and *Eau de Toilette*, along with body care and household products and accessories. The brand draws attention to the timeless role of Venice in the history of the art of perfume making. The line is inspired by the ancient Venetian maritime trade routes that covered an expansive area from Asia to Africa and from Europe as far as the northern seas. The “olfactory concept” of each *Eau de Parfum* is inspired by the raw material and aromas of one of the specific maritime trades. The identity of each product is also enhanced by the integration of one of the most representative and ancient arts in the history of Venice—Murano glass production—used by the company as inspiration for the packaging of its precious *eau de parfum*.¹ Other elements testify to and signal the place of the product’s origin, from the Burano lace that closes the bottle, the iconography of the bottle itself (specific signs and details chosen as decoration), and the color tones of the packaging. These symbolic elements, embodying the knowledge and achievements typical of Venetian history, clearly communicate the image of Venice in its age of maximum beauty and imperial grandeur.

Rancè, a company founded in France in 1795 and today completely Italian (based in Milan), created a line of perfumes—the *Collection Imperial*—inspired by members of Napoleon Bonaparte’s family. A member of that family, Françoise Rancè, founded the *maison*, serving as official “royal warrant” and trusted master perfumer. Today, 220 years later, the new generation leading the company insists on the cultural value of the product’s ancestry, connecting that value to an historical, rather than territorial, source. Each *Eau de Parfume* is modeled on a female member of one of the most studied and celebrated families in history. The olfactory concept underlying the construction of fragrances evokes the personalities of these historical figures: “*Let’s sniff Elise*,” says the manager of the international trade department; “*Elise was the younger sister of Napoleon, and this is a scent that smells extremely actual: it talks about an independent woman, courageous, certain of what she wants from her life, as did Elise. [. . .] This other, Hortense, is instead a perfume which describes an intelligent woman, intellectual, as the other Napoleon’s sister. [. . .] these all are very important values in the world today, they provide guidance in contemporary times.*” With this strategy, the firm focuses particularly

¹Unfortunately, Murano glass cannot be used for perfume bottles due to functional reasons. *Mavive* has thus invested heavily in research to patent a method of glass processing able to replicate the beauty of Murano glass while at the same time being practical for use as a container for perfume.

Table 1 Three levels of strategy action: synthesis

	Mavive	Rance'	Molinar	Galimard	Durance	Bond N°9
<i>First level—product/concept</i>						
Ancient/traditional recipes of the territory; elements of the territorial brand	***	***	**	**	***	**
Connections to past historical events and characters	**	***	*	—	—	—
Intrinsic cultural features of product design (materials, shapes, colors, textures, images and iconographies)	***	**	*	*	*	**
Extrinsic cultural features of product design (such as verbal references to culture, history, heritage, local traditions)	**	**	**	*	**	*
<i>Second level—distribution and management of retail outlets</i>						
Monobrand dedicated points of sale located in historical or artistic neighborhood of the city of origin	***	*	*	*	*	***
Monobrand dedicated points of sale located in historical or artistic neighborhood of other cities	*	—	—	—	—	—
Explicit references to a specific cultural/artistic heritage (images, videos and photos of castles, heritage sites, presence of artworks in the showroom)	***	***	*	*	***	***
Implicit references to a specific cultural/artistic heritage (decor, iconographies, materials and furnitures used)	***	**	**	*	*	***
Creation of a cultural/creative/artistic atmosphere through sensoriality (light, sounds, smell, touch, rituals)	**	**	—	—	—	**
Agreements with museums, bookshops	yes	yes	no	no	no	no
<i>Third level—cultural projects and events</i>						
Museum/exhibition in the old factories	no	yes	yes	yes	yes	no

(continued)

Table 1 (continued)

	Mavive	Rancè'	Molinard	Galimard	Durance	Bond N°9
Museum/exhibition in cooperation with public cultural institutions	yes	yes	no	no	no	no
Professionalism, complexity and accuracy of the narrative paths	***	**	*	*	*	—
Cooperation with other local cultural activities and institutions, such as theatres, festivals, etc. (beyond mere sponsorship)	***	***	—	—	**	**
Educational and creative laboratories directly managed	yes	yes	yes	yes	no	no
Support to research and publishing	*	*	—	—	**	*

Key: Intensity from – to ***

on the conceptual elements of the product, evoking both a history connected to the company's origins and offering an olfactory bouquet for the Bonaparte women based on the ancient formulation invented by Françoise Rancè. The product has been renewed in a contemporary and innovative way, thanks to the regeneration of the original formula. In comparison with the case of *The Merchant of Venice*, Rancè devotes less attention to elements such as the shape, color, packaging, and iconography of the bottle itself.

Bond No. 9 offers a perfume line, *Scents of New York*, that bases each fragrance in the collection on a particular neighborhood of New York city: "More than selling a perfume," says the international trainer of the company, "it is similar to selling a piece of New York city, with its neighborhoods so colorful and scented, different from each other. The city has many souls; each neighborhood is distinguished by a different character, and a different set of odors in the fragrances. One of the goals of our line is to be able to capture the souls of neighborhoods, marking a kind of olfactory footprint, and describing their specific characters and imaginary." *Bond No. 9's* collection, therefore, offers strong cultural characteristics: not only does the name of the line express the link with the different cultures of the city very clearly, but also the name of the company itself, referring to its headquarters in Soho, openly celebrates the incorporation of cultural qualities. The conceptual element is clear: in this case, the company focuses on the relationship with the urban landscape and the contemporary cultures of various urban districts rather than on the city's past.

Molinard focuses on the co-existence of a luxury line dedicated to the artistic perfumery tradition of the floral district and high-end products such as soap and lotions crafted along the lines of traditional cultivation. For Durance and Galimard, on the other hand, importance is given to the enhancement of the perfumery

traditions of the territory, without the presence of a strong reference point (such as a line or a single product provided with intensive cultural/artistic features).

Evidence suggests that, with regard to the first level, strategies are formed through the process of attributing cultural meanings connected to the arts, identity, history, and traditions of a particular area or community to the value proposition. These processes depend strongly on the ability to translate and communicate the product's meanings in a rich, innovative and evocative way. The "essence" of the place of origin, as well as the artistic and historical content, can be embedded in the product and be conveyed through: (a) the conceptual (the meanings on which the product is based and developed); (b) the intrinsic (factors that deal with the sensory and physical aspects of the product such as materials, shapes, colors, texture, weight and dimensions—Amoruso 2010) or; (c) the extrinsic (mainly verbal, such as the product name and the information, instructions, and/or stories included on the product's packaging).

All the companies considered in this study adopt a multi-channel distribution, each with a clear tendency toward identifying symbolic locations for their selling points. Some decide to distribute perfume mainly in museums and/or with stores located in sites of historical importance. *Durance*, *Molinard* and *Galimard*, for example—companies whose product concepts are based on the use of recipes and traditional herbs from their respective territories of origin—built their flagship stores in their own renovated nineteenth-century factories. *Rancè* has an agreement with a major circuit of national museums and castles in France, creating a direct connection between historical heritage and their product line. In this way, *Rancè* perfumes become almost part of a visit to one of France's museums. Other companies decided to strengthen their products' cultural meanings by locating their stores in historical or artistic cities and neighborhoods. *Mavive*, for example, capitalized on its Venetian location by situating their flagship stores in renovated apothecary shops of the seventeenth and eighteenth centuries, characterizing their direct points-of-sale through monumentality, specific aesthetic properties, and plenty of control. The flagship stores of *Bond n° 9* are located in the West Village and Midtown Manhattan, recalling the Pop Art movement that unfolded in these areas. The location and interior design and furniture of these points of sale recall the opening of Claes Oldenburg's designer boutique "The Store" and Andy Warhol's studio the "Factory" roughly 50 years earlier not far from their current location. Spacious, colorful, and modeled after Manhattan's typically elongated interiors, the retail format of *Bond n° 9* welcomes the buyer into a space full of an energetic, dynamic mix of shapes and colors, which are also reflected on the perfume bottles. *Mavive* decided to situate their flagship stores in historic and renovated apothecary shops of the 1600s and 1700s. These direct points of sale are characterized by monumentality, plenty of control, and specific aesthetic qualities, given the historical nature of the spaces.

With regard to the second level, the choice of distribution channels and locations creates a vector for the enhancement of brands and products and their cultural identities. Points of sale located in historical cities and sites and various selling environments, such as flagship stores, showrooms, or special brand corners, are

aimed at creating appropriate contexts for the experience of the product's "culture." These contexts also relate to the ability to manage the layout and atmosphere of the places of sale. Of importance in this regard are various sensory elements such as decor, color, furnishing, light design, and smell, as well as the verbal competencies of salespeople, who can be more or less trained in the appropriate narrative that can be captured on videos and panels as direct messages to the customer.

The companies' participation in cultural projects and events is multifaceted. Almost all of the companies included in this study choose to engage in cultural activities, not only in terms of product development and marketing, but also—and often explicitly—in order to enhance the visibility of their own processes and commercial territory, thereby preserving their respective cultural associations. (*Mavive*, *Durance* and *Molinard*, for example, openly declared this intention.) *Mavive* organizes various cultural activities and engages in very different cultural enterprises, the first of which was the creation of a Perfume Museum in collaboration with the Municipal Museums Foundation of the city of Venice. The museum—which actively contributes to the preservation and regeneration of a specific cultural heritage, both tangible and intangible—presents the history of perfume in Venice in an interactive way, by creating numerous sensory stations, reconstructing a replica of an historic perfume laboratory, and exhibiting valuable artifacts such as ancient books and bottles. The company is also strongly committed to enhancing the vitality of this museum by organizing workshops, family games, seminars and conferences that continuously attract new audiences.

Durance, a French firm founded beside the Castle of Grignan, not only restored and turned the old factory into a museum, but also decided to participate in the *Festival de la Correspondence* held in Grignan: "We decided to collaborate because Grignan is a small municipality, which has only two excellences: Madame de Sevigner, and the fact that it was the historic theater for the growing of fragrant flowers and herbs, which over the centuries has given rise to various activities of artistic perfumery," says the sales manager, stressing the company's strong bond with its territory of origin and its traditions.

Galimard and *Molinard* decided to restore their original factories and open private museums. In addition to these cultural structures, both companies undertook corporate cultural activities to promote educational activities. Working with tourist information points, each created private "Ateliers des Parfumes" in which tourists and curious visitors can learn the art of perfume making by master perfumers. Now priced services in their own right, these activities have become true, self-sustaining business units that can generate economic value for both companies: "First of all, these cultural activities are important for the image of the brand," says the coordinator of cultural activities and of *Molinard's* Atelier Des Parfums; "it means providing a full service: not only to propose the perfumes, but also explain how they are made through a pedagogical approach [...] The "cultural" in our products is the territory. We are the only company of Grasse which has been recognized by the government as 'patrimoine vivant.'"

Rancè's commitment to cultural engagement is focused on the management of the family's archive and a small private company museum it makes available by

reservation only. These cultural activities rise to the level of important business tools when buyers, new suppliers and new potential customers visit the company and witness the historical foundation on which the brand has established its cultural strategy. Moreover, for the bicentennial celebration of the death of Joséphine Bonaparte, Rancè collaborated with the Castle of Rueil-Malmaison on events marked in the calendar of the year of celebration. The company's participation in the cycle of cultural events associated with Bonaparte, together with its participation in another round of events for the Imperial Jubilee on the island of Elba, produced, according to the manager, a strong quantitative and qualitative impact on the "image and reputation of the company, but especially on the sale of products in the Imperial Collection."

Bond N°9 is committed to financing and enhancing the famous New York Green Line, an expression of contemporary culture and urban life style.

With regard to the third level, cultural initiatives and projects seem to represent an opportunity to strengthen the cultural content of the brand and to better communicate the symbolic/aesthetic value of the product. These activities, all linked to the brand's core values, may concern promoting and organizing performing arts, organizing exhibitions and guided tours, publishing, or conducting workshops and laboratories open to customers. These initiatives can be carried out directly by the company (such as through the creation of corporate museums, which are strongly oriented to telling the story of the firm and its specific production processes) or held in collaboration with actors and organizations belonging to the world of arts and culture (such as museums, galleries, theaters, festivals, curators and artists).

5 Conclusions: Direction for Future Research

This initial empirical evidence leads us to conclude that *a product strongly characterized by a mix of symbolic features and imbued with cultural, utilitarian and functional values, depends on specific cultural actions to be communicated and sold*. All of the companies producing culture-based perfume interviewed for this study declare tangible commercial benefits from their promotion of the cultural aspects of their products, which they highlight by linking them to specific cultural elements in their stores and through their participation in cultural initiatives. We can also conclude that *the companies demonstrate the use of all the cultural and commercial strategies—at the three levels of action—outlined in this study*, even if they do so *to different degrees*. Every day, the companies increase their level of awareness concerning the role of cultural engagement, declaring their desire to continue their investment in the cultural field. While these elements appear to influence the strategies of these companies, other broader implications of the investigation are still deserving of attention. None of the managers interviewed, for example, raised the issue of the consumers' perception of the companies' participation in cultural activities or on the formats or impacts of the various distribution sites. Likewise, none of the companies claimed to be engaged in trying

to strengthen the connection between the three levels of action; instead, they seemed to conceive each as an independent strategy. In this regard, the companies' investment in cultural activities and awareness of specific cultural processes seem to have room to fully mature. Another issue for companies to address is redundancy. The desire of Rancè is to relieve its stores from their intrinsic historical elements for fear of over-emphasis: "communicating the cultural value of our brand and products is very important for us," says the manager, "but now we have the opposite problem: a heavy wealth of history, or perhaps an historical value recounted too vehemently, put at risk our product to be perceived like old-style. There is a perceptive risk, for us, in being culture-based: the historical and cultural element could dull the perception of the clients on the consumer product itself." Another important issue that emerges for companies relates to authenticity: "In the world of the perfumery niche, some try to force a cultural and historical identity they have not... if the past does not exist, it is better to focus on other things, not on fabrications and exaggerations," says the manager of Rancè.

This research is limited, as it has only treated a discrete number of cases; for future investigations, it will be important to increase both the size and the richness of the data. Methodologically, it will be valuable to interview a larger number of managers and coordinators in various capacities within a given company in order to collect more nuanced interpretations of the same phenomena.

Furthermore, the current study does not consider the online distribution and promotion of products, a dimension that deserves further investigation. The current research also focuses on a single sector (the perfume industry). Future research should expand the field to other areas and other culture-based products while, as noted, investigating consumer perceptions at the same time.

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Entrepreneurial Behavior and Financing Structures in the German Creative Industries

A Survey of Start-Ups and Young Growing Firms

Elmar D. Konrad

Abstract In Germany, the cultural and creative industries belong to the highest start-up and self-employment orientated sectors and are currently strongly characterized by new market entrants. The object of the chapter is to give a very detailed overview of finance behavior and financing structures of start-ups, in particular of young growth-oriented and established firms in creative industries, based on a very high sampled empirical data study in Germany. By linking the applied research areas of cultural entrepreneurship and start-up financing, it should also provide an understanding of entrepreneurial success in terms of individualized financing structure and its critical factors. Furthermore, in this context, an extended base model can be developed to substantiate theoretical frameworks for the identification and evaluation of factors supporting the success of the financial structures of start-ups within the cultural and creative industries. The discussion of the results will be integrated into concrete implications and recommendations for activities or guidelines for cultural entrepreneurs and financing actors and for a regulatory policy to promote the cultural and creative industry sector.

Keywords Cultural and creative entrepreneurs • Lecturers for business planning in arts and creative sector • Foundation consultants and actors of regional economic policy

1 Introducing the Issue

The cultural and creative industries became a field of scientific interest in the last 15 years in Europe especially in Germany (Fesel and Söndermann 2007). Therefore the economic and business-management research is relatively new and is primarily driven by institutions (Flew and Cunningham 2010). Qualitative and quantitative research has been in this context conducted in addition to numerous conference

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papers, discussion papers and country reports (United Nations 2010; European Commission 2012). Especially the German research about the creative industries has the focus on the national and regional economy. A great many of regional science articles refer to definitional and economic issues and here particularly based on established companies in the eleven branches of the cultural and creative industries (Fesel and Söndermann 2007). Research on the funding issue, considering the specific characteristics of enterprises of the cultural and creative industries on the one side and cultural and creative entrepreneurs on the other side, is especially scarce but more and more on the scientific agenda (Hausmann and Heinze 2014). In addition, data and research results on specific factors of critical resources in business and managerial research is missing, especially in entrepreneurial research such as financial means within the formation and post-formation phase (Denis 2004). But in comparison to other economic sectors it is precisely that just these areas in the creative industries have been incurred differences. Especially regarding to industry branches, local and specific individual characteristics the contributonal input to already existing financial theories are therefore lacking (Kebir and Crevoisier 2008). That means in consequence there is an underfunding, which evokes founding barriers as well as obstacles to growth (Myers and Majluf 1984).

2 Theoretical Framework and Literature Review

2.1 *Characteristics of the Cultural and Creative Industries*

The cultural and creative industry is subdivided per definition in eleven specialized sub-sectors. These eleven sub-branches are characterized by a very high level of fragmentation, heterogeneity and economic value-added division (Fraser and Lomax 2011). In Germany the cultural and creative industry (so-called “Kultur- und Kreativwirtschaft”) consists also of these eleven sub-sections according to the standard guidelines of the Minister of Economic Affairs State Conference of 2009 which are based on the Committee of Enquiry “Kultur in Deutschland” (Culture in Germany) of 2008 (Deutscher Bundestag 2007). Sometimes they include a twelfth sub-sector, which contains all not clear assignable and classifiable creative businesses (Söndermann et al. 2009).

After the Deutscher Bundestag (2007) these sub-sectors include preponderant profit-orientated enterprises, firms, businesses and freelancers which have their focus on the creation, production, distribution and medial extension of cultural or creative commodities or services.

The first nine sub-areas are related in the framework of these definitions to the branches of arts and cultural respectively arts trade (see Fig. 1). Accordingly, the sub-sectors 10 and 11 are dedicated the pure creative industries (see Gnad et al. 2016). All entrepreneurial activities in cultural and creative industries which can

1. music industries	2. literature and book market	3. art market
4. film industry	5. radio and television broadcasting market	6. performing arts market
7. design market	8. market for architecture	9. press market
10. advertising market	11. software and games industry	12. others

Fig. 1 The definitions of the 11 (respectively 12) sub-sectors in the cultural and creative industries at the German federal and Federal State levels (after Söndermann et al. 2009)

not be classified or clear dedicated to one of the sub-sectors are combined in sub-sector 12. Founding actors in the cultural and creative industries in Germany, compared to other economic sectors, are younger, more likely to be university graduates, are mainly found in the field of freelancing or self-employment and predominantly begin their professions as single start-ups (Lange 2014).

2.2 Aspects of Entrepreneurial Financial

Substantial contributions to capital or financial structure generally go back to considerations of big national companies or international trusts (Rajan and Zingales 1995). Barriers and constraints in corporate financing may moreover arise out of asymmetries of information. Also moral hazard as well as resulting transaction costs and diversified taxes have there to be an influence. These major factors affect the utilization—the agency view—and the acquisition—the principal view—of capital (Shyam-Sunder and Myers 1999). A fundamental approach in this context the Pecking-Order Theory by Myers and Majluf (1984) can be mentioned here. To acquire formal and informal funds is the mainly aim of the entrepreneurial actors after their internal financing considering to minimize the risks and costs inside the financing structure (Sanyal and Mann 2010).

The specific and systemic risk decrease the more aligned the diversification of funding mix of internal and external financing of the entrepreneurial activities and business (Bekaert and Hodrick 2009). From the agency point of view for the start-up financing a lack of business know-how, inadequate relationships with potential and real financiers as well as deficits in management qualifications the information asymmetries influence a diversified and therefore broader financing structure (Nofsinger and Wang 2011). An asymmetry of information increases the underfunding probability even of non-funding due to the lack of resources (Binks and Ennew 1996). Entrepreneurial posture, market-oriented orientation, certain degree of risk affinity and proactive behavior avoid information asymmetries theoretically (Chaston and Sadler-Smith 2012).

3 Survey About Start-Ups and Growing Firms in German Cultural and Creative Industries

3.1 Sample of the Survey

A large-scale primary data collection—with a $N_{\text{total}} = 1014$ sample—using a standardized online questionnaire for stakeholders of the cultural and creative industries in Germany was made at the beginning of 2013. Information on the sponsorship, promotion, financing and qualification objectives are included in the complete data set namely of both start-ups and existing companies in the eleven sections of the cultural and creative industries (Konrad 2014).

A non classified twelfth sector was not created but a further sector of arts and crafts and the visual media arts because of the special legal situation of the handicraft branch in Germany (Konrad 2015). Therefore the very affine sector of decorative arts and handicraft, which is by definition not part of the creative industry in Germany (Müller and Markworth 2011), could be created. Also the segment of the press market was not included in the sample respectively was related to the sectors radio and television or literature and book market (see Fig. 2).

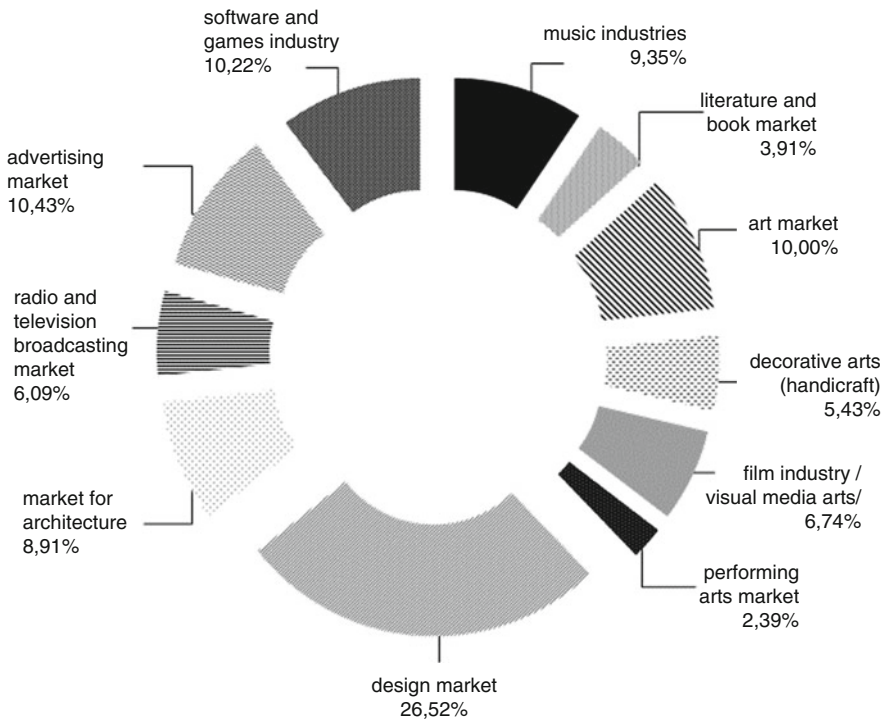


Fig. 2 Sample distribution over the eleven CCI sub-sectors (see also Fronz and Konrad 2013)

The representativeness of the sample concerning the distribution over the eleven sub-areas of the cultural and creative industries is very high and reflects the real situation in Germany (Dapp and Ehmer 2011; Konrad 2015).

3.2 Descriptive Statistics

3.2.1 Characteristics of the Entrepreneurs

Important characteristics are the gender and age of the respondents. Nearly two-thirds of the surveyed cultural entrepreneurs (ca. 60%, n = 489) are male. Only ca. 40% (n = 324) are female. The quotient of people with a so-called migrant background was ca. 10% of the sample. The average age of the respondents was ca. 43 years and the demographic distribution of the sample is also very representative (Söndermann et al. 2009). A detailed subdivision of all respondents is pictured in Fig. 3.

The distribution of the education level over the 11 sub-sectors of the creative and cultural industries is also very representative. Over two-thirds of all respondents (ca. 62%) have an academic degree (Pratt 2009). This is very typical for this extreme knowledge-based economic market sector (Scott 2006). A detailed overview about the education levels of all respondents is pictured in Fig. 4.

Nearly every respondent (ca 87%) had a professional link to the current self-employed, entrepreneurial or freelancing activity in his or her former business or work (Fronz and Konrad 2013). In team-founded companies, at least every second company had one team member with professional experience (see Fig. 5).

Motivation is important for work in cultural and creative industries in particular to create an individual business and company (Gemünden and Konrad 2000). A detailed overview about the motivations of all respondents is pictured in Fig. 6.

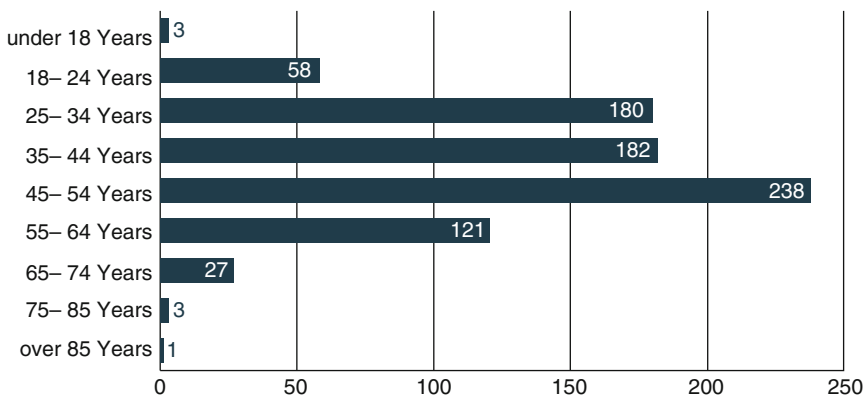


Fig. 3 Age of the cultural entrepreneurs (see also iuh 2014)

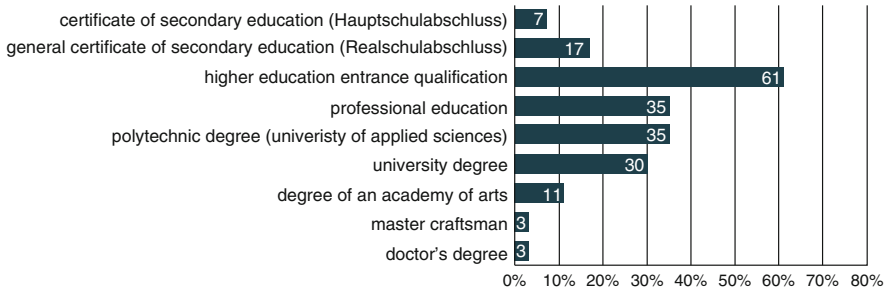


Fig. 4 Education level of the cultural entrepreneurs (see also iuh 2014)

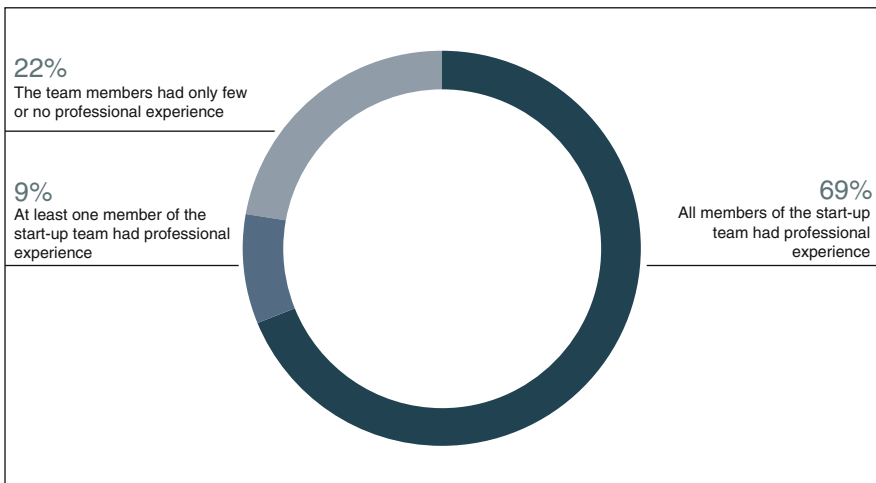


Fig. 5 Professional experience of the cultural entrepreneurship teams (see also iuh 2014)

3.2.2 Characteristics and Structures of the Organization

Cultural entrepreneurs in Germany have a focus on freelancing within their respective creative entrepreneurial activities similar to other European countries (McKinlay and Smith 2009). Nearly the half of the respondents works as freelancers (49.4%) and 29.1% choose the form of one-man/one woman business. The single self-employment is by far the most preferential legal form with altogether 78.5%. A detailed overview is pictured in Fig. 7.

The existed or planned customer focus and orientation is presented as follows. More than two-thirds of the companies in the cultural and creative industries are more local, regional and national oriented in their marketing strategies (see also Kolb 2016); 32.5% of the respondents have a predominant local or near regional customer focus and 26% supra-regional or rather national. A detailed distribution of the customer focus is pictured in Fig. 8.

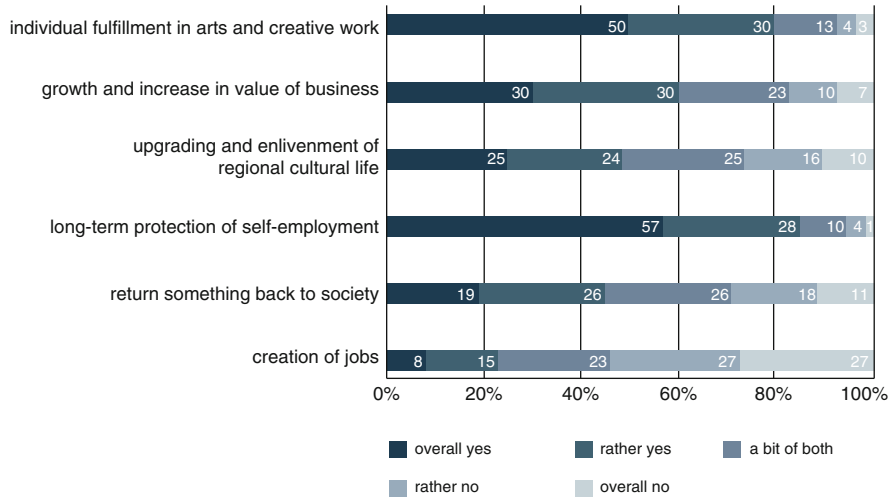


Fig. 6 Motivational business factors of the cultural entrepreneurs (see also iuh 2014)

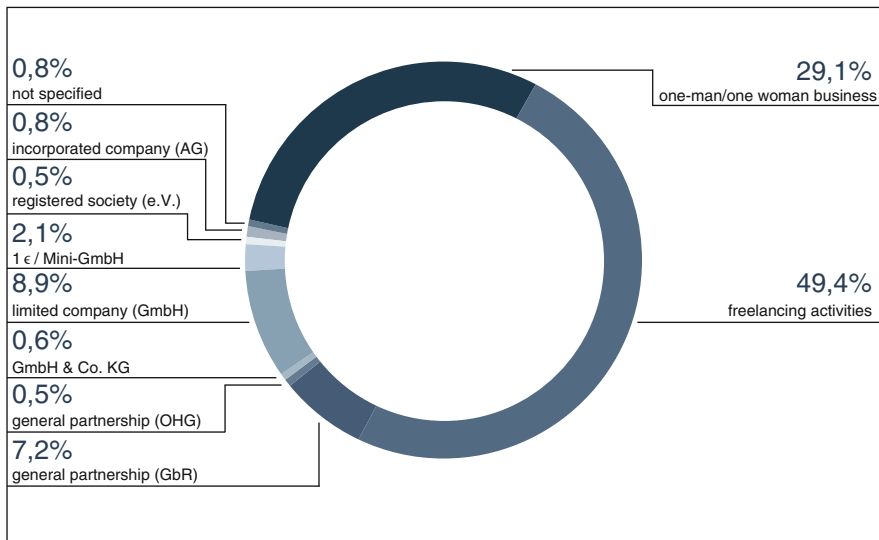


Fig. 7 Legal form of the organization/company (see also iuh 2014)

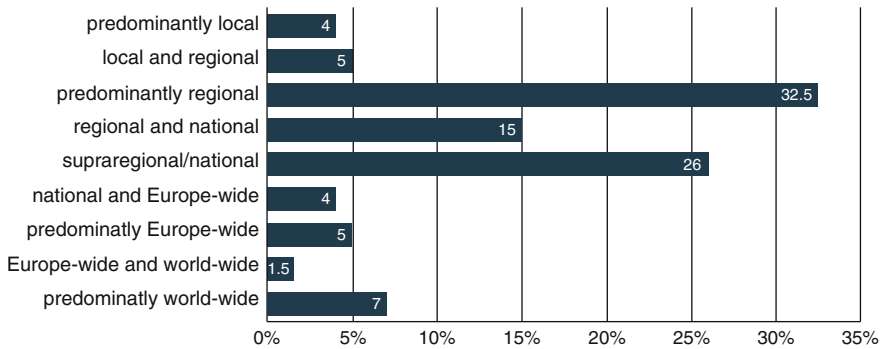


Fig. 8 Marketing strategies concerning customer orientation (see also iuh 2014)

3.2.3 Capital Needs and Phases of Financing

One of the key aspects in the present survey was the financing behavior in the start-up and of growth phases. The cultural and creative industries sector is divided into small sections (Gander 2017). The companies, as part of the small and medium-sized enterprises, are also mostly very small (Kolb 2015). These micro-sized enterprises have concrete and special capital needs (Konrad 2010a). In the survey, 62% of the respondents stated a need of a maximum of 10,000 Euro in capital needs for the start-up phase. Only 26% stated a need of capital between 10,001 and 25,000 Euro. The capital needs in the growing phase is similar but not so pronounced in the sector of 10,000 Euro. There were more companies that had capital needs of more than 250,000 Euro. A detailed comparative overview of capital needs is pictured in Fig. 9.

Other aspects considered include the use of financing instruments and financial structure by the cultural entrepreneurs (Konrad and Fronz 2016). The respondents in the current survey mostly select and use financial structures of their own capital (with exclusive personal funds and capital from private environment).

In the phase of growth financing, the use of personal capital and cash flow and also capital from a private environment is still important but it is not top-ranked as is the case in the start-up phase. Much more relevant is the use of formal capital from an institutional environment. A detailed comparative overview of financial structures is pictured in Fig. 10.

This leads to the question as to why cultural entrepreneurs had such a strong focus on using only personal funds and to find other financial instruments within the private environment.

The answer is very simple. The respondents appreciate easy acquisition and access without bureaucracy (57%). Another reason is the high degree of flexibility in refunding and back-payment formalities (ca. 45%). Another 52.5% of the respondents in both the start-up and growth phases emphasize the low requirement of collaterals.

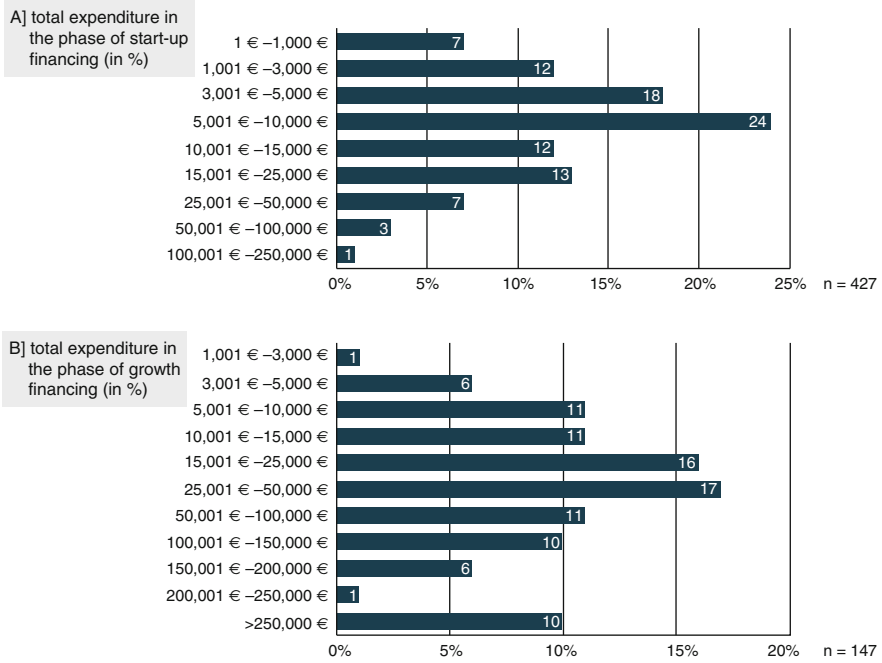


Fig. 9 Capital needs in the cultural and creative industries (cp. Fronz and Konrad 2013)

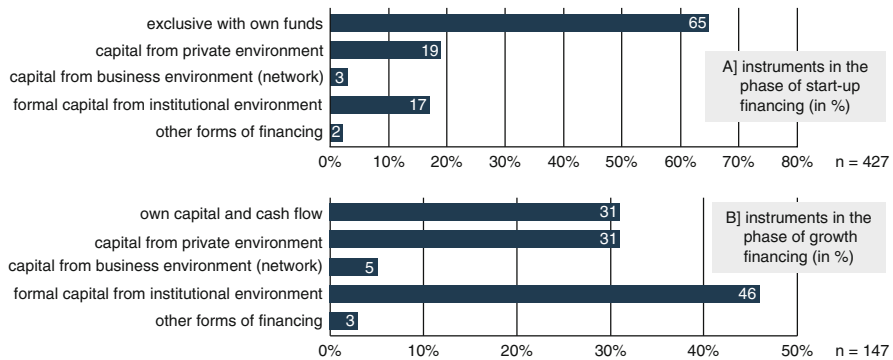


Fig. 10 Use of financing instruments in cultural and creative industries (Fronz and Konrad 2013)

Contrary to these reasons, the respondents do not believe that financial structures based on personal funds and those from a private environment are the best and most adequate forms for cultural and creative businesses. A detailed overview of the selection criteria of individual and private financial structures is pictured in Fig. 11.

Further interesting is the fact that the cultural and creative industries sector in Germany has a strong state-subsidized character in the public small-scale business promotion (Konrad and Fronz 2016). In the start-up financing phase, 66% of all

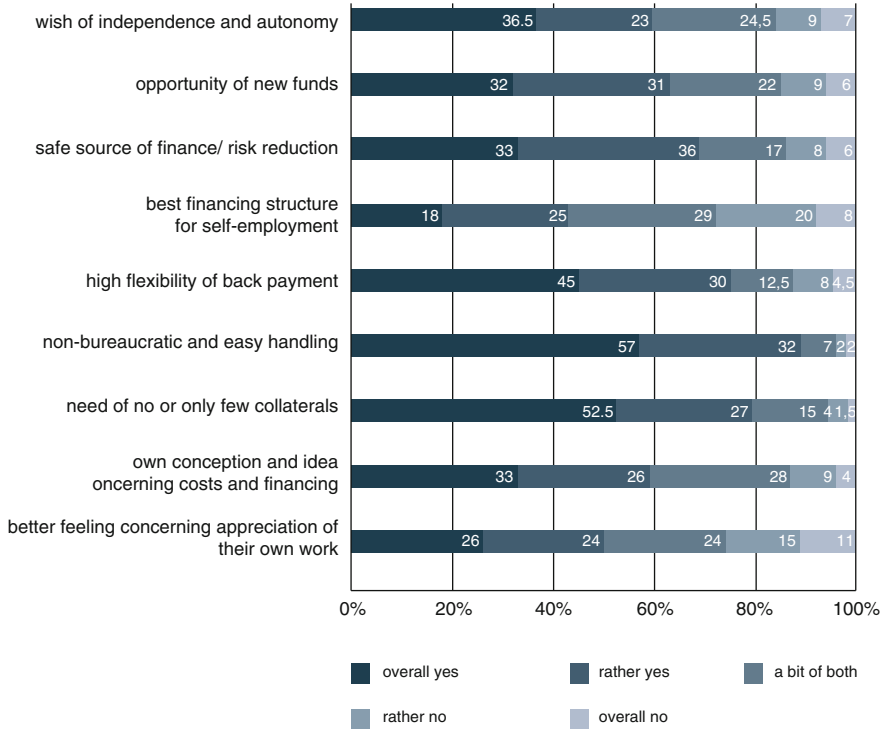


Fig. 11 Selection criteria: individual and private financial structures (see also iuh 2014)

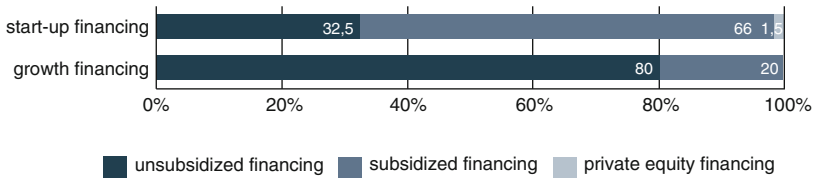


Fig. 12 Classification of institutional financing categories (see also iuh 2014)

respondents make use of subsidized forms of financing. Formal unsubsidized financing instruments are used by 32%. In the growth financing phase, on the other hand, 80% use unsubsidized financing instruments and only 20% access subsidized financing forms. A detailed comparative overview of the classification of institutional financing categories is pictured in Fig. 12.

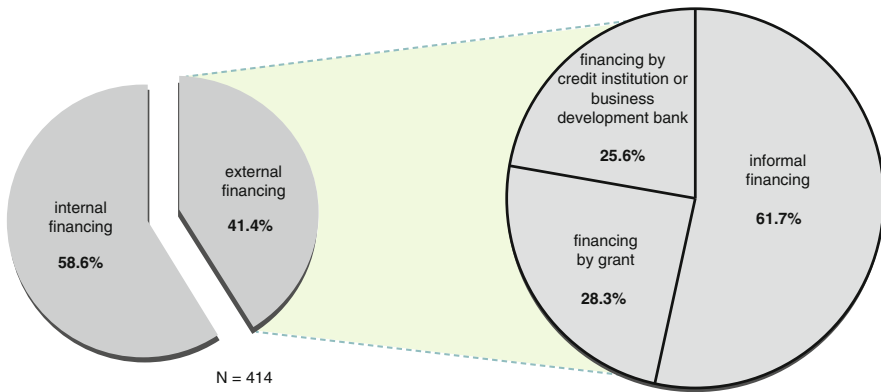


Fig. 14 Sample distribution of the structure of financing in the start-up phase (cf. Fronz 2015)

1. *The internal financial structure* (internal financing): The responded entrepreneurial actors financed only by personal funds with exclusively personally-owned financial resources;
2. *The informal financial structure* (external financing): The responded entrepreneurial actors financed by personal funds with personally owned financial resources and additional informal capital from family and friends;
3. *The formal financial structure* (external financing): The responded entrepreneurial actors financed by own funds with personally owned financial resources and additional formal capital from financial institutions;
4. *The diversified financial structure* (external financing): The responded entrepreneurial actors financed by own funds with personally owned financial resources and additional informal as well as formal capital.

In this questioning 58.6% of the sample ($N_{\text{framework}} = 414$) financed their business only by exclusively personally-owned financial resources. External financing structures use 41.4% of the respondents and from this group more than the half (61.7%) use informal structures of finance. Only 25.6% of this group make formal financing by credit institutions and 28.3% by public funds (see Fig. 14).

4.2 *Some Hypotheses About the Choice of Financing Structures*

Entrepreneurial actors in the German cultural and creative industries with a strong entrepreneurial orientation overcome the barriers of information asymmetries by using a diversified form of financing (liquidity) to achieve economic and commercial objectives (profitability). Moreover, these actors revert to formal forms of financing rather than informal forms of financing, such as funds from family, friend and fools, or other corporate acquaintances (independence).

It is assumed that actors in the cultural and creative industries with a strong individual personal motivation are less profit-driven and have a greater understanding of security (Hausmann and Heinze 2016). The focus on the creative act is also more pronounced (Konrad 2010a) in these cases. Fewer financial resources are required, which are also acquired rather from informal sources of funding.

H1: The degree of individual personal orientation has a negative impact on the diversification of the financing structure.

An additional explanation is provided by the theory of entrepreneurial orientation by Miller (1983). The entrepreneurial orientation is interpreted by several factors and focuses on the factors of innovation, proactive orientation and risk orientation (Lumpkin and Dess 1996). It is argued that through increasing the respective sub-factors, the focus on a diversified form of financing grows (Lee and Lim 2009).

H2: The degree of entrepreneurial orientation has a positive influence on the use of formal financial resources and results in a high degree of diversification within the structure of finance.

An intense orientation into the own community inside the creative sectors is typical in Germany (Konrad et al. 2010). More and more interdisciplinary networks in the local regions like urban quarters can be also often identified, particularly concerning to relationships in the sub-sectors of cultural and creative industries (Konrad 2013). Individual ties and personal business relationships are absolutely necessary, because then through the actors' interconnectedness with potential informal supporters and financial lenders they can increase their success (Chapain and De Propriis 2009). Actors with a strong community or collaborative motivation seek more after informal financing structures.

H3: The level of corporate orientation into the community and collaborative motivation increases the probability of using informal financing structures.

4.3 Operationalization of Variables

Based on explanations of Lumpkin and Dess (1996, 2001) the variables of entrepreneurial orientation were measured by a 5-level Likert Scale. According to the quality criteria (Cronbach's Alpha (α), Item-to-Total Relation and KMO/Bartlett Test) the factors were identified by explorative factor analysis. The variables were also measured by a 5-level Likert Scale, based on explanations by Bitz (2002) and Jacobsen (2006), including the need for achievement as well as entrepreneurial and the social motivation. These factors were also tested by an explorative factor analysis. The financing structure of the founding actors in the creative industries in Germany stands as a target measure or dependent variable for the methodological model construction. As independent variables, the following metric predictors,

Table 1 Motivation of actors in cultural and creative industries (indicator validation)

		Item-to-scale	Cronbach's α	KMO/Bartlett
IND (individual/personal)	Individual/personal 1	0.549*	0.661	0.665/*
	Individual/personal 2	0.511*		
	Individual/personal 3	0.344*		
	Individual/personal 4	0.387*		
ENT (entrepreneurial)	Entrepreneurial 1	0.335*	0.655	0.702/*
	Entrepreneurial 2	0.318*		
	Entrepreneurial 3	0.539*		
	Entrepreneurial 4	0.486*		
	Entrepreneurial 5	0.412*		
SOC (social)	Social 1	0.538*	0.699	0.500/*
	Social 2	0.538*		

*No improvement of Cronbach's Alpha by item-reduction

i.e. the five factors of entrepreneurial orientation, were included in the model (Konrad and Fronz 2016). The validation of indicators is clearly represented in Table 1.

4.4 Results

The influence of the predictors on the financing structure categorical variables (formal, informal, diversification) was measured over a multi-nominal logistic regression. Overall, 414 entrepreneurial actors could be asked as respondents about their categories of financing. Of the respondents, 44.4% of the solo founders or members of founding teams are female and 55.6% male. The average age of the entrepreneurial actors at the time of the start-up phase was 36. The total needed capital during the start-up phase is ca. 14,300 Euro. As the basis of reference for the logistic regression, the internal financing category (financing by own funds with exclusively personally owned financial resources) was adopted. Relative to the reference category, all categories of external financing (informal, formal and diversified financing) are measured additionally. The measurement results of the research model are shown in detail in Table 2.

At the beginning the influence of the actors' individual and personal motivation is significant for using formal financing instruments relative to financing by personal funds. With increasing entrepreneurial motivation ($\beta = 0.543$) of actors in the cultural and creative industries the probability of using formal financing structures rises by a factor of 1.7 per unit. On the contrary, the probability of using formal

Table 2 Results of multinomial logistic regression

Category of reference: <i>financing by own funds</i>		Model	
		β	Exp(b)
Informal	Individual/personal	0.023 (0.169)	1.023
	Entrepr. orientation	-0.006 (0.147)	0.994
	Social/community	0.405** (0.164)	1.500
	<i>Constant</i>	<i>-1.516***</i>	
Formal	Individual/personal	-0.431** (0.158)	0.650
	Entrepr. orientation	0.543*** (0.186)	1.722
	Social/community	-0.175 (0.173)	0.839
	<i>Constant</i>	<i>-1.704***</i>	
Diversification	Individual/personal	0.544(0.344)	1.780
	Entrepr. orientation	0.184 (0.257)	1.202
	Social/community	0.118 (0.260)	1.125
	<i>Constant</i>	<i>-2.647***</i>	
	Monitoring cases	414	
	-2 log Likelihood	788.074	
	X ²	23.234***	
	Pseudo-R ²	0.089	

Level of significance (Wald-Test) 1, 5 and 10% ***, ** and *; parenthesis = standard error

financing structures declines ($\beta = -0.531$) by a factor of 0.7 per unit with increasing individual and personal motivation of the creative entrepreneurs. On the other hand, the probability of a diversification of formal and informal financing structures increases by 78% per unit compared to financing by only exclusively personally owned financial resources concerning the framework of these motivations. In addition to that, the using of informal financing instruments ($\beta = 0.405$) will be strong supported by pronounced social motivations ($\text{Exp}(b) = 1.5$). Finally the declared variance of the regression on the financing structure is 9% (Pseudo R²).

5 Conclusion: Discussion and Implications

The present study attempted to show the special start-up and growth financing behavior in German creative industry sectors. The financial needs of creative entrepreneurs for their start-up projects are very low. More than 60% have or had a maximum need of 10,000 Euro capital in the start-up phase. Nearly three-fourths of the entrepreneurs interviewed needs or needed a maximum of 25,000 Euro. Clearly, the focus is on the self-employment or freelancing and project-oriented business activities. That means that oftentimes, the start-up process is combined with an initial business project, but the start-up financing structures and project financing structures in the creative industries are mostly not the same (Carey 2006).

Another goal of the study was to clarify the importance of personal and entrepreneurial behavior on the creation of financing structures by the founders within start-ups in the creative industries. The influences of entrepreneurial orientation and start-up-related characteristics, such as size and counseling or promotion inclination, give information on the structure of start-up financing in the creative industries. The additional explanatory variables help to explain why actors with a social orientation can be significantly more likely associated with financing through informal than formal means.

Therefore, the influence of the networking of actors through the involvement of urban factors and predictors with respect to the information in the initial phase should be investigated further. Collaborations and partnerships between businesses and companies in the creative industries and the effects of the very specific public start-up promotion system and consulting services in Germany on financing structures and behavior in this economic sector are in need of more research. This also means that (cultural) politics have a better basis for the structural transformation of financial support, sponsoring, and crowdsourcing platforms (Moritz and Block 2015).

The present results can also contribute to the further development of an arts and culture management theory concerning the promotion and financing of cultural and arts projects (Konrad 2010b). The study has relevance for future trends in development and creation of curricula in artistic and cultural education to prepare students for their entrepreneurial and freelancing career. The results of this study help to conclude that the financial activities of the founders of creative start-ups, freelancers in the creative industries, as well as initiators of cultural events or projects have a strong influence and effect on their economic success. The next step in research is to find out how the choice of financial structures and their moderate factors concretely influences the success and/or the survival rate of start-up firms in the creative industries.

The overall survey and the present modeling study is a first step in understanding cultural entrepreneurship in terms of individualized structure of finance and its critical factors. According to the research of this study, informal financing occurs according to individual orientations and low volumes, but this effect was due to the strong network of creative industries being assessed higher (Chapain and De Propriis 2009). In this context, the present results can be used for further research concerning the cultural and creative industries (Georgieff and Kimpeler 2009), entrepreneurial actors in the arts sector (Hausmann 2010), success factors in cultural entrepreneurship (Konrad 2013), and recommendations for activities or guidelines to promote the creative industries sector (Lange et al. 2011).

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Financial Sustainability of Small- and Medium-Sized Enterprises in the Cultural and Creative Sector: The Role of Funding

Elena Borin, Fabio Donato, and Christine Sinapi

Abstract SMEs—Small- and Medium-Sized Enterprises—in the cultural and creative sector traditionally face difficulties in accessing bank financing (The entrepreneurial dimension of the cultural and creative industries. Hogeschool vor de Kunsten Utrecht—HKU, 2010). This weakness in the ability to support their financing structure could not only limit their development but also be particularly problematic in times of crisis, when other financial resources are scarce and when the ability to prove resilient is crucial. This paper investigates the topic of access to bank financing for SMEs in the cultural and creative sector by means of an exploratory study carried out in the region of Burgundy (France) that investigates the perspectives of both banks and entrepreneurs.

Keywords Financing models • SMEs in cultural and creative sector • Bank financing

1 Introduction

This paper addresses the theme of bank financing in small- and medium-sized enterprises (SMEs) in the cultural and creative sector and investigates this issue with reference to the perspectives of entrepreneurs and to those of banks.

Financing has become a major issue over the last decade, especially in relation to the theme of resilience and the need to vary the type of funding for arts and cultural organizations in times of economic and financial crisis (De Propris 2013; Raco and Street 2012). The need to cope with the financial difficulties related to crisis could lead to a rethinking of the cultural and creative sector's governance and

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management models, leading to new cooperation systems (Bonet and Donato 2011; Borin and Donato 2015). The consideration also exacerbates traditional problems in this field, however. Indeed, the traditionally difficult access to finance has been considered a key hindrance to the development of entrepreneurship in the cultural and creative field (HKU 2010) and has been identified by the EU as a limit to be overcome in order to unlock the potential of cultural and creative enterprises (EC 2010). The weakness of capital in cultural enterprises' balance sheets also appears as one of their major economic fragilities (Grefe and Simonnet 2010), together with the limited (perhaps inexistent) access to bank funding (id.). The majority of cultural and creative enterprises (CCEs) are small- and medium-sized enterprises, for which access to finance has traditionally been a growth constraint (Beck and Demirguc-Kunt 2006) and in recent years has even increased (Deakins et al. 2010; Irwin and Scott 2010; De la Torre et al. 2010; Cowling et al. 2016).

On the basis of this theoretical premise, our research aims to identify the factors that may influence bank financing for SMEs in the cultural and creative sector by means of an exploratory research carried out in the Burgundy region in France. This research aims at answering the following research questions:

- Why do small- and medium-sized industries in the cultural and creative sector have difficulties to get bank financing?
- Which criteria apply in banking decisions regarding SMEs in the cultural and creative sector?
- How could we develop a context favoring the inclusion of SMES in the cultural and creative sector?

The paper will be divided into five sections. Following the introduction, the second section provides an overview of the theoretical debate around bank financing, focusing on small- and medium-sized enterprises and on the cultural and creative sector. The following sections explain the research method and present and discuss the results of an empirical analysis carried out with a selected sample of entrepreneurs and bank institutions of Burgundy. The last section of the paper will provide some concluding remarks.

2 Theoretical Debate

Bank financing and the need to predict default of SMEs have both been deeply investigated in literature, although an in-depth focus on SMEs in the cultural and creative sector is still lacking.

In the beginning, research focused mainly on large businesses and proposed financial indicators. One of the earliest studies on default prediction were those by Beaver (1966) and Altman (1968), who developed univariate and multivariate models (in particular Altman's widely used MDA—multiple discriminant analysis—model) to predict business failures using a set of financial ratios. Beaver introduced the concept of “credit scoring,” establishing a set of financial ratios, including the “cash

flow on total liabilities ratio.” Altman developed a model that focused on a 1-year prediction of default, based on a multiple discriminant statistical methodology. Later research by Edmister (1972) attempted to draft a specific model to predict default for small business, focusing on testing a set of nineteen financial ratios and identifying an optimum analytical method for each of these ratios (e.g. averaging or dividing by an industry standard) and then carrying out an MDA as a means of selecting an optimal set of ratios and methods and of assigning weights to obtain a relatively simple function. In the 1980s, Ohlson (1980) argued that the default of enterprises depends on four main factors: the size of the company, the measure(s) of the financial structures, the measures of performance, and the measures of its current liquidity.

In the 1990s and 2000s, research on this topic started to focus on the peculiarities of businesses of different sizes. In the framework of this development, studies analyzing SMEs increased (St-Pierre 1999, 2004; Schwaiger 2002; Saurina and Trucharte 2004; Jacobson et al. 2005; Altman and Sabato 2005; Berger and Udell 2006; Grunert et al. 2004; Shin and Kolari 2004). Some authors interpreted this renewed interest in SMEs resulting from government and SME criticism about capital requirements for SMEs in the new Basel Accord for bank capital adequacy (Basel II), which, it was argued, could negatively influence the availability of credit for this segment (Altman and Sabato 2007). Moreover, this interest was justified by the fact that SMEs constitute approximately 97% of the total number of OECD firms and by their peculiarities, which require banks to model credit risks for SMEs (Altman and Sabato 2007).

The approaches to SMEs varied. Some authors have argued that lending to SMEs is riskier than lending to large corporations (Dietsch and Petey 2004; Altman and Sabato 2007). Others have concluded that lending to SMEs, even if they have a higher default risk, could have a positive effect on bank profitability (Shin and Kolari 2004), since this type of business usually has a lower contribution to systemic risk. The results of Dietsch and Petey’s (2004) analysis of a set of French and German SMEs led them to argue that lending to SMEs is riskier than lending to large businesses. Nevertheless, according to their results, though SMEs have a higher default risk, they have a lower asset correlation than do large businesses. Other studies have focused on the lending strategies (Berger and Udell 2006) and the negative effect of the use of automated decision systems (e.g. scoring systems) by banks in deciding upon the credit given to SMEs. Among the most relevant studies on SMEs, Altman and Sabato (2007) investigated a default prediction model specifically for this sector. Starting with the Basel Accord II, they develop a model based on statistical databases with more than 2000 US companies, attempting to identify the most predictive variables affecting an entity’s credit worthiness. Their results demonstrate, again, the need to analyze SMEs and large businesses via specific methods.

In general, studies pointed to the need to include qualitative indicators when analyzing default risk for SMEs. Some authors (Lehmann 2003; Grunert et al. 2004) argued that quantitative variables are not sufficient to predict SME default and that including qualitative variables (such as the number of employees, the legal form of the business, the region where the main business is carried out, the industry type, etc.) generates a higher prediction of default. Grunert et al. (2004) highlighted the benefits of including variables such as age and type of business and the

industrial sector, among others, in combination with financial ratios. Ciampi and Gordini (2009) analyzed small enterprises in northern and central Italy and advocated the importance of jointly using quantitative and qualitative variables to measure a firm's rating; they also confirmed the need to carefully select and weigh sets of appropriate financial and economic ratios; They propose modeling credit rating for SMEs separately from that of large- and medium-sized firms, taking the diverse economic and financial profiles of firms in different industries and at different stages of growth into account. (St-Pierre 2015) advocated for the use of qualitative indicators, claiming, in particular, that financial information presented by SMEs could represent just part of the reality of these enterprises. Moreover, the financial indicators used by the bank at the time of analysis could just partially capture potential sources of difficulties and information about internal and external environment that could influence their level of risk.

In a nutshell, using non-financial information (when available) could be particularly useful in assessing the prediction of default for SMEs, because it potentially decreases their riskiness and increases prediction accuracy by up to 13% (Altman et al. 2010). This topic has proven particularly relevant to the debate about the emerging challenges for banks in the aftermath of the 2008 crisis.

Significantly, the effect of the crisis has been a hot topic of discussion in recent years. Labelle and St-Pierre (2015) argue that especially during times of financial crisis, SMEs necessitate external financing, even if their financial ratios are not favorable. Altman et al. (2010) argued that the 2007/2008 financial crisis provided renewed impetus for lenders to research and develop adequate failure prediction models for all of the corporate and retail sectors of their lending portfolios. Fougère et al. (2013), on the other hand, argue that the crisis has certainly increased the default rate, confirming that external factors (such as the crisis context) can have an influence on default predictions, estimating that 27% of the enterprises that defaulted in the period between the years 2008 and 2010 are a consequence of the crisis (especially due to missed payments), but that this rate was also influenced by the peculiarities of each sector and is more applicable to SMEs that are suffering from missed payment and low bargaining power rather than to large enterprises.

More recently, default risk prediction for SMEs has also been investigated in emerging countries, especially in relation to new debt opportunities (namely micro-financing) and growth intention (Wahyudi 2014).

The need to combine quantitative and financial criteria with qualitative criteria has proven particularly appropriate for lending to a specific category of SMEs: those in the cultural and creative sector. However, there is a general lack of specific literature on bank financing in the SMEs of the cultural and creative field. In addition, research on lending during the growth and expansion phase is missing (Denis 2004); more research is generally available on the start-up phase.

HKU's (HKU 2010) study on the entrepreneurial dimension of CCIs—cultural and creative industries—underlined the fact that access to finance was deemed by 33.8% of the respondents (of the cultural and creative industries) of the sample to be the most important business-related challenge when starting a company. Especially in the start-up phase, however, capital and access to finance plays an important role

for the successful launch and survival of CCIs. However, the survey highlights that 56% of the CCIs (78% of which consisted of for-profit organizations) relied on self-finance as their main financial source, as opposed to another 20% that were mainly supported through public grants.

One peculiarity that sets CCIs apart from other sectors is the dependency on intangible assets (such as novelty, soft innovation, copyright and creativity, etc.) that are difficult to reflect in accounts; there is no collateral and no guarantees. As a consequence, financial institutions, such as banks, often fail to sufficiently recognize their economic value.

In a recent paper by Konrad (2015), the author focuses on start-ups in the cultural and creative sector. He argues that the personal and entrepreneurial characteristics of the founders of each CCI play a pivotal role in the chosen financial structures for the cultural and creative enterprise itself. Indeed, their strong individual personal motivation and high focus on a “creative act” rather than on profitability often leads the entrepreneurs to look for fewer external financial resources and to acquire the necessary funds from “informal sources of funding” more than through bank financing. This is reinforced by the fact that many cultural and creative enterprises have a strong orientation towards action for the community (Konrad 2010): this feature usually generates a strong network of relations and often results in a series of informal supporters and money lenders (Chapain and De Propriis 2009) or recurring grants and other public resources (Konrad 2015). In addition, some authors stress the fact that cultural and creative entrepreneurs are usually rather young (Greffé and Simonnet 2010) and that this characteristic has an influence on predicting the choice of capital (Denis 2004). Young cultural and creative operators mostly use their own resources or other informal resources (Cassar 2004).

Apart from these specific characteristics related to the tendency in funding choices, however, the cultural and creative industries also present inherent peculiarities that indicate a higher fragility as compared to that of industries in other sectors (Greffé and Simonnet 2010) and that implies a recourse to public funding for sustaining cultural development. Notwithstanding the differences among the different subsectors, the cultural and creative industries are characterized by the production of “prototypes,” whose reception by the public and success are highly uncertain and therefore risky. As they have financial capital needs lower than those of other sectors, cultural and creative SMEs often use personal financing and require a significant investment in human capital that frequently coincides with the work of the founder/artist. As highlighted before, they often take on non-bank loans, often from public authorities or foundations, as well as from micro-credit sources. Their research shows that banks can play a significant role in selecting and launching sound cultural projects, but they call for a cooperation between banks and public authorities to successfully support the development of the sector.

In general, the subject of bank financing for SMEs in the cultural and creative sector is mainly addressed in relation to start-ups in the field and is often focused on the perspective and motivation of cultural and creative SMEs rather than on banks. It seems, therefore, relevant to carry out an investigation on the bank perspective but also on the perspective of cultural and creative entrepreneurs.

3 Research Method

To investigate the research questions, an exploratory investigation was carried out in the Burgundy region in France. Given the exploratory character of the research questions, a qualitative research method was used, based on semi-structured interviews.

The sample was built following a snowball technique and controlling for diversity, as prescribed for by the qualitative method. The research question explores the relation between two types of actors, whose attitude determines the financing decision: (i) SMEs in the cultural and creative sector and (ii) banks. We therefore collected data through meetings with representatives of the bank sector and representatives of cultural and creative enterprises. Regarding cultural enterprises, we limited the research to small- and medium-sized companies, as these types of organizations are the most frequent in the sector and are more relevant to the question we investigate. We excluded cultural industries for the same reason. The organizations are thus “critical cases;” the research question is crucial and the observed phenomenon is proven through observations, with a potential for the research to expand upon or generalize theories (Yin 1994). Regarding banks, we sought diversity by considering both generalist commercial banks and banks that devote part of their credit activity to the sector. Table 1 presents the main characteristics of the sample.

Data collection was based on semi-structured interviews that investigated motives for banks’ decisions regarding finance. The questions targeted several complementary dimensions:

- (i) The reasons why cultural organizations would ask for bank credit;
- (ii) What cultural organizations perceived as the reason for their credit demand to be accepted or rejected by banks;
- (iii) The way banks considered cultural sector credit demands (sector specific or not);
- (iv) The criteria banks apply to assess credit demands from cultural enterprises

To avoid ex-post reconstruction and to limit declarative biases, we asked respondents to describe real past experiences of credit demands. In addition, to explore the significance of the sector’s economic risk, we also questioned (i) banks on their experiences dealing with default within the sector (non-performing loans or default on reimbursement) and (ii) cultural enterprises on their reimbursement ability and/or attitude in case of difficulties to reimburse. Qualitative data was complemented by an analysis of three cases of bank credit demands: a successful case (fully reimbursed), a failed case (not fully reimbursed) and a mitigated case (unfinished loan, presenting signs of difficulties).

Interviews were transcribed and coded with the help of N’Vivo qualitative analysis software; coded data were analyzed following an axial coding method (Corley and Gioia 2004; Maguire and Phillips 2008; Eisenhardt 1989).

Table 1 Sample presentation

#	Organization type	Interviewee	Date of the interview	Length
1	Sectoral Bank	Director of the Bank	15/11/2016	2 h
2	Sectoral Bank	Credit analyst	15/11/2016	2 h
3	Generalist commercial Bank	Credit Director	01/11/2017	30 min
4	Sectoral Bank	Credit analyst	15/11/2016	2 h
5	Business Angel company	Investor	01/11/2016	30 min
6	Regional cultural resource center	Director of the Bank	01/11/2016	30 min
7	Fine arts and antiques	Owner/Director	01/11/2016	31 min
8	Circus company	Director and Financial Manager	01/11/2016	32 min
9	Music Festival	Director and Financial resp.	01/01/2017	2 h
10	Theater Company	Director (artistic and general)	07/04/2017	30 min

4 Results and Discussion

The results are presented in three parts. The first part relates to general observations regarding the bank—cultural and creative entrepreneur’s (CCE) relationship to bank financing (Table 2: R1). The second part examines the factors that determine the level of bank finance in the sector by examining supply and demand motives; we investigate more specifically the factors influencing, on the one hand, the demand for bank finance on the part of the CCE and, on the other, those influencing the offer of bank finance to the sector (Table 3: R2). Finally, we relate an understanding of the reasons why bank finance is so low in the sector (Table 4:R3). For each sub-section, we present a synthesis of data in the form of an axial coding data structure (Tables R1, R2, R3) and a discussion of the implications of these empirical results.

4.1 *Result R1: Bank Finance—Insights on the Relationship Between Banks and Cultural Entrepreneurship*

The results of the first part of the interviews revealed that bank finance is low in the sector, but credit risk is also low.

Indeed, the majority of banks and cultural entrepreneurs perceive the number of bank loans in the sector as very low (cf. Table 2: R1): “The company has never asked for a bank loan in the last 10 years” (verbatim – I10); “Bank funding in the budget is very low, around 0.5%” (verbatim – I6). We may infer that the reason for this relates to the high level of sectoral risk, which would materialize in a high credit risk in the sector (Non-Performing-Loans, default, or delays on debt reimbursement). When

Table 2 R1: Bank–Relationship between cultural entrepreneurs and financing (data structure extract)

Category	Sub-category	Nr. of Sources	Nr. of Verbatims
Contrasting observations	Both side observation—very little demand from CCE	4	8
	Low default rate in the sector	3	7
Nature of the banking relation	No sector-specific approach	2	6
	Specific approach to the sector—understanding and targeting of the sector, proximity to social economy	2	5
	Partnership and accompaniment	2	5
Type of financing granted to the sector	Working capital financing (incl. treasury punctual difficulties and advances on public subsidies)	5	11
	Diversified offer (incl. guarantee, accompaniment, etc.)	3	4
	Investment financing	3	3
	Growth financing	2	2

Table 3 R2: Demand and supply of bank credit—influencing factors

Category	Sub-category	Nr. of Sources	Nr. of Verbatims
Bank loan supply (evaluation criteria)	1. Qualitative criteria—human (the entrepreneur) and quality (the project, market, etc.)	4	10
	2. Quantitative financial criteria	4	8
	3. Existence of a guarantee—debt collateral	4	5
	4. Profitability	2	4
	5. Social values	2	4
Bank loan demand (choice of the bank by entrepreneur)	1. Nature of the relation with the bank (proximity, trust, advise, long term)	5	9
	2. Knowledge—understanding of the sector by the bank	3	5
	3. Shared values—ethical dimensions	2	3
	4. Bank dedicated to SMEs	2	3
	5. Trust	2	2
	6. Cost	1	1

questioned on the topic, the majority of respondents declared that the level of default or delays they personally observed in their experience as a lender or as a borrower was very low: “Around 20% of our credit portfolio is in the sector; this year, we will have the first default on reimbursement” (verbatim – I1); “We don’t have a credit default rate higher in this sector compared to other sectors; on the contrary, it seems

lower, from my personal experience” (verbatim – I4); “There is an exceptional level of resilience in the sector” (verbatim – I2).

This is puzzling. While it confirms that bank finance in cultural entrepreneurship is low, it invalidates the main expected explanation for this phenomenon (high default on debt reimbursement). As we will discuss later, this does not mean that the economic sectoral risk is necessarily lower than in the traditional economy or that actors perceive sectoral credit risk as low. It suggests that if there is a global perception of high credit risk, this is not confirmed by the personal experiences of actors.

Complementary quantitative analyses would be required to confirm the low level of sectoral credit risk. This qualitative result is, however, of significant interest, in that it suggests (i) that the perception of high sectoral credit risk is not related to actors’ real experiences but rather to a general stereotype and (ii) that alternative explanations should be investigated in order to explain the low level of bank finance in the sector. Before exploring this point further, a deeper understanding of the characteristics of the relationship between banks and CCEs is useful, which we develop in the remaining part of this sub-section. We observe two types of elements in the Bank-CCE relationship: the form of mediation and the nature of the financial contracts.

4.1.1 Form of Mediation

We find two types of bank approaches. A few banks, so-called “dedicated banks” (i), declare a special interest and a specific approach to the sector. Others, so-called “traditional banks” (ii), do not consider cultural and creative enterprises separately from other market segments:

- (i) “We treat all demands in the same way” (verbatim – I5); “We don’t consider specifically demands from the cultural or artistic sector” (verbatim – I3)
- (ii) “XX is a traditional bank of the cultural and artistic sector” (verbatim – I4); “Our services are dedicated to the social economy; culture is of social interest, this is not a matter of discussion. Therefore, they are in our target” (verbatim – I2); “Around 20% of our activity is from the cultural sector” (id.)

Interestingly, dedicated banks are also identified as “natural partners” by entrepreneurs. The dedicated banks we identify are actually the financial actors of social entrepreneurship; proximity between arts and culture on the one hand and social interest on the other supports the argument that cultural entrepreneurship has become a significant part of their portfolio. They have developed an expert understanding of the economic and institutional particularities of the sector, which is essential for their relationship with actors in the sector.

Furthermore, dedicated banks as well as entrepreneurs signal the importance of an “articulated” approach: several partners act jointly with entrepreneurs, including dedicated banks, traditional banks, and entrepreneurial accompanying structures (incubators, facilitators, etc.): “The articulation with other actors is very important,

because we trust them to assess the feasibility of the financing project and for their accompaniment to the entrepreneurs” (verbatim –I4).

This organized entrepreneurial ecosystem proves both relevant and efficient: access to bank finance is facilitated. It creates trust and understanding for traditional banks who may not grant funds to the sector in a different context. It also contributes to an appropriate accompaniment of entrepreneurs in the construction of their entrepreneurial project and financing plan, addressing technical financial dimensions such as the ability to reimburse debt, cash flow forecasting, and business planning. We view such an approach as particularly promising, and as a “Best Practice” that would gain from being better valued, studied and shared among the sector.

4.1.2 Nature of the Financial Contracts

Bank financing granted to CCEs is preliminary short-term, including working capital financing and punctual treasury facilities. The main source of working capital comes from subsidies’ receivables (public funds are usually paid after the production process): “The bank allows us treasury so that we can continue to work before receiving the money from subsidies” (verbatim – I6); “Delays of payment on subsidies and on theater co-production fees tend to be longer and longer; in that case, we may face treasury difficulties and ask for a short-term loan” (verbatim – I4); “We regularly need an extension of our floor [overdraft extension]” (I9).

Short-term contracts take various forms, including short-term loans, open short-term credit lines, overdrafts, where regular or punctually is extended, and *Dailly*¹ (in particular for subvention receivables). These methods of finance are usually perceived as expensive (“high cost, around 13% interest rate” – verbatim, I6).

Medium- or long-term loans are also mentioned, though less frequently and for rather small amounts. They are preliminary dedicated to funding investments in material (stage material), vehicles, websites, and sometimes in real estate (restoration of buildings or construction costs). We also observe specific schemes, including specific financial contracts, such as zero-rate loans (subsidized bank finance), financial grants from banks philanthropy (Foundations), quasi-equities financial schemes, and financial guarantees.

The type of financial contract does not seem to be related to the type of mediation (dedicated or traditional bank), except in the case of specific schemes, in particular for guarantees and quasi-equities. The significance, frequency, and efficiency of such schemes seem interesting, as they specifically fit sectoral needs.

¹*Dailly* is a specific French form of short-term debt, close to factoring schemes, which was initially created in the traditional economy for accounts receivable that did not qualify for standard factoring and that was revealed as appropriate for the sector-specific form of working capital structure.

Additional research, both qualitative and quantitative, would be useful in order to further explore this topic.

CCEs thus seem to benefit from the same financial schemes of traditional entrepreneurship, with predominance, however, of short-term working capital financing. This certainly relates to the economic specificity of a major portion of the sector, in which investment in production equipment is irrelevant but working capital, especially to finance the production stage, may be significant. There are also specifically tailored financial schemes, implemented by a range of financial actors, who developed a dedicated interest to the sector. These contracts are, in our view, of special interest, because they address and compensate for the traditional weakness of equity level in cultural entrepreneurship. This point will be further discussed in the concluding section of this paper.

4.2 Result R2: Determinants of the Credit Demand in Cultural Entrepreneurship

Table 3: R2 provides the main findings regarding the determinants of bank credit in the sector, both from the supply side (banks) and from the demand side (entrepreneurs).

Regarding the credit offer from the bank, as stated above, there is no reluctance declared by the banking sector to lend money to the sector; on the contrary, some “dedicated” banks, mainly from the social economy sector, specifically address the sector. We may infer, however, that the criteria applied to the sector may disqualify it. Banks tend to assess sectoral demands for funding preliminary based on qualitative criteria. They evaluate human aspects (motivation of the entrepreneur, suitability of the project to the entrepreneur, her/his experiences, past realizations, network, etc.): “We look for proof of the credibility of the story through facts” (verbatim – I1); “What matters is the project, the passion of the project holder” (verbatim – I5); “On the cultural sector, market is not a relevant criterion” (verbatim – I2). The artistic dimension is, however, absent from the evaluation criteria.

Almost as frequently, yet considered secondary when compared to the qualitative factors, are quantitative factors: “Quantitative criteria matters, but they come third in the sequencing of the assessment; first comes human factors [and] second are qualitative aspects of the project” (verbatim – I1). Factors taken into account include a financing plan and a cash flow forecast, balance sheet structural ratios such as solvency, past bank account behavior (“positive bank deposit account”), and the capacity to repay (cash from the operation of the project). Interestingly, for dedicated banks, a functional approach is preferred to patrimonial approaches (cash flow analysis, not a balanced sheet structure). The quantitative analysis realized on the three selected case studies confirm the relevance of this approach: the success/failure of the examined projects tends to correspond to the cash flow diagnosis,

while the structural financial ratios seem irrelevant or unable to predict the future success or failure of the project regarding financial criteria.

Less frequently, and mainly in traditional bank criteria, we also observe a request for guarantees: “We have to provide a double guarantee to the bank because we are from the cultural sector” (verbatim – I6). This contrasts with some of the dedicated banks that refuse such practices in order to socially protect entrepreneurs. Last, traditional banks tend to primarily consider projects’ profitability, while dedicated banks do not consider this factor: “We don’t have any profitability expectations” (dedicated bank, verbatim I2), which contrasts with a statement from a traditional bank: “if the project does not make money, it is none of our business” (verbatim; I5). The non-accuracy of the profitability criteria by dedicated banks reflects their social economy positioning. They consider the “social utility for the territory” (verbatim – I1), created employment, and more generally the “general impact in terms of social economy, employment and territory” (verbatim –I4). This profitability approach obviously disqualifies part of the CCE, where profitability matters are at best secondary, or totally absent of the entrepreneurial project objective. In this respect, the dedicated banks’ approach seems more appropriate, as traditional banks may disqualify CCEs.

From the perspective of the cultural entrepreneur, we first questioned their choice of a bank. The more influential factor (more frequent among respondents and in statements, cf. number of sources and number of statements, Table 3: R2) is the quality of the relation the entrepreneur has with her/his bank advisors. Entrepreneurs value flexibility, proximity, willingness to help and listen, and reciprocal trust. They also praise banks dedicated to SMEs and for their experience in dealing with the type of financial issues CCEs also face.

The understanding of the economic specificities of the sector is also very important: “In my previous bank [that the company quitted], they understood nothing about our activities” (Verbatim – I7); “We work with XX because they work closely with all circus” (Verbatim – I8). These observations, though highlighting the need for a more advanced understanding of the sector, echo general observations in non-cultural entrepreneurship and SMEs in general.

More sector-specific, the perception of existing shared values is revealed to be an important matter. Ethical dimensions seem to constitute a necessary, though not sufficient, condition: “We decided to change our bank for ethical reasons. It was a matter of internal image” (Verbatim – I6); “We changed banks due to a problem of value” (Verbatim – I9). This factor is certainly particularly strong in the sector, where ethical and value-oriented factors play a key role in entrepreneurial decisions (Sinapi and Juno-Delgado 2015).

Cost issues seem to be marginal and we failed to obtain information on this criterion.

4.3 *Result R3: Exploring the Reasons for Bank Finance Weakness in Cultural and Creative Enterprises*

The above results provide some useful highlights on the bank-CCE relationship as well as managerial and policy recommendations that should be considered in order to improve CCE financial inclusion. A closer analysis of the weakness of bank finance for CCEs is, however, necessary. Table 4: R3 provides our main findings regarding this apparent puzzle.

We identify three types of factors, all of which are very influential and for which we obtain supporting information. Surprisingly, bank finance seems to be low due not to a reluctance of banks to invest money in the sector, but rather due to a low demand of credit on the part of cultural entrepreneurs. The issue would then be, at first glance, a demand side issue and not a supply problem. Entrepreneurs systematically declare to be reluctant to go into debt, to take any commitments with banks for “ethical reasons,” and to avoid their “bureaucracy.”

This is reinforced by apparent cognitive dissonance between banks (traditional banks in particular) and the cultural sector. Actors mention the absence of reciprocal understanding, which we also observe upon comparison of discourses. Banks criticize the absence of a profit motive, a business-oriented approach, and CCEs’ attitude towards public funds: “Instead of looking for subsidies, they should use their energy to make their business profitable” (verbatim – I3); “They lack business ambition, initiate projects that are too small, and look for public funding instead of thinking of how to develop their market” (Verbatim – I5). This contrasts with the perceptions of CCEs, who reciprocally criticize banks’ attitudes and the lack of reciprocal understanding: “No, it is never easy” (I7); “I don’t like banks because I

Table 4 R3: Factors influencing the low level of bank finance in CCEs

Category	Sub-category	Nr. of Sources	Nr. of Verbatims
<i>Factors explaining the low level of bank financing to the sector</i>			
1. Cognitive dissonance—banks—CCE		5	12
	1. No shared values—opposition of values—profit vs. ethics	4	8
	2. No reciprocal understanding	1	3
	3. Insufficiency of a market oriented approach by cultural entrepreneurs	1	1
2. Low demand by cultural entrepreneurs		4	14
	1. Reluctance to go into debt	3	5
	2. Reluctance to work with banks—inhuman	2	6
	3. Bureaucracy	1	3
3. Sectoral inadequacy to banks’ requirement		5	9
	1. Too high sectoral risk	4	6
	2. Lack of profitability	1	2
	3. Small size of businesses	1	1

don't like banks" (I9); "there are ethical problems" (I6); "It is not a human relationship" (I9). While those factors may seem non-objective and non-rational, we find them to be very significant in explaining the low credit demand of CCEs.

Eventually, we also identify a series of factors that are less surprising. First, the economic risk in the sector is very high. As mentioned earlier, this is sometimes present in banks' discourses. It is more significantly present in CCEs' declarations and constitutes their main reluctance to go into debt: "Among our key partners, a theater closed down last month and a second may follow soon. Already-signed funding (sales and co-productions) are at risk, while productions have already started" (I10); "The real risk is the disappearing of our partners; it is a problem of revenue, not of a financing scheme" (*idem*). The small size of businesses and low level of profitability exacerbates this fragility.

Interestingly, we find that the relative financial exclusion of CCEs has more to do with an insufficiency of demand than with credit supply obstacles. This self-exclusion is motivated by stereotypes and supposed oppositions of values between CCEs and Banks. However, the main factor of self-exclusion relates to the acknowledgement of CCEs of the extreme level of systemic risk in the sector and their commitment to financial reimbursement. CCEs favor the creation of reserves rather than the use of bank money to finance their working capital needs, as long as they "are not sure they will be able to reimburse."

While the economic and institutional specificities of the sector can hardly be modified, we infer from the above discussion that a better financial inclusion of cultural entrepreneurship is required. A better understanding of the sector specificities of financial actors is necessary. Observed examples of a partnership relationship and a cultural entrepreneurial ecosystem, where traditional and dedicated banks articulate their actions with cultural entrepreneurs, are, in our view, promising. They call, however, for a reconsideration of the role of cultural policy in this ecosystem. Traditional financial schemes also stand to gain from revision in order to better fit sectoral needs. Functional approaches to credit risk, instead of structural financial criteria, should be considered. Eventually, the extreme systemic risk of the sector needs to be addressed, and only public-private arrangements can efficiently and technically address this issue. While the considerable socio-economic weight of cultural and creative entrepreneurship is now recognized, in terms of contribution to GDP, Added Value, employment, and sustainable territory development, the conditions required to favor CCE inclusion in the economic circuit, in particular proper financial inclusion, still need to be set. This process must include proper reflection with regard to the renewed role cultural policy should take in the cultural entrepreneurial ecosystem and the articulation of private and public actors of the ecosystem. Eventually, aesthetic dimensions, artistic creation, and societal and democratic challenges are at stake, which also need to be incorporated into the reflection. Transferring traditional economic arrangements to the cultural sector is, in this respect, both insufficient and inappropriate. Sector-specific models have yet to be invented.

5 Concluding Remarks

This paper addressed the theme of bank financing for SMEs in the cultural and creative sector and investigated the reasons behind the insufficiency of bank financing for cultural and creative entrepreneurs.

The research highlighted that the theoretical debate on bank financing to business passed from an initial focus on criteria based on financial ratios to an increased advocacy for combined qualitative and quantitative indicators, especially in the case of bank financing to SMEs. In the case of a special type of SME, those of the cultural and creative sector, matching qualitative and financial criteria seems particularly relevant, though this topic has not been the center of academic debate.

In order to explore our research topic more effectively, an exploratory qualitative research was carried out in the Burgundy region in France. The results of this investigation, though preliminary, give significant insight to the research topic.

The analysis highlighted that, though bank finance in the sector is low, credit risk in our sample was also generally low. The perception of high credit risk and the reality of observed facts seems based on the classical stereotype of the “bohemian artist;” this can potentially disqualify cultural entrepreneurs, but it is not a sufficient motive to explain why bank finance in CCEs is so low. Stereotypes are also found as the basis for a low demand of bank financing by the entrepreneurs; often, entrepreneurs are reluctant to apply for bank loans due to their negative stereotypes of the bank sector. Moreover, they are afraid of a commitment to financial reimbursement: they understand that the economic risk of the sector is really high, due to the inherent characteristics of the cultural and creative field.

These stereotypes do not apply to “dedicated banks,” usually specialized in the social sector, which are identified as natural partners by the CCE. These banks not only adopt specific and qualitative criteria in assessing financing, but also sometimes even facilitate the implementation of an “articulated” approach, involving different subjects of the entrepreneurial ecosystem.

As emerged in our analysis, these dedicated banks could be essential actors of the cultural entrepreneurial ecosystem. Although they do not constitute an alternative to traditional banks, they act as complementary actors and key mediators in reducing CCE financial exclusion and improving the financial reliability of cultural entrepreneurial projects. While the economic and institutional specificities of the sector can hardly be modified, we argue that an improved financial inclusion of cultural entrepreneurship is required. A better understanding of the sector specificities by financial actors is necessary. Observed examples of partnership relationships and the cultural entrepreneurial ecosystem, where traditional and dedicated banks articulate their actions with cultural entrepreneurs, are, in our view, promising. They call, however, for a reconsideration of the role of cultural role this ecosystem. Traditional financial schemes also stand to gain from revision in order to better fit the sectoral needs. Functional approaches to credit risk, instead of structural financial criteria, should be considered. Eventually, the extreme systemic risk of the sector needs to be addressed, and only public-private arrangements can

efficiently and technically address this issue. While the considerable socio-economic weight of cultural and creative entrepreneurship is now recognized, both in terms of contribution to GDP, Added Value, employment, and sustainable territory development, the conditions required to favor CCE inclusion in the economic circuit, in particular the proper financial inclusion of CCEs, are yet to be set. This has to include proper reflection with regard to the renewed role cultural policy should take in the cultural entrepreneurial ecosystem and the articulation of private and public actors of the ecosystem. Eventually, aesthetic dimensions, artistic creation, and societal and democratic challenges are at stake, which also need to be incorporated into the reflection. Transferring traditional economic arrangements to the cultural sector is, in this respect, both insufficient and inappropriate. Sector-specific models have yet to be invented.

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Entrepreneurial Storytelling as Narrative Practice in Project and Organizational Development

Findings of a Narrative- and Discourse-Analytical Case Study in Switzerland

Birgitta Borghoff

Abstract Based on an organizational communication perspective, I reconstruct entrepreneurial storytelling as a reciprocal process of “entrepreneurializing.” By focusing on two case studies from the Swiss cultural and creative industries sector, I outline narrative praxes, practices and practitioners of entrepreneurial storytelling in project and organizational development. Storymaking and storytelling about a curatorial, innovative, entrepreneurial, strategic, collaborative and knowledge-driven design process generate entrepreneurial narration, design, networks and organization-specific discourse. I suggest this interplay as the basis for the entrepreneurial story and value creation that shape the narrative identity of projects, organizations and enterprises. For the case studies examined within this study, this is constituted through the project-narrative of “curating tooligans and busy brokers” and the entrepreneurial hero-narrative of “conquering adventurers and preserving guardians.” Implications are discussed to guide future research in regard to the emerging field of entrepreneurial storytelling. In light of the development and transfer of new tools and formats for teaching, coaching and consulting, applications for professionals are described first.

Keywords Entrepreneurial storytelling as narrative practice • Entrepreneurial narration • Entrepreneurial design • “Entrepreneurializing” • Entrepreneurial network • Entrepreneurial story • Entrepreneurial discourse

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1 Introduction: Organizational Practice as a Communicative Task

The next society, which the sociologist Dirk Baecker (2007) anticipated in 2007, has long since become an everyday reality. It does not focus on tradition or purpose-oriented organizations, which provide for the satisfaction of needs or ensure that the interests of people are preserved. It is rather the ubiquitous happening of communicative networking, through which value creation and social structure are either developed or fail altogether. In this context, know-how and technology, especially for digital networking and transformation (Bounfour 2016; Abolhassan 2017), have become decisive assets, with digital disruption at the forefront (Heinemann et al. 2016).

Under these conditions, the understanding of organizations and their communication is inevitably and constantly changing. Based on international theories and surveys among managers, communication has become key to value creation (e.g. de Beer 2014; Zerfass et al. 2013). This is due to the fact that the value of capital generated by an organization can increase or decrease depending on what the leaders and employees say and do (ibid.). The representation of interests, the legitimation of use, and the integration of employees are all only possible through networked communication.

Against this background, the foundation and management of organizations are genuinely communicative tasks. Corresponding practice routines such as *leadership*, *management* and *counseling* are stabilized by communicative competences (Fairhurst 2007; Cooren 2015; Rüegg-Stürm and Grand 2015; Stücheli-Herlach 2015), similar to the creation of a particular organization as a routine of *entrepreneurship* (Gartner 2004a, 2007, 2010; Hjorth and Steyaert 2004; Steyaert 2004, 2007).

Practice routines bundle activities of symbolizing and legitimating future designs in controversial contexts (Grand and Bartl 2011). Likewise, the management of cultural organizations, artistic projects and businesses in the creative industries are affected by these routines (Klein 2009, 2011; Hausmann 2012, 2017; Konrad 2006, 2010, 2013; Müller et al. 2011; Lange et al. 2009). The management of cultural and creative organizations must be permanently proved; long-term controversy about political promotion and funding, commercial use, and the normalization of cultural mediation, social responsibility and aesthetic innovation must be addressed.

Two case studies on entrepreneurial storytelling in the cultural and creative industries sector provide insight into the process of project and organizational foundation under the conditions described above. My research is based on a *strategy-as-practice* approach (Whittington 2006), in which narrative *praxis*, *practices* and *practitioners* of entrepreneurial storytelling in *organizational practice* are investigated.

“[T]he Greek word ‘praxis’ refers to actual activity” (ibid., p. 619), e.g. meetings, conversations or interactions. Hence, *praxis* is what people do in practice. From a *strategy-as-narrative-practice perspective* (Fenton and Langley 2011), *praxis* concerns the “making of” discursive products, like written texts (e.g. business plans and concept papers). These products are generated by *practices*, which, in turn “refer to shared routines of behaviour, [...] procedures for thinking, acting and using ‘things’” (Whittington 2006, p. 619) as well as to typical narrative processes, techniques or tools (Fenton and Langley 2011, p. 1173). Processes and products of text- and image-based communication are also associated with the concept of design (Roth and Spitzmüller 2007; Weber 2008). Finally, *practitioners* are strategic actors who perform activities and implement the practices of these activities (Whittington 2006, p. 619). Practitioners typically interact as individuals or groups of players. The latter often form in so-called *communities of practice* (Wenger et al. 2002, 2011, p. 9 et sqq.; Wenger 1998; Rüegg-Stürm and Grand 2015, p. 179) and *networks of practice* (NoPs; Wenger et al. 2011, p. 9 et sqq.; Agterberg et al. 2010).¹

Against this background, I developed the following research questions:

- Which *narrative patterns (praxis/products)* lead to the constitution of entrepreneurial storytelling? What specific *narratives* can be reconstructed?
- Which *narrative processes (practices/designs)* do practitioners use? What do they tell about what they do and how they do it?
- Which *actors and groups of players (practitioners/networks)* are *linguistically present* within the discourse?

The article proceeds as follows. First, I outline the theoretical framework, illustrating the possibility of an interdisciplinary approach for the multifaceted phenomenon of entrepreneurial storytelling. After giving insights into the research approach and applied methods, I specify the context of the two case studies. In subsequent sections, I present my key findings, discuss the results and conclude with implications.

2 Theoretical Framework: Entrepreneurial Storytelling as an Interdisciplinary Phenomenon

In the context of *social constructivism* (Weick 1995), *practice turn* (Schatzki et al. 2001), *strategy-as-practice* (Whittington 2006), *narrative turn* (Fenton and Langley 2011), “*communication constitutes organization (CCO)*”-paradigm

¹Whereas a *network* refers to the relationships, connections and personal interactions among participants who have reasons to connect to solve problems and create knowledge together, a *community* refers to the development of a shared identity around a topic and a collective intention. Combining network and community, one can say that communities comprise networks of relationships; the emergence of networks may be due to members’ committal to joint enterprises.

(Schoeneborn 2013; Cooren 2015; McPhee and Zaug 2009), *narratological management and organization research* (Boje 2001, 2008, 2011; Czarniawska 1996, 1997, 1998, 2004), *strategic organizational communication* (Zerfass 2010; Jakobs 2008; Bruhn 2008) and *organizational linguistics* (Stahl and Menz 2014; Müller 2008; Habscheid 2003), I try to develop a grounded theory for a special type of *organizational storytelling* (Schach 2015; Herbst 2014; Ettl-Huber 2014; Stücheli-Herlach and Perrin 2013), namely entrepreneurial storytelling. Storytelling is becoming increasingly relevant in the field of *entrepreneurship*. Not only researchers, but also entrepreneurial practitioners are concerned with entrepreneurial storytelling, a very young field of research that has rarely been explored in the context of organizational development.

2.1 Defining Entrepreneurship

Entrepreneurship is a *process* in which new entrepreneurial opportunities and their implementation in marketable products and services are identified (Fueglistaller et al. 2016, p. 6 et sqq.). According to Bygrave and Hofer (1991, p. 14), “[the] *entrepreneur* is someone who perceives an opportunity and creates an organization to pursue it.” Stevenson and Jarillo (1990, p. 18) again declare entrepreneurship as a new *management approach*: “Entrepreneurship is a process, by which individuals—either on their own or inside an organization—pursue opportunities without regard to the resources they currently control.” Within organizations, employees can also become *intrapreneurs*, *institutional entrepreneurs* (Czarniawska 2013, p. 89 et sqq.), or *corporate entrepreneurs* (Schmelter 2009).

2.2 Storytelling, Narrative and Entrepreneurship

Lounsbury and Glynn (2001, p. 546) have found

that stories play a critical role in the processes that enable new businesses to emerge. Stories that are told by or about entrepreneurs define a new venture in ways that can lead to favorable interpretations of the wealth creating possibilities of the venture; this enables resource flows to the new enterprise.

Villanueva et al. (2013, p. 1) analyzed the role of storytelling in the process of resource acquisition and demonstrate how entrepreneurial stories can influence perception and judgments of potential investors with regard to the legitimacy of new businesses. Smith and Anderson (2004, p. 126) state

[that] there is a primary relationship between storytelling and entrepreneurship because the communication of value is obviously central to the practice of entrepreneurship, because the entrepreneur ‘takes between’ creating and extracting the value of their product or

service. Storytelling is very similar, in that it recounts tales to communicate general values such as the benefits of enterprise and specific values such as appropriate behaviours.

Furthermore, storytelling and storymaking serve as potential metaphors for conceptualizations and re-conceptualizations of entrepreneurial activity (Smith and Anderson, 2004). Boje and Saylor (2015, p. 199) anticipate the following apodictic premise: “Entrepreneurship is storytelling.” The process of identification and the supply and mobilization of resources make the company an expedient fiction and are all functions of storytelling. The resulting construction of meaning, i.e. “sensemaking” (Weick 1995), in and for enterprises evolves from so-called *entrepreneurial narratives*, i.e. narrative patterns and processes of performance.

The difference between narrative and story, Czarniawska (2004) argues, lies with the fact that narrative consists of an initial state with various actions or events and ends in a final state. To give an example: “The baby cried. The mommy picked it up.” (ibid., p. 19). A story, however, is an “emplotted” (ibid.) narrative. The narrative dramaturgy (plot) consists of four phases: *exposition* (states, places, time, acting people), *complication* (presentation of unusual actions or events), *resolution* (positive or negative resolution of the complication), and *coda* (results, perspectives, opinion of the narrator). To proceed with the previous example, the following sentences form a story: “The baby cried. The mommy picked it up. The baby stopped crying.” (ibid.).

Roland Barthes (1977, p. 97) offers a much more comprehensive description of narratives, demonstrating its omnipresence:

The narratives of the world are numberless. Narrative is first and foremost a prodigious variety of genres, [...] carried by articulated language, spoken or written, fixed or moving images, gestures, [...] narrative is present in myth, legend, fable, tale, novella, epic, history, tragedy, drama, comedy, mime, painting . . . stained glass windows, cinema, comics, news item, conversation. [...] narrative is present in every age, [...] place, [...] society; [...]. All classes, all human groups, have their narratives . . . [...] narrative is international, trans-historical, transcultural: it is simply there, like life itself.

2.3 *Storytelling, Design and Entrepreneurship*

Beside its recent emergence in the fields of communication and entrepreneurship, storytelling has also become relevant in *design research* (Brandes et al. 2009; Grand and Jonas 2012, p. 167). Thereby, storytelling and design share a close relationship. Through the act of envisioning and writing down of a product’s design and reflecting on the proper story to be told, the product design is produced (Brandes et al. 2009, p. 188).

According to Grand (2012, p. 155 et sqq.), designs and their respective processes are geared towards the future and thus potentially help to create successful futures for organizations. In this context, Grand also speaks of “Design Fiction [...]...

[that] uses design . . . to tell stories” (ibid., p. 167.). Design implies, however, both design processes like projection, creation, and construction as well as methods of materialization, experimentation and reflection (ibid.).

This understanding of design illustrates interconnections between the emergence of entrepreneurship, entrepreneurial storytelling and the constitution of enterprises or organizations:

“[E]ntrepreneurial designs” (Faltin 2008, p. 39), “organizational design” (Baecker 2003, p. 300 et sqq.), “organisation creation” (Gartner 2012), “creating the enterprise” (Gartner and Bellamy 2009), “venture creation” (Gartner 2004a), “business creation” (Gartner 2004b).

According to Gartner et al. (1992, p. 17, cited by O’Connor 2004, p. 105), “[e] merging organizations are elaborate fictions of proposed possible future states of existence.” He compares the telling of stories concerning entrepreneurial activity and interaction with a hypothesis about “how the world might be: how the future might look and act” (Gartner 2007, p. 614). Entrepreneurial stories seek to familiarize with the unknown and foreign by framing enterprises with new terms (often metaphors or analogies) that are understandable, comprehensible and therefore legitimate (Salancik and Leblebici 1988, cited by Lounsbury and Glynn 2001, p. 549). Therefore, narrative approaches are powerful tools to, firstly, explore “what entrepreneurs (or others) say about what they do” (Gartner 2007, p. 616) and, secondly, to analyze these stories (ibid., p. 613).

3 Approach and Methods: Narrative and Discourse Analysis

I designed my research as an explorative case study (Yin 2014) following a mixed methods approach (Kuckartz 2014, p. 47 et sqq.) with a qualitative sequential design and theoretical foundation. The analysis is based on literature, text corpora and personal empirical data collection. I combined grounded theory (Strübing 2014; Glaser and Strauss 2010; Breuer 2010) with narrative- and discourse analysis (Bendel Larcher 2015; Cooren 2015; Keller 2011; Viehöver 2010) to examine a corpus of thirteen texts, including six web texts, two transcribed narrative interviews (Bohnsack 2014; Küsters 2009) with practitioners from the case studies and five semi-standardized interviews with artistic alumni and academics of the investigated Swiss art college. The focus of my study is on the analysis of typical *narrative, design, networking* and *discourse patterns* (see Fig. 1).

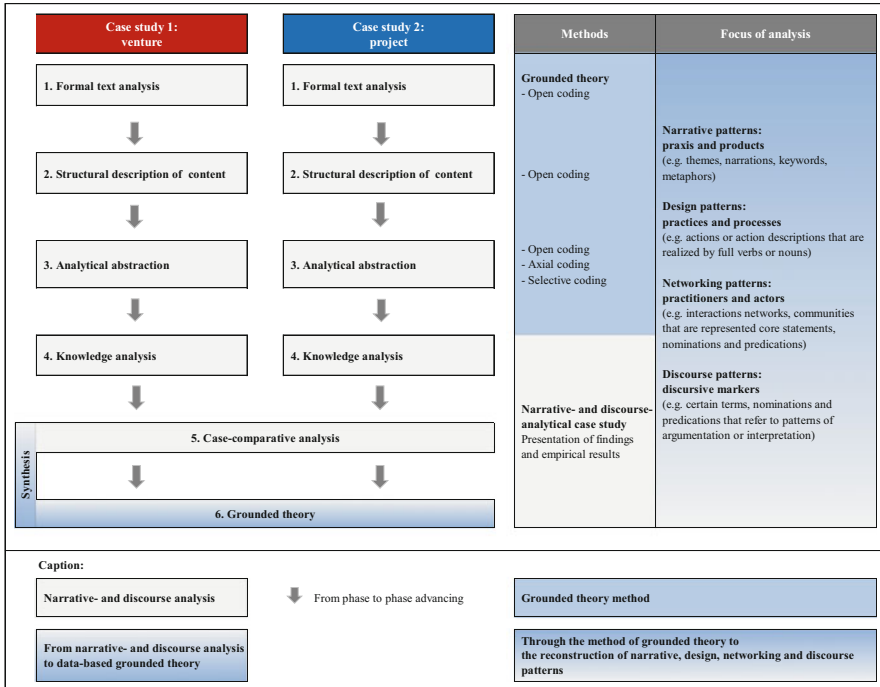


Fig. 1 Mixed methods case study design: grounded theory, narrative and discourse analysis (own depiction based on Yin 2014; Bohnsack 2014; Küsters 2009; Strübing 2014; Glaser and Strauss 2010; Breuer 2010; Bendel Larcher 2015; Cooren 2015; Keller 2011; Viehöver 2010)

4 Context of the Case Studies: Culture and Creative Industries

The case studies provide insight into the processes of organization foundation and development. The case studies present foundations belonging to an existing organization, which can be interpreted as a form of “Institutional Intrapreneurship” (Czarniawska 2013). Both cases involve practitioners from the *Zurich University of the Arts* (ZHdK 2016), one of Europe’s great art colleges, which has positioned itself in the domains of science, research and education. In recent years, various ideas and initiatives have been manifested in concrete projects at this academic institution. Among such projects are the *CreativeEconomies* venture (CE 2016) and the *Methods of Arts* project (MOA 2016), both which I investigate in this paper.

The not-for-profit venture CE, which has been developed from the *ZHdK Department of Cultural Analysis* (DKV 2016) since 2014, curates experiments, projects and initiatives that create and test new possibilities of value creation along global networks. Together with its partners, the *RISE Management Innovation Lab of the University of St. Gallen* (RISE 2016) and the “*Critical Thinking*” Initiative (CTI 2016) of the *Swiss Federal Institute of Technology in Zurich* (ETH), the venture discusses alternative opportunities for value creation in global networks and develops standards for value creation in culture, technology, business and science.

The MOA project, founded in 2013 in Cologne, is a series of international German and English video interviews with contemporary artists from the various *submarkets of the cultural and creative industries sector* (see Fig. 2; Weckerle and

Submarket	Freelancer and self-employed persons	Enterprises and businesses
1. Music industry	Composers, musicians, music teachers, sound engineers, interpreters, music ensembles	Instrument manufacturing, music publishing, phonogram production, agency, music shop, presenter, club, musical, festival, commercial music school
2. Book market	Writers, authors	Book publishing, intermediate publishing, book trade, agency
3. Art market	Fine artists, restorers, art teachers	Gallery, art trade, museum shop, commercial art exhibition
4. Film industry	Screenwriters, film actors, film producers	Film or television production, film rental, distribution, movie theater
5. Broadcasting	Moderators, speakers, producers	Broadcasting- or television company
6. Performing arts market	Performing artists, artists, dancers, cabaret artists	Commercial theater, musical, agency, variety theater, cabaret
7. Design industry	Designers, applied artists	Industrial design agency, product design, graphic design, visual design, web design
8. Architecture market	Architects, town and country planners	Construction and civil engineering, interior design, landscape design
9. Advertising market	Ad writers, copywriters, advertisers	Advertising agency, advertising spread
10. Software- and games industry	Software engineers, game developers	Software consulting and development, software publishing, programming, agency
11. Arts and crafts	Artisans, gold- and silversmiths	Arts and crafts, processing of jewels and gemstones, manufacturing of jewelry-, gold- and silversmith work
12. Press market	Journalists, word producers	Press publishing, press trade, press archiv
13. Phonotechnical market	-	Producers and retailers of film-, broadcasting- and phonotechnical devices

Fig. 2 The 13 submarkets of the cultural and creative industries sector (own depiction in the style of Weckerle and Theler 2010, p. 13)

Theler 2010, p. 10). The project explores key questions about the process of “art making” and artistic methods within the framework of art production. By means of the artistic process of value creation it uncovers different approaches, concepts, strategies, methods, ideas and positions, such as an artist’s personality and his or her concept ideas, materials, tools and media, creation and production processes, artwork, publications and other factors related to mediation.

5 Key Findings: Entrepreneurial Storytelling as Narrative Practice

In the following section, I present the key findings of my provisional grounded theory for entrepreneurial storytelling in the cultural and creative industries sector.

5.1 *Entrepreneurial Narration*

I reconstructed four typical narrative key patterns (see Fig. 3). The *founder narratives* tell about the entrepreneurs themselves and give reference to the concept of the curator (*curator narrative*) as a dynamic mix of producers, artistic directors, mediators, managers, entrepreneurs, directors, chief executive officers, designers or stage directors. A part of the entrepreneurial process, the *founding narratives* feed on the *organization narratives* of a “venture” and a “project” on the one hand and the *brand narratives* of “CreativeEconomies” and “Methods of Arts” on the other. Brands include the name, trademark and packaging or design of a product or service (Esch 2014, p. 308 et sqq.).² Both the venture and the project share a “not-for-profit” *opportunity narrative* and the *ownership narrative* of “shared authorship” and trademark protection. The *business model narrative* shows that research in the fields of creative, strategic, entrepreneurship and art is at the center of the business activities of both the venture and the project; in both contexts, teaching and debate are also of vital importance. The *supply narratives* inform about the importance of websites, performances, events, publications, panels and video interviews for the entrepreneurial offers. Through the interaction of the specific narratives described above, an *entrepreneurial narration* unfolds.

²The aim of branding is to differentiate the enterprise’s performance from the products or services of potential competitors and to clearly position itself within a competitive market.

Entrepreneurial storytelling products and narratives <i>(selective coding: core categories)</i>	Specific products and narratives (most frequent mentions) <i>(axial and open coding: subcategories and open codes)</i>
The entrepreneur (fragment of founder narrative)	Concept of the curator as a dynamical mix of producers, artistic directors, mediators, managers, entrepreneurs, directors, chief executive officers, designers and stage directors
The entrepreneurial process (fragment of founding narrative)	Organization narrative (organization, project, enterprise, venture), Brand narrative ("CreativeEconomics", "Methods of Arts") Opportunity narrative ("not for profit"), Ownership narrative (owner- and authorship: "[shared authorship] Geteilte Autorenschaft?"; patent law and trademark: "[How to protect this?] Wie schützt man das?")
The business model/business field (fragment of business model narrative)	Research (creative industries, strategy and entrepreneurship research, art research), debate and discourse, teaching and lessons, art mediation and art education, arts, multilingualism, elearning und blended learning
The entrepreneurial product/service (fragment of supply narrative)	Website, performances ("stagings"), events, publications, panels, stories, workshops, video interviews, films, fotos, pictures and images
Caption: The products and narratives described above were determined by means of selective coding within the scope of the grounded theory method.	Caption: The subcategories and open codes listed above were determined by means of axial and open coding within the scope of the grounded theory method. Text in bold letters signals a higher relevance due to corresponding frequencies in the examined text corpora and affiliation to the appropriate core categories of products and narratives. Texts in quotation marks are direct quotes from the sample.

Fig. 3 Entrepreneurial narration: storytelling products and narratives (own depiction)

5.2 Entrepreneurial Design

As far as narrative processes are concerned, I identified four selective key practices used by the actors that are linguistically present within the discourse. Based on the developed grounded theory category system, I made use of the following descriptive words:

- (1) *curating and innovating*
 - (2) *entrepreneurial strategizing and organizing*
 - (3) *telling and cooperating*
 - (4) *researching and learning*
- (1) The key practice *curating and innovating* comprises narrative-specific single practices, e.g. “developing,” “experimenting, exploring and testing,” and “creating and designing.” Additionally, “curating,” “selecting,” and “filming, cutting and photographing” also play a decisive role in the production of the *curatorial innovation design*.
 - (2) The key practice *entrepreneurial strategizing and organizing* is based on single practices, such as “doing and undertaking,” “generating values” or “institutionalizing.” Likewise, the *entrepreneurial strategy design* implies “agenda setting,” “decision making,” and practices of “organizing.”

- (3) The key practice *telling and cooperating* encompasses a variety of communication practices, such as “conducting conversation and dialogue,” “writing and formulating,” “arguing,” “storytelling,” “retelling,” “presenting” or “exposing.” The corresponding *collaboration design* is also formed by “networking” or “community building” practices.
- (4) Finally, the key practice *researching and learning* combines practices of “asking and scrutinizing,” “investigating and analyzing,” “perceiving and understanding,” and “learning,” “teaching,” “explaining” or “mediating.” Through the interplay of these single practices, the *knowledge design* is finally constructed.

Through a combination of all practices, the *entrepreneurial designs* of CE (2016) and MOA (2016) are eventually generated (see Fig. 4).

Figure 5 shows the interplay between the different key practices and designs and demonstrates how the individual practices mutually influence one another. For example, “creating” not only affects the *curatorial innovation design* of organizations and projects, but also the *entrepreneurial strategy design*. Likewise, “storytelling” and the “retelling” of stories contribute to the key practice of *entrepreneurial strategizing and organizing*. The key practices thus function as open, expanding boundaries and continuously changing processes that influence each other reciprocally. I described this process as a narrative act of “*entrepreneurializing*” (a new word I created during the research process) and a typical form of *organizational practice*. At the same time, storymaking and storytelling occur simultaneously. In this sense, I suggest entrepreneurial storytelling to be reconstructed as a *curatorial, innovative, entrepreneurial, strategic, collaborative and knowledge-driven design process*.

5.3 Entrepreneurial Network

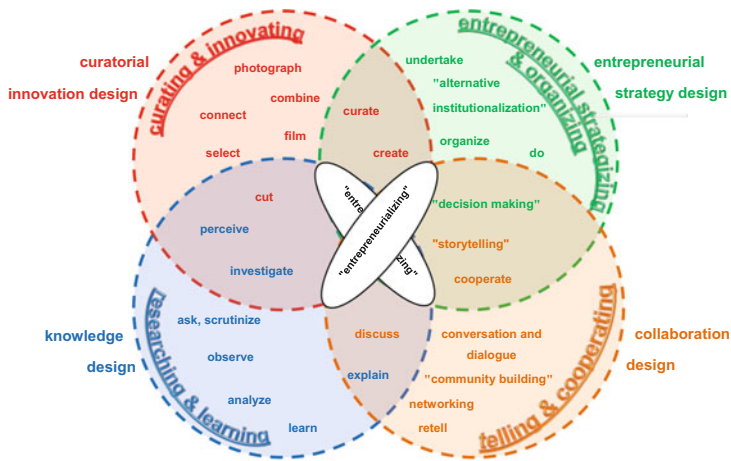
The *entrepreneurial network* of actors and groups of players linguistically present in the discourse feeds on relevant *submarkets of the cultural and creative industries sector*, such as the press and the advertising institutions and disciplines from *research and science*, and *cultural and creative actors* (above all artists from the arts and performing arts, design, film and music industry) as well as other “highly diverse,” “important” or “established” *individual actors, organizations, institutions* (“collocated organizations,” “hybrids” “new constellations”) and the *economy* as a whole (see Fig. 6).

Entrepreneurial storytelling practices and designs <i>(selective coding: core categories; axial coding: subcategories)</i>	Specific single practices (most frequent mentions) <i>(open coding: open codes)</i>
Curating & innovating (curatorial innovation design)	
- Design- and innovation practices (innovation design)	Create, connect, combine , develop, explore and experiment, emerge, materialize and produce, design, generate ideas, initialize
- Curatorial practices (curatorial design)	Curate, select , "staging," compose
- Artistic practices (art design)	Film, cut, photograph
Entrepreneurial strategizing & organizing (entrepreneurial strategy design)	
- Entrepreneurial practices and corporate management (entrepreneurial design)	Undertake, "alternative institutionalization," value creation, business travel, finance, market penetration and acquisition of orders, acquire and mobilize resources
- Strategic practices (strategy design)	"Decision making," agenda setting, setting goals, focus, establish and position, lead, rethink, allow free space and space off time
- Organizational practices (organization design)	Organize , realize tasks and activities
Telling & cooperating (collaboration design)	
- Communication practices (communication design)	Have conversation and dialogue, discuss, "storytelling" and retelling , describe, write, argue, have interviews, know and use social media channels, publish, reference
- Cooperation practices (cooperation design)	Cooperate, networking and "community building"
Researching & learning (knowledge design)	
- Research practices (research design)	Ask and scrutinize, investigate and analyze, observe and perceive , understand, think, do research, reflect
- Education practices (education design)	Learn, explain, mediate
Caption: The practices and designs described above were determined by means of selective and axial coding within the scope of the grounded theory method.	Caption: The open codes listed above were determined by means of open coding within the scope of the grounded theory method. Text in bold letters signals a higher relevance due to corresponding frequencies in the examined text corpora and affiliation to the appropriate core and subcategories of practices and designs. Texts in quotation marks are direct quotes from the sample.

Fig. 4 Entrepreneurial design: storytelling practices and designs (own depiction)

5.4 Entrepreneurial Story

The analysis of the narrative interview with practitioners of MOA (2016) points to the basic narrative of the *broker*: The project begins in the German city of Cologne (Köln), where the lecturers pursue a common wish: the development of a catalog of questions (“Fragenkatalog”) for a methodological guide (“Methoden-Leitfaden”) and open box (“offener Zettelkasten”), which they curate as a



Caption:



Specific single practices
(e.g. *curate*)

Selective key designs
(e.g. *knowledge design*)

Fig. 5 “Entrepreneurializing:” key practices and designs of entrepreneurial storytelling (own depiction)

research-, mediation-, network- and acquisition tool (“Research-, Forschungs-, Vermittlungs-, Netzwerk- und Akquise-Tool”) in order to extract beads (“Perlen”) and heart collections (“Herzkollektionen”) from the sheer mass of ever-increasing artist positions (“Künstlerpositionen”). The beads and heart collections reflect the changed self-understanding of the new or next artist in its multiplicity. In this context, “curating” (“kuratieren”) means to be concerned about the way in which a project may develop further products or side branches (“Seitenäste”). It is like a brokerage disposition (“Vermittlungsdispositiv”), which becomes part of the exhibition and thus also part of the project. The use of narrative language in the MOA project (2016) reflects the basic story of the art-loving broker and curator, who at the same time appears industrious. To summarize, I reconstructed the *entrepreneurial project-story* of *curating tooligans* (newly created word) and *busy brokers*.

Looking at the narrative interview analysis of the venture CE (2016) I found the basic narrative of the *traveller*: The entrepreneurs start as “greenhorns”, and use a

Entrepreneurial storytelling practitioners and networks <i>(selective coding: core categories)</i>	Specific practitioners and narratives (most frequent mentions) <i>(axial and open coding: subcategories and open codes)</i>
Submarkets of the cultural and creative industries	Press and advertising market , design industry, broadcasting
Research and science	Institutions and science disciplines (art college , other relevant institutions), researchers
Organisations, institutions	"collocated organizations and industries," "hybrids and entirely new constellations"
Individual actors	"highly diverse actors," "important actors," "established actors," "actors shaping diverse spheres of action"
Cultural and creative actors and organisations	Artists (especially fine artists) , museums and exhibitions, designers, film technicians, music- and performing arts actors
Economy	CEO, project and department heads, managers, entrepreneurs, enterprises
Caption: The practitioners and networks described above were determined by means of selective coding within the scope of the grounded theory method.	Caption: The subcategories and open codes listed above were determined by means of axial and open coding within the scope of the grounded theory method. Text in bold letters signals a higher relevance due to corresponding frequencies in the examined text corpora and affiliation to the appropriate core categories of practitioners and networks. Texts in quotation marks are direct quotes from the sample.

Fig. 6 Entrepreneurial network: storytelling practitioners and networks (own depiction)

“window of opportunity” by taking a trail (“Spur”) and travelling (“reisen”) to distant places like “Hong Kong”, “Venice” or “London” to make “risky projects” part of their venture in “diverse fields and spheres of action”. Doing this with the aim of “value creation” and “creative destruction”, they finally return as heroes (“Helden”), then being challenged to finally protect (“beschützen”) what they created within the institutional context of the ZHdK (2016). The basic story of the venture (stemming from the old English word “aventure”) reflects, on the one hand, the heroic journey of an adventurer, discoverer and conqueror in analogy to the discovery of America by Christopher Columbus in 1492. On the other hand, I identified the narrative of the protector in the sense of a guardian, but also a keeper of danger. To sum it up, I reconstructed the *entrepreneurial hero-story* of simultaneous *conquering adventurers and preserving guardians*.

5.5 Entrepreneurial Discourse

My findings suggest that, in addition to narrative praxis, practices and practitioners, specific discursive markers play a constitutive role in *entrepreneurial discourse* (see Fig. 7). Thus, social issues such as innovation, renewal and change or “digital disruption” have a significant impact on the *business model narrative*, which tells stories of “e-learning and blended learning.” Likewise, the diverse language usage in terms of *spatial dimensions* (e.g. “global level”, “Hong Kong”, “China”, and “Russia”) suggests that the *supply narratives* of CE (2016) and MOA (2016) (e.g. website, panels) are international and multi-lingual. This can

Entrepreneurial storytelling discursive markers <i>(selective coding: core categories)</i>	Specific discursive markers (most frequent mentions; <i>(axial and open coding: subcategories and open codes)</i>
Spatial dimensions and contexts	Global level, "Hongkong," "Asia," "China," "Switzerland," European cities ("London," "Venice," "Zurich," "Cologne"), Russia, Germany, USA, cultural, social, scientific, economic and organizational contexts
Dynamics, progress, trends	"force fields' as 'extrem poles'," innovation, renewal, change, "digital disruption"
Temporal dimensions	Present ("today experimenting"), past ("in history"), future ("possible future worlds," "future-oriented," "attractive, desirable, equitable, efficient ... future")
New forms of institutionalization	"Creative Economy Model," new business models, laboratories, hybrid organizations, spin-offs, collaborative formats, incubator
Caption: The discursive markers described above were determined by means of selective coding within the scope of the grounded theory method.	Caption: The subcategories and open codes listed above were determined by means of axial and open coding within the scope of the grounded theory method. Text in bold letters signals a higher relevance due to corresponding frequencies in the examined text corpora and affiliation to the appropriate core categories of discursive markers. Texts in quotation marks are direct quotes from the sample.

Fig. 7 Entrepreneurial discourse: storytelling discursive markers (own depiction)

also be inferred from the frequent use of English expressions in the narrative interviews conducted in German. Speaking of cultural, social, scientific, economic and organizational contexts, a close connection to the *entrepreneurial network* can be concluded, insofar as the actors (submarkets of the cultural and creative industries sector, cultural and creative actors, research and science) work in equivalent contexts. The “new forms of institutionalization” indicate a relation between this topic of discourse and entrepreneurial storytelling practices (“institutionalizing”). Similarly, the discursive terms “hybrid” and “spin-off” denote a close connection between the entrepreneurial single practice “alternative institutionalization” or “laboratories” with the single practice of “exploring, experimenting, experimenting, testing.” In the same way, the topics of discourse related to “emergence” and “boundary expanding” are connected with the single practice “emerging and arising.” In this sense, discursive markers appear as a “kit” holding together the entire structure of *entrepreneurial storytelling as a narrative practice*. They not only influence *entrepreneurial narration, design and network*, but also significantly contribute to the *entrepreneurial value creation* through the process of “*entrepreneurializing*” (see Fig. 5). This, in turn, is constituted by the interplay between praxis, practices and practitioners of entrepreneurial storytelling, which are closely linked and can be underpinned by numerous examples (e.g. *narrative product*: curator narrative; *narrative practice*: “to curate;” *narrative practitioner*: “curator;” or *narrative product*: “film;” *narrative practice*: “to film;” *narrative practitioner*: “camera operator”).

6 Discussion and Implications for Science and Organizational Practice

My analysis shows that entrepreneurial storytelling influences the creation, development and design of new projects and enterprises. Entrepreneurial thinking and doing of practitioners or networks in the cultural and creative industries sector unfurls within their respective stories, which are told about in the investigated organizations. In this regard, the four key practices play a central role in the submarkets of the cultural and creative industries sector by creating both *entrepreneurial narration and design* of the CE (2016) venture and the MOA project (2016). Taking the analysis into consideration, the reconstruction of a *curatorial innovation design* as a key practice of entrepreneurial storytelling is interesting, seeming to be peculiar to the discursive context of the cultural and creative industries sector. Likewise, the constitution of the *knowledge design* is promising, especially regarding the emergence of research-based knowledge- and educational entrepreneurship. Therefore, I find it useful to examine whether these key practices can also be observed in other markets and contexts and be classified as relevant for discourse (e.g. technology, industry, trade, service sector, health, etc.).

Based on the findings, references to scientific concepts of design and innovation research can be established. Aspects of both theories are also reflected in the reconstructed *curatorial innovation design*, demonstrated by single practices, such as “innovating,” “idea creation,” or “prototyping.” Given the institutional embedment in the context of the ZHdK (2016), I assume that these reciprocal references might have a positive effect on the international positioning of the Swiss arts college through further strengthening its entrepreneurial self-understanding in the public in the sense of *corporate “entrepreneurializing.”* On the other hand, the positioning of MOA (2016) and CE (2016) at the ZHdK (2016) would be further reinforced by the fact that the current *opportunity narrative* of a predominant non-profit use might eventually develop into a commercially independent new market solution (e.g. spin-off).

In view of the synchronization of organizational discourse (Perrin and Wyss 2016, p. 253), corresponding communication requires the linguistically present narratives in the current *entrepreneurial discourse* to be taken up again in the context of strategic communication activities of the ZHdK (2016). This implies that both intrapreneurial stories about *curating tooligans and busy brokers* and *conquering adventurers and preserving guardians* have to be consistently added and retold. In this sense, specific narratives can be reused as knowledge-constitutive elements for intra- and entrepreneurial storytelling and discourse and value creation within the academic institution ZHdK (2016), the CE venture (2016) and the MOA project (2016).

The research has potential implications for the emerging academic field of entrepreneurial storytelling:

- (1) The research may inspire other case studies in the field of culture and creative industries to identify further typical discursive markers or to penetrate deeper into individual submarkets to compare profession-specific practices of

entrepreneurial storytelling in art production in terms of typical similarities and differences.

- (2) The conducted research may also be followed by further exploration of the process of “*entrepreneurializing*,” with special attention given to interdisciplinary references within the fields of CCO, narrative management- and organizational research, strategy communication, organizational storytelling, design, entrepreneurship and innovation research.
- (3) Trans- and multidisciplinary research in the context of the generalizability of the provisional grounded theory may also follow in order to examine whether similar phenomena can also be observed in the areas of technology, industry, and services, among others.

The findings have potentially significant applications for entrepreneurial actors and communicators alike in regards to organizational practice, as the results may be transferred into the development of new tools and formats for teaching, coaching and consulting (e.g. lectures, further education and training in the disciplines of organizational communication, organizational development, entrepreneurship, innovation management, and design thinking, specifically in art mediation and communication). They can also be conveyed as a scientifically sound method and tool for coaching and consulting self-employed persons, freelancers, entrepreneurs, intrapreneurs and organizations as a whole.

To conclude, this contribution has proved entrepreneurial storytelling to be a multifaceted, interdisciplinary phenomenon enabling practitioners to create their own projects or to establish new organizations within the cultural and creative industries, (further) education, research, and consulting sectors. Those who wish to be perceived in the public eye are encouraged to discuss details of their work and its implementation by telling what they do and how they do it. Entrepreneurial storytelling and narrative are rediscovered by practitioners, researcher and academics alike for this very reason. After all, everyone wants to write success stories.

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The Paradox Between Individual Professionalization and Dependence on Social Contexts and Professional Scenes

Drafting Your Career in the Sectors of Creative Industries

Bastian Lange

Abstract This article aims to discuss attempts to achieve a professional career within the creative industries. The key question is: How do entrepreneurs in creative industries invent strategies to cope with the paradox between individual professionalization and dependence on social contexts and professional scenes. The paper refers to the striking moment in which the high proportion of factual micro-entrepreneurial professions emerged without direct governmental support. Since a few years, the status of entrepreneurs in the creative industries is associated by a highly ambiguous situation: the newly invented catchphrase “new entrepreneurship” alludes to individualized marketing strategies, self-promotion and social hardships on the one side, but also to skillful alternation between unemployment benefit, temporary jobs, self-employment structures and new temporary network coalitions on the other. Contributing to this discussion, I bring forward the argument that the conceptualization of the term “scene” helps to shed light on action logics by cultural entrepreneurs caught in rather paradoxical circumstances. I will demonstrate and compare the various kinds of entrepreneurial embeddedness and the respective structural paradoxes in two urban settings: Berlin and Leipzig).

Keywords Professionalisation • Entrepreneurship • Scenes • Berlin • Leipzig

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1 On the Depending Relation Between Cultural Entrepreneurs and Their Scenes in Cultural and Creative Industries

Not least since the coining of the branch concept “creative industries” by the British Department of Culture, Media, and Sports in the late 1990s, creative production counts as an important cornerstone of contemporary national and urban economies. This labelling implies that economic exchanges, rather than the production of art for art’s sake, are expected of a new creative and economically productive workforce (e.g. Coulson 2012; Eikhof and Haunschild 2007). Accordingly, creative industries have become exemplary subjects of study in an effort to understand Post-Fordist knowledge creation and production models. Existing research has increased our knowledge about the diversity of contractual arrangements that are used to organize employment in these industries (e.g. Marchington et al. 2005), the creative labor process and labor market (Ross 2008), the role of personal networks for individual careers (e.g. Vinodrai 2006), flexible rewarding practices (Ebbers and Wijnberg 2009), or about the balancing of strong and weak ties to generate social capital (Antcliff et al. 2007).

At the same time, we still know little about how cultural entrepreneurs and their intermediaries form new creative markets based on rather informal social structures. The objective of this paper is to study different expressions of urban-based cultural entrepreneurs in two different cities by addressing subjective strategies to cope with challenges of professionalization in volatile markets.

Thereby, I understand and define market as “a social structure for the exchange of rights in which offers are evaluated and priced, and compete with one another, which is shorthand for the fact that actors—individuals and firms—compete with one another via offers” (Aspers and Darr 2011, p. 4). These creative markets are heavily conditioned by the field of art (e.g. Townley et al. 2009) and revolve around experiences, experiments, surprises, and irritation rather than standardized and reliable production in formal organizational settings. As such, they can also represent Post-Fordist volatile market structures. In these newly invented markets, few codified market practices and strategic guidelines exist for market participants. Although it is inextricably linked to production processes, the analysis of market-making shifts attention away from the organization of flexible labor markets to the processes of establishing structures for supply and demand by identifying and ordering market actors, establishing values and prices (e.g. Beckert and Aspers 2011; Lampel 2011), or developing distinct market categories (e.g. Khaire and Wadhvani 2010). The clear difference to other either technologically oriented start-up contexts or service oriented entrepreneurial contexts and the different approaches to become an entrepreneur, not to mention to successfully perform as an entrepreneur over time, have led to a reconsideration of how appropriate the notion of entrepreneur is for cultural and creative industries.

1.1 *Culturepreneurs*

Some scholars have invented the term “culturepreneur” which is a compound of the words “culture” and “entrepreneur” and was first suggested by Davies and Ford (1998, p. 13), following Pierre Bourdieu’s typological notion of an entrepreneur as someone who embodies various forms of capital (Bourdieu 1986, p. 241). Following Lange and Wellmann (2009) “‘Culturepreneur’ describes an urban protagonist who possesses the ability to mediate between and interpret the areas of culture and service provision” (2009, pp. 76–77). As a boundary spanner, he can be characterised, first and foremost, “as a creative entrepreneur, someone who runs clubs, record shops, fashion shops, galleries and other outlets, as well as someone who closes gaps in the urban landscape with new social, entrepreneurial and socio-spatial practices” (Lange and Steets 2002, p. 200, 201). Following Grabher, such intermediaries increasingly emerged in the gallery, art and multimedia scene in different European metropolises, foremost in London in the 1990s (Grabher 2001). Davies/Ford (op. cit.) characterised this type of people who, in structural terms, are communicative providers of transfer services between the sub-systems ‘business related services’ and ‘creative scene’ and, in doing so, seem to have satisfied a necessary demand.

In addition, creative agents, providing services for other sectors, do not only transfer and sell symbolic goods, but also provide access to cultural milieus, the avant-garde-like attributes and symbolic surplus of which corporate companies and other service industries like to inscribe in the internal as well as public reputation. Therefore, it is not only the symbolic product that raises the attention of various clients, but also the overall symbolic surplus and its perceivable access to cultural milieus and creative scenes.

1.2 *Scenes*

So far, the term “scene” has hardly been used to describe social context within economic geography. It has rarely been explicitly used in cultural and social geography (e.g. O’Connor 2002) and even less frequently in the context of economic geographies so far, and therefore needs further explanation. An exponentially increased use of the term is witnessed within the wider social sciences and its scientific (1), administrative (2), colloquial (3), and linguistic usage:

- (1) The existence of scenes and creative milieus is regarded as indispensable (Hospers 2003, p. 143ff; Crevoisier 2004) for the development of attractive economic sites. This can be deduced from observing that new types of media and producers of cultural goods require specific spatial qualities, which they only find in certain places (Grabher 2002). Today, the existence of close interactions between production areas in the urban context is seen as a crucial characteristic of a metropolis (Hesse and Lange 2007, p. 65). Entrepreneurial actors in the field of cultural or creative industries basically depend on

participating in the creation of those spaces. Following Reckwitz's argument, the key factors for the change towards what is called a creative city are art scenes, which are able to enforce the city's process of self-culturalization, due to their performative character (Reckwitz 2009, pp. 22–23).

This new kind of symbolic economy not only presents an affinity towards socio-cultural milieus of metropolises. It also settles in certain places of cities, for example within inner-city in-quarters, districts with a high density of gentrified and renovated old buildings providing a high living standard (such as coffee-bars offering wireless-LAN), as well as in former harbor districts or fabric buildings now converted to lofts and ateliers. These places truly make the vision of space and room a reality, especially if low rents make these places affordable, as for example in Berlin and Leipzig (Germany). Thus, these metropolises are attractive for a clientele that works mainly under precarious conditions and is therefore not able to afford the high rents usually charged in metropolises.

- (2) Recently, the term “scene” has found entrance into administrative reports and consultancy studies, aiming at describing more adequately the growth of creative labor markets as well as the functionality of their adjacent networks, especially in creative and knowledge-based economies (Weckerle et al. 2007, p. 108ff; SMWA 2008, p. 78ff). In so doing, the term “scene” was applied to the behavior of new professional actors of creative or cultural industries in regard to networks. In this context, the term “scene” describes types of exchanges established between newcomers and established actors. It refers to a certain density and a certain critical mass in communication and interactions. Apart from actors of those sub-markets, actors of established markets and administrations emphasize the increasing relevance of “creative scenes” regarding a city's economic structure. Especially in informal networks, processes of social and symbolic innovation can take place, from which all branches benefit. The so-called “entrepreneurial scenes” (ibid.), interactions providing innovation and creativity to market actors, seem to function as incubators for regional economic processes. Therefore, the presence of these kinds of entrepreneurial market actors seems to be crucial for regional competitive strength.
- (3) Furthermore, the term “scene” experienced a wider distribution in respect to its colloquial usage. Basically, it is applied by the media to describe cultural events or places rich with cultural happenings. On a linguistic level, the term serves to arrange political or cultural micro-collectives in groups, as, for example, the right wing or leftist scene or the jazz music scene. Due to their thematic focus, scenes represent an additional social sphere in respect to more established social groupings and their forms of collectivization. In colloquial usage, the term “scene” also refers to phenomena such as alternative scenes, creative scenes, and the description of events in cultural or city magazines.

1.3 Professionalization and Its Paradoxes

Following Mieg (2008) the notion of professionalization, as both a phenomenon and a standard term, links work biographies to the configuring of sub markets with subsequent professional categories. In addition to observations concerning mobility and theoretical assumptions regarding place-binding criteria, professionalization relates creative industries directly to socio-spatial constellations, new network practices and the creation of identity. Rapidly changing project-based constellations within flexible network formations pose structural constraints, especially when it comes to steps of professionalization. The fate of these creative communities of practice is shaped and partly driven by professionalization for the simple reason that they survive economically. Thus, professionalization has become a limiting context restriction that can hinder creativity. In creative industries, professionalization serves, from a socio-professional point of view, three essential functions (Lange and Mieg 2008) and can be explained on three levels: a control function, an evaluation function, and an expert function.

- (1) The in-built control function of professionalized labour is debated as one of the key topics in the sociology of professions (Evetts 2003; Freidson 2001). Professionalized action is principally related to the “self-control of professionals” (ibid.). Following Evetts, in professional work, “other common forms of organizational or institutionalized control are substituted by self-control” (2003). Professional self-control is, according to Freidson (2001) also “at work in organizations”: when new modes of human resource management even accept self-control from employed professionals. Here organizational control take on the form of “control at a distance” (Fournier 1999, p. 280)—that is internalized self-control.
- (2) The second task, evaluation, is, following Mieg (2008), closely linked to the first one. He states, if “there is today an enduring source of legitimization for professions, then it should be based on the institutionalized control of evaluation standards for professional work” (2008, p. 506). Mieg relates his statement to classical professions (such as the medical profession or sciences) as well as new professions or professional groups (such as in the field of web design or patent auctions) attempt to “define standards for professional work in their domain and to establish systems of evaluation that also include standards for professional training” (ibid.). Thus, occupations have clear basic, socially accepted “monopoles of defining work” in their domains (ibid.). These monopoles are, according to Abbott, variable and subject to the dynamics of changing jurisdiction in the “system of professions” (Abbott 1988).
- (3) For professional sociologists such as Mieg, Abbott, and Evetts, the last and third function plays a decisive role in the domain of creative industries from two perspectives. These scholars address the expert function of professionalized work as a key concept to not only understand an external expert function (towards clients and the public), but also an internal one (in the network) (Mieg 2008). The internal expert function serves to distinguish and validate

assessment procedures by classifying those professionals who set new value principles and—equally important—who are well-known coaches in that professional field. The ascription of the “experts” in this arena also regulates the course of “collective” capability development of local creative markets (as professional clusters). Therefore, professionalization has to be considered as a procedure. Professionalization comprises the conversion of trust ruling (from trust in single experts to trust in educations), the transformation of learning (from erratic individual learning to a more academy-like training) and the transformation of quality control (from individualized trust to quality reflections in globalized professional networks).

To summarize, professionalization denotes the transformation of an occupation into a profession—that is, an occupation with a certain autonomy in defining and controlling the work standards of its members. Furthermore, professionalization denotes the transition towards paid work that is subject to binding quality standards. In this wide sense, people and activities can be professionalized.

In contrast to the expectation of professionalization, the high number of recently emerged creative agents in creative industries depend, to a great extent, on spontaneous informal social bonds as well as network alliances that have enabled the appearance of new creative milieus. New social practices concerning the temporary organization of projects are intertwined with the production of new social places for the exchange of experiences, knowledge and expertise. To sum up, paradoxes of professionalization have become obvious in creative industries, for instance the tension between the autonomy of creative production on the one hand and the necessities of professionalization on the other. The local communities of practice—of which most of Berlin’s creative industries are made—serve both as quality evaluation circles and promoters of creativity and innovation.

1.4 Two Contrasting Cases: Berlin and Leipzig

Continuing with the understanding of the term “scene” as presented previously, the following parts will designate parameters, which lead to a context-specific definition of entrepreneurial scenes, its structural logics, and attempts to relate and to interpret their practices with respect to the introduced paradoxes. This presentation will be related to elements of two entrepreneurial scenes of two different contexts—Berlin and Leipzig—thus allowing for conclusions about their specific paradoxical expressions as well as first insights regarding how to temporarily overcome these constraints. For a better understanding of the respective situation, I will briefly describe the context at the beginning, which—as I will argue—is characterized mainly by the entrepreneurial scenes of the cultural and creative industries.

1.5 Entrepreneurial Scenes in Leipzig

For a long time, Leipzig was regarded as the clandestine cultural centre of the GDR, being a melting hub of varied subcultures and creative performers (Farin 2002, p. 154). According to Bismarck and Koch (2005) the representation and feeling of the atmosphere of this city were formed by writers, artists and punk bands (Bismarck and Koch 2005). In Leipzig, as elsewhere, the political modifications of 1989 and the globalization, which began in the 1990s, guided to a reorganization of the cultural creators' networks and scenes. Informal communication networks were crucial for coping with these changes. In 2006, over 1996 small and middle-sized companies operating in cultural and creative industries had a turnover totalling over 1.5 Billion Euros. The cultural and creative industries employ about 10,500 people, which make them relevant players in the labor market. Leipzig is the center of Saxony's cultural and creative industries. Leipzig is home to 35% of all publishing companies, 23% of all advertising companies, 36% of all film industry companies and 34% of all editorial offices of Saxony (SMWA 2008, p. 17).

1.6 Spatial Practices of the Design and Art Scene

The micro-spatial practices of Leipzig's cultural and creative industries must be seen, according to Steets (2008) in the background of a "perforated city". Leipzig's cityscape is ruled by deterioration, housing vacancy and especially inner-city upgrading. The city no longer resembles to the distinctive European image of a thick city structure (Steets 2008, p. 167). In the following, the micro-spatial practices of the Leipzig design and art scene will be explained, taking as an case the design fair Designers' Open or the Baumwollspinnerei (a former cotton mill): The Designers' Open was introduced in 2004 by the designers Jan Hartmann and Andreas Neubert from Hartensteiner Design, stimulated by the Kölner Designmesse (Cologne Design Fair) and intended at the making of a Saxony-wide design podium. Today it helps as a central meeting hub of the design industry, as a initiation pad for young national and international designers, as well as a message forum. The actors of the design scene accept a policy that also reacts to the city's unbalanced spatial condition: In 2007, the main show spaces of the Designers' Open were available former department stores and exhibition stocks in inner city and central areas. In 2008, they altered their decentralizing practice of space making use by looking for new and smaller event locations spread over the inner city, rotating the whole inner city into an exhibition space. This closely interconnected conception of space characterises the network-based cooperation, which is vital for the design and creative scene. Furthermore, the achievement of central areas of Leipzig characterises a wish for a larger part in describing the city's image. By marketing in the city media as well as through leaflets and mail addressed to the scene and beyond, the advertising events for the Designers' Open meant to attract a greater number of suitors, exhibitors and

followers of the community to raise interest in the Leipzig design scene and increase demand for productivity.

In difference to the dispersing trend within the Leipzig design scene, the art sector responded early to the urban spatial condition, accepting a different policy regarding the use of space and sites. Over the years, the Baumwollspinnerei, located in Leipzig's west, turn out to be a model for the usage of space, persuading other creative actors in Leipzig: Low-cost purchase of former industrial areas for use as creative spaces was shared with the institution of social networks. An crucial starting point of development of the Baumwollspinnerei area was the explosion of the trend-setting New Leipzig School. Today, about 80 painters work on the site, which is now expertly managed. In 2005, Leipzig's most important art galleries moved to the area, and various enterprises have settled there. (Steets 2008, pp. 174–177).

So far, the operational and exposition sites in the Baumwollspinnerei have been renewed by their users only to the degree necessary to make work feasible. The expected legitimacy and symbolic implication of the habitation have thus been preserved. Members of the scene and visitors are envisioned to feel that the place is unfinished, and that it can and should be used in a teasing and free way. Apart from that, the incomplete aspect of the Baumwollspinnerei also specifies temporary habitation and room acquirement practices. Now the actors stopover in Leipzig while being intensely embedded in the city milieu, but keeping new ways open leading out of Leipzig.

Unlike the Leipzig design scene, the micro-spatial exercises of the art scene of Leipzig and Berlin are comparable: During the annual exhibitions, new places are presented and symbolically established, thus drawing attention to members and specialists of the art scene. Social segregation takes place in an indirect manner, by announcing parties and exhibitions via e-mail newsletters, or by selling works of art to specific persons revealing themselves as being part of the scene.

1.7 Entrepreneurial Scenes in Berlin

In 2010, over 25,000 small and medium-sized enterprises belonging to the cultural and creative industries had a turnover totalling over 22 Billion Euros, which is more than 20% of Berlin's GDP. The cultural and creative industries employ about 180,000 people, which make them relevant players in the labor market. Over 10% of the unemployed inhabitants of Berlin work in different sectors of the cultural and creative industries (Senatsverwaltung 2014). Annual fairs and frequent exhibitions emphasize these facts.

The cultural and creative industries can boost Berlin's image-shaping process. Suffering a steadily growing socio-economic structural crisis, since the year 2000 Berlin has been trying to stimulate new economic dynamics by introducing the slogan "Neues Unternehmertum" (German for "New Entrepreneurship," transl. by B. Lange). Hence, creative professions were attached by politics and economy with

a forward-looking role for the information- and innovation-based sectors. In 1998, the first characteristics of this newly developing Generation Berlin were outlined by sociologist Heinz Bude (2001) in an attempt to prepare a discursive basis mainly determined by practices and articulations of actors now called “new cultural entrepreneurs.” One of the key cultural and urban developments of post-socialist Berlin is the presence of new hybrid, cultural and entrepreneurial scenes. Where awareness, creation and organization of social and physical space as well as symbolic bodily affiliation are fundamental, the cultural and entrepreneurial scenes are the makers of meaning of dynamic, everyday culture. Identities can be shaped and differentiated within, and by means of, these places.

The issue of entrepreneurial practices is relevant not only to economic development and labor politics, but also to the city’s image. As in other metropolitan areas, key concepts like “Capital of Talents” or “Young Creative Industries” echo one of the most dynamic potentials of urban economics. Behind concepts like “Cool Britannia” and “Generation Berlin” lie unexamined types of relations between new and initially spatially flexible occupational groups and icons on the one hand, and their temporary rooting in new local structure patterns with new spatial necessities as well as strategies of space acquisition and differentiation on the other.

Spatial Practices of the Design and Art Scene: The micro-spatial practices of the design and art scene are to be considered in the context of a city with culturally and symbolically disputed areas. The cultural dispute is about the sovereignty of interpretation and space acquisition practices. Young groups of actors from expressive occupational categories were motivated to play the gallery in areas usually reserved for global players, due to slow growth, low investment and exaggerated planning expectations. In reclaiming urban space by means of temporary events (e.g. beach bars), the new cultural entrepreneurs play a key role: their resources of knowledge and experience regarding the interrelationship of networks and events constitute spatial practices which not only provide precise distinction, but rather—by force—assume their individual understanding of territory, and finally develop and practice another spatial theory.

This territorial practice does not only represent a playful handling of symbols, aesthetics, and semiotic materials. It rather illustrates social participation and exclusion in milieus, scenes and other networks. These materials are expressive manifestations, superficial phenomena based on the claim to informal networking and continuous ascertainment of those networks. Basically, the protagonists’ micro-spatial strategies point out the capability to expose immobile and apparently well-programmed space to temporary changes and the reprogramming of spatial functions. Offices are turned into organizational workshops and clubs, then temporarily relocated and strategically equipped with communicative attraction potential. The necessary organizational workshop character of these enterprises shows communicative strategies to develop the micro location “office” as an interface between fluid social networks and the art scene.

The examined location—an office of the company “Greige”—points out the idiosyncratic and, at the same time, playful attention of the actors. To make the location remain in the scene members’ heads, a specific spatial policy of

renegotiation of social affiliation is adopted. Such a location can be the meeting point of an open and clearly defined group of friends, colleagues, and competitors, among others. Access to the location is managed by a club-like policy, influencing its perception.

However, in this case, the common selection mechanisms of a club, such as a doorman refusing entry, take on far subtler forms. Various mediums, such as mouth-to-mouth propaganda, mailing lists, and flyers ensure the systematic spread of information about upcoming events, inaugurations of exhibitions, or new products. After these efforts to spread information are complete, a lot of effort is made to make the location sink into oblivion again, thus minimizing social affiliation.

A certain behavior can be observed within carrying out the duties of balancing out the visitors, disguising the location, and subsequently calling it back into the people's mind. There are no event calendars and exhibitions are announced on short notice by e-mail invitations to specific friends and other related persons from the Berlin, Cologne, national, or European art scene. The criterion for exclusion or inclusion is the affiliation to the scene, indicated in the e-mail header, although no one really cares about it. The strategy of disclosure, which initially seems astonishing and contradictory, takes up an attitude reminiscent of former socialism's service mentality. The customer does not have the power, and apparently, business does not matter. This strategy is also applied on the external level. From the outside, one cannot tell what kinds of events take place inside. The location is only perceived and "read" as an event location by those who are familiar with the area. Placing the location in the urban space by means of a policy of disclosure does not only create social difference, but also creates a certain distance from the broader public.

Yet when someone, after a diligent search, still finds the location, another subtle distinction criteria comes into force. At parties, for instance after inaugurations, different identification patterns in terms of art and electronic music are offered to the visitors. The experience of being part of the event is provided by the attribution to those identification patterns based on the discernibility and readability of the performance. Here, a subtle strategy of exclusion can be observed: nobody is expelled, and, in fact, everyone is admitted; yet only few people are really integrated. And this first integration contains a demand to permanently reassert one's affiliation to the scene.

Understanding this micro-territorial practice is only astonishing at first glance, if it is assumed that slow business and harsh competition lead to a bundling of all forces on the creation and sale of direct products. Yet this spatial practice shows that the locations' intentionally temporary and flexible natures are necessary to present oneself, via the nucleus "location," as a designer and attractor of social formations. Hence, a product, a style, a trend—namely, a cultural innovation—should first stand its ground within these micro arenas. It has to pass the test stage at parties, exhibitions and inaugurations, firstly, in order to expand, and secondly, in order to temporarily provide distinctive materials and network processes. Retrospectively, scenes and milieus need these unstable arenas of short-term manifestation, or locations where latent relations become explicit, where the scene manifests,

experiences, and informs itself, and where, by means of this experience, exchange can be transformed and modified.

1.8 Variations and Types of Entrepreneurial Scenes in Leipzig and Berlin

In Leipzig and Berlin three relevant entrepreneurial variations and types of scenes can be identified:

1. Entrepreneurial winner scenes: First, Leipzig has well-known multipliers, such as stable small-scale enterprises in the advertising, design and gallery sectors with big influence on other scenes. They have a high transfer capability between market sub-segments. Often, the drive for profit is combined with investments in non-profit activities (for instance, public art), making them an important factor for cultural sites (for instance, the design scene). In Berlin, by contrast, multipliers like fashion label owners and gallery owners have a rather transnational orientation, giving them a significant influence on the whole market. They are dependent on local networks of small-scale enterprises. These entrepreneurial elites are, to a large degree, locally independent. Their drive for profit is combined with investments in other areas (for instance, art), making them an important factor in the upkeep of Berlin's cultural sites.
2. However, both cities also show young, ephemeral micro-entrepreneurial scenes situated in rapidly changing networks of young entrepreneurs who find themselves in a transitional stage between obtaining qualifications and finding life-sustaining existence-securing employment options. They are deeply rooted in city district milieus (niche structures), often coping with precarious subsistence levels.
3. Unlike Leipzig, Berlin has established entrepreneurial scenes on a mature level, which are more formalized than the niche scenes. Due to the size of the Berlin metropolis, they show a high degree of locally bound knowledge, production and operational capacity.

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Entrepreneurship in the Creative Industries

A Literature Review and Research Agenda

Stefan Schulte-Holthaus

Abstract This paper conducts a two-step literature review that synthesizes entrepreneurship research in the creative industries into a mechanism-based framework and elaborates the particularities of the field. Secondly, the identified mechanisms of passion, lifestyle, bricolage, and symbolic value in current entrepreneurship theory are considered in order to advance entrepreneurship as a field of research out of the creative industries context. The information collected on agenda setting substantiates a coherent entrepreneurial phenomenon that originates from passion and points to the full exploration of intrinsic and extrinsic motivation. Transforming motivational drivers into a symbolic value system of actual, anticipated, and realized states of affairs enables the recording and comprehension of choices and actions of individuals at different stages in their entrepreneurial journeys that emerge from actionable opportunities. The findings contribute to investigations that view entrepreneurship as a method of human behavior that associates possibilities for living with economic performance, which is especially salient in the creative industries context.

Keywords Entrepreneurship • Creative industries • Passion • Bricolage • Lifestyle • Symbolic value • Literature review

1 Introduction

The creative industries are “one of the most rapidly growing sectors of the world economy” (UNDP and UNESCO 2013, p. 10). Due to a high density of cross-linkages with the overall economy at micro and macro levels, the impetuses of creative industries are seen as enablers for neighboring industries and as essential drivers of innovation, economic growth, cultural diversity, social inclusion, and human development (de Bruin 2005; Gu 2014; Hartley 2005; Marinova and Borza

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2015; Parkman et al. 2012; Pintillii et al. 2015). While artistic and creative activities basically aim at creating something new and valuable in the sphere of aesthetics and culture, venture activities aim to generate something innovative and valuable in the sphere of economy. It is the triad of creativity, opportunity, and value creation that fundamentally links entrepreneurship to the creative industries; herein lies the potential and significance of this research context.

Policy makers all over the world have documented the substance in numerous industry reports and introduced extensive inter-ministerial programs. Although the emergence of entrepreneurship as a field of research (Busenitz et al. 2003) and reports on the creative industries by public authorities (DCMS 1998) are both rooted in the 1990s, the field was not immediately given attention. The result was “a conspicuous gap in the theorization and application of entrepreneurship to the creative industry sector” (de Bruin 2005, p. 149). Although the field has since gained academic importance, the wide scope of entrepreneurship theory, the diverse range of creative and scientific disciplines, the numerous sub-industries, and the influence of an international dimension have resulted in a ragged field of research (Daniel and Daniel 2015). To date, a structured literature review that captures the current state of academic research has not been conducted. Even though researchers, policy makers, and practitioners collectively emphasize the importance and potential of the field (Chaston and Sadler-Smith 2012; Henry and de Bruin 2011; Parkman et al. 2012), its current state, the academic potential within this context and its relation to economic growth, and its contribution to entrepreneurship as a field of research is anything but self-evident. Hence, this review asks the following questions: what are the entrepreneurial mechanisms that convert the particularities of the creative industries into performance? The second question is: which avenues of future research evolve out of this context to advance entrepreneurship as a field of research?

To address both questions, this paper provides an up-to-date literature synthesis of 112 studies conducted in two steps. First, 51 entrepreneurship studies in the creative industries are selected and synthesized into a mechanism-based framework that maps the current state of research and its particularities. This part of the review finds that the creative industries cannot be grasped by a certain set of industries. Instead, they are characterized by a logic of value creation that emerges from creative work more narrowly and from creativity more broadly. The focus is on creative individuals and their presuppositions and potential to found and develop micro and small businesses. Passion for creative activities, the use of resources at hand, and lifestyle ambitions provoke economic and non-economic imperatives that determine entrepreneurial behaviors and outcomes captured not only in economic, but also in symbolic value categories. Secondly, 61 studies that address these context particularities are identified in selected entrepreneurship journals to determine the state of entrepreneurship theory, out of which four future research avenues are emerging: (1) the development of a complementary construct to capture the non-entrepreneurial dimension of passion in order to systematically explore the relationship between entrepreneurial passion and performance; (2) the investigation of the full range of identity-based intrinsic and extrinsic motivational factors to increase

understanding of the relation between entrepreneurial intention and behavior; (3) the transformation of these motivational factors into a symbolic value system that captures states of perceived affairs in order to comprehend the development of values, desires, and aims and their effects on behavior and outcomes; and (4) research on motivational drivers of action and planning-oriented mechanisms to explain particular choices, actions, and outcomes as partial events of an entire entrepreneurial journey.

This review contributes to the literature in several ways. First, it determines and structures the current state of research and carves out context particularities. Second, this study adds four subsequent directions that advance future research and its ongoing shift towards entrepreneurship as a method of living, learning, and creating value. Third, the review proves the relevance of creative industries and their potential to study individuals and their presuppositions as well as the potential to found and develop businesses in the current knowledge economy. Fourth, the methodological procedure of a two-step literature review provides a suitable approach to advance a research discipline out of a particular context. Finally, in addition to the academic implications, practitioners can use the review as a guide to question and adjust their own motivations, capabilities, resources, behaviors, and performances; for policymakers, it provides a basis to better assess and foster creative individuals in order to acculturate an entrepreneurial society.

2 Methods

This literature review follows the template for generating evidence-informed management knowledge by means of systematic review, as outlined by Tranfield et al. (2003). The underlying principles for synthesizing evidence were developed to generate coherence, relevance, and openness by advancing future research based on the findings and concerns of the past. To determine the current state of entrepreneurship research in the creative industries, the first part of the review follows the process of locating, selecting, and evaluating studies, as described by Denyer and Tranfield (2009). The international dimension and the economic, social, and cultural implications of the field suggest a heterogeneous and interdisciplinary field of study. In order to gain an overview about the scope, irrespective of published location or disciplinary background, an initial search on the SCOPUS and EBSCO databases is executed. Both belong to the major databases of peer-reviewed literature that cover thematically relevant disciplines, including business management, economics, social sciences, technology, and the arts and humanities. To ensure that the initial search also entails studies that cover the aspect of venture creation (Shane and Venkataraman 2000), the keywords “start-up,” “new venture,” and “small and medium-sized enterprises” (sme) are included. The initial search does not explicitly consider a fixed set of sub-industries in order to ensure an academic perspective and to escape the constraints of geostrategically determined definitions and enumerations of creative industries by national public authorities (Parkman et al. 2012). The search term “(entrepreneur* OR start-up OR new

venture OR sme) AND (creative industr*)” is limited to the English language and produces a total of 476 matches, 359 on EBSCO and 118 on SCOPUS.

A preliminary title and abstract analysis of the smaller sample of 118 matches on SCOPUS is carried out to develop inclusion and exclusion criteria for study selection. Inclusion demands a profound focus on entrepreneurship and the creative industries. The application of the criteria results in the exclusion of 53 studies. The rejected articles show a one-dimensional focus on policymaking and education without significant references to entrepreneurship. Applying policymaking and education as exclusion criteria in the search term, however, does not prove to be constructive; they also eliminate highly relevant matches, as some state the findings’ relevance for policymaking and education in their abstracts. On the other hand, the analysis shows that all relevant matches carried the keywords “entrepreneurship” (or its synonyms) and “creative industries” in article titles. Whereas the development of exclusion criteria fails, word-density checks in titles and abstracts prove “creative economy” to be a significant phrase, which is added to the final search string, limited to a search of titles: “(entrepreneur* OR start-up OR new venture OR sme) AND (creative industr* OR creative econom*.)” This limitation produces 80 matches, thereof 27 in SCOPUS and 53 in EBSCO. After deleting exact doublets by reference management software, 62 studies are retrieved. Another 17 matches (further doublets, conference papers, reviews, and call for papers) are eliminated; one article is not obtainable, although the authors had been contacted directly. At this point, 44 articles for full-text-analysis remain. The analysis of footnotes in reference lists as a supplementary search technique in selected studies (Booth et al. 2012) identifies seven additional works matching the inclusion criteria. In the end, 51 studies build the evidence base of this paper.

Data extraction categories for full-text analysis are adopted from Jones and Gatrell (2014) and Booth et al. (2012) and are adapted to the needs of this review. The scope and nature of the underlying studies determine the choice of methods. The number of publications per year in Fig. 1 shows an unsteady but clearly upwardly trending line ($R^2 = 0.529$) and confirms the growing attention given to the field.

Eighteen out of the 51 articles are published in book chapters; the remaining 33 studies are printed in international journals, the majority of which have low journal rankings. The SCImago Journal Rank (SJR) is applied as an indicator. The SJR allocates values to 25 journals, among them the *British Journal of Management* (1.507), *Small Business Economics* (1.459), and *Urban Studies* (1.236) with the highest values. All other journals range below 1. A comparison with the *Journal of Business Venturing* (5.561) and *Entrepreneurship Theory and Practice* (2.811) implies that the field has not yet reached the level of the leading journals and communities in entrepreneurship research. Moreover, Fig. 2 illustrates that most studies use qualitative methods, followed by several conceptual and few quantitative works. While qualitative approaches are applied to illuminate constituents, suggest ways of dealing with phenomena, and to build initial theory, quantitative studies test and calculate the effectiveness of theories (Booth et al. 2012; Mays et al. 2005). Hence, the small number of quantitative approaches and the low coverage by

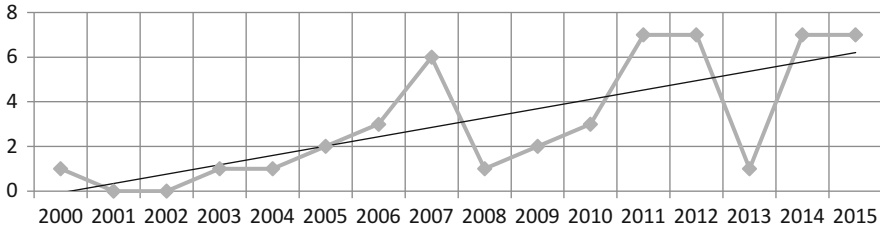


Fig. 1 Number of publications per year of selected studies

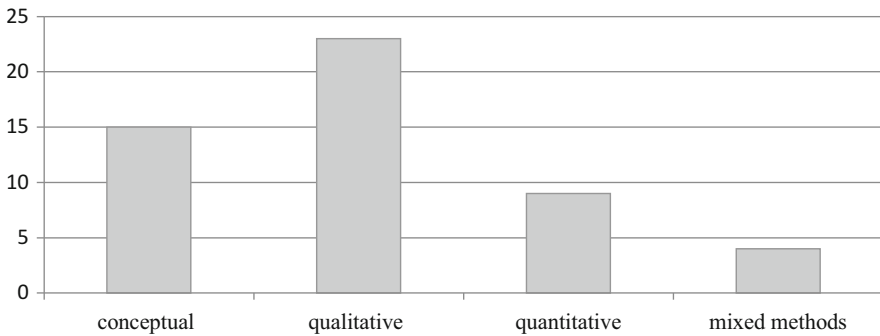


Fig. 2 Frequency of analysis: types of selected studies

highly ranked journals indicates a low degree of robust theory development. Although this research field has existed for about two decades and is gaining attention, it is still in its infancy. Thus, a clear literature synthesis objective in terms of theory generation or validation cannot be anticipated. Under this condition, Booth et al. (2012) postulate a critical interpretive approach as the most appropriate strategy for extracting evidence from conceptual, qualitative, and quantitative approaches that all contribute to the understanding and underlying truth of phenomena to be synthesized into new insights, hypotheses and initial or mid-range theories.

According to the approach for systematically reviewing qualitative and quantitative studies developed by Mays et al. (2005), this review adopts content analysis and thematic analysis as appropriate methods. Content analysis is, for purposes of this review, a quantitative method used to identify dominant fields of research. Based on the common framework for organizing entrepreneurship research by Busenitz et al. (2003), all studies are assigned to the corresponding domains: (1) *individual and teams* includes studies that focus on personalities, capabilities, and group dynamics; (2) articles dealing with the generation and exploitation of opportunities via interactions between the market and environment are assigned to *opportunities*; (3) the *mode of organizing* captures works with a focus on managing resources, structures, and processes of firms; and (4) *environment* entails studies concerned with contextual conditions that enhance or inhibit entrepreneurship

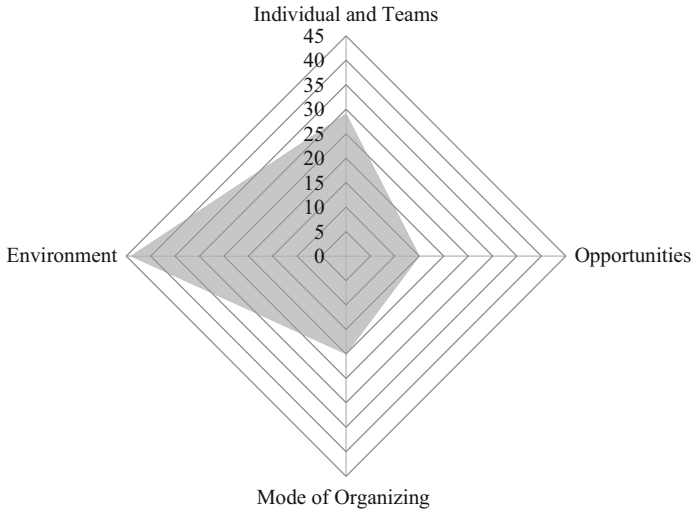


Fig. 3 Domains of entrepreneurship research in the creative industries

(Busenitz et al. 2003). Due to the inclusion criteria for study selection, all studies can be assigned to at least one domain, but can possibly cover all four domains. Figure 3 shows that environmental aspects are most frequently investigated, followed by a strong concentration on individuals. To date, opportunities and the mode of organizing have received less attention.

The thematic analysis follows the assignments to the conceptual domains in which the most common themes, theories, factors, patterns and effects are analyzed. Despite a lack of much consideration concerning the modes of organization and opportunities, studies in these domains belong to the most robust, quantitative and hypothesis-testing studies. These facilitate an encompassing research perspective. In this context, the mechanism-based framework for entrepreneurship research synthesis by van Burg and Romme (2014) is applied “to identify mechanisms within different studies and establish a context in which they produce a particular outcome” (p. 374). Following this approach, the contextual conditions of the evidence base are structured and summarized; they build the key dimensions that enable or constrain social mechanisms, which are understood as causal factors enabling entrepreneurs to generate particular effects. Mechanisms are hierarchically analyzed on individual-cognitive, action-orientated, and collective levels. The result is a conceptual framework that captures contextual conditions, social mechanisms, and outcome patterns as mapped in Fig. 4; it serves to determine the current state of research and its inconsistencies and gaps and to answer the first research question related to the mechanisms that convert the particularities of the creative industries into performance.

The second part of the paper explores the context particularities in current entrepreneurship theory to set a research agenda. The Academic Journal Guide (ABS 2015) is used to identify thematically and qualitatively ranked journals in the

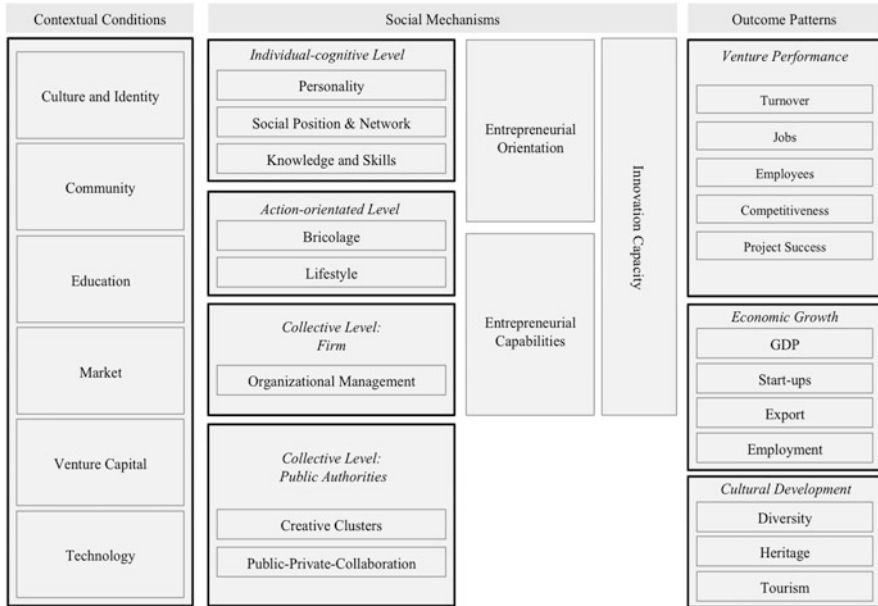


Fig. 4 Framework of entrepreneurship research in the creative industries

field of entrepreneurship and small business management. The particularities of context within the creative industries are used as keywords in the search term “(passion OR lifestyle OR bricolage OR symbolic value) AND (entrepreneur*)” that produced 61 matches in titles and abstracts of selected journals, as listed in Table 1. Studies dealing with passion, bricolage, and lifestyle are equally distributed; however, symbolic value is barely considered. The analysis of studies follows the data extraction categories above. More than half of papers are quantitative in nature, followed by a slightly smaller number of those of a qualitative nature and only a few conceptual approaches. Studies are, again, thematically analyzed to identify dominant streams of research and findings. The result is a research agenda that emerges out of the creative industry context and contributes to the development of entrepreneurship as a field of research.

This two-step literature review provides a suitable approach to develop a research discipline out of a particular context, but also has clear limitations. By applying content and thematic analysis, this review inevitably has an inductive and interpretive character and adopts a realist perspective that allows the integration of evidence from various types of studies (Booth et al. 2012; Mays et al. 2005). The limitation to study titles assures the selection of highly relevant entrepreneurship studies in the creative field, which are, however, limited to a small scope. Synthesizing evidence from different types of studies that explicitly refer to the creative industries, however, enables covering a wide range of sub-industries and interdisciplinary studies from all over the world. The result is an initial and heuristic, but also evidence- and mechanism-based framework that lays the foundation to

Table 1 Particularities of the creative industries in entrepreneurship research

Journal title	ABS Rank 2015	Passion	Lifestyle	Bricolage	Symbolic value
Entrepreneurship: Theory and Practice	4	2	–	4	–
Journal of Business Venturing	4	6	2	3	–
Strategic Entrepreneurship Journal	4	1	–	2	–
Entrepreneurship and Regional Development	3	2	4	1	1
Family Business Review	3	–	1	–	–
International Small Business Journal	3	3	3	–	1
Journal of Small Business Management	3	2	–	–	–
Small Business Economics	3	–	–	1	1
International Journal of Entrepreneurial Behavior and Research	2	2	2	–	–
International Journal of Entrepreneurship and Innovation	2	–	–	2	–
Journal of Family Business Strategy	2	–	–	–	–
Journal of Small Business and Enterprise Development	2	1	1	1	–
Venture Capital: An International Journal of Entrepreneurial Finance	2	1	–	–	–
International Entrepreneurship and Management Journal	1	–	1	1	–
Journal of Enterprising Culture	1	–	1	1	–
Journal of Entrepreneurship	1	1	1	–	–
Journal of International Entrepreneurship	1	1	–	–	–
Journal of Small Business and Entrepreneurship	1	–	1	–	–
Social Enterprise	1	1	1	1	–
World Review of Entrepreneurship, Management and Sustainable Development	1	–	1	–	–

(4) most original and best-executed research; (3) original and well-executed research; (2) original research of an acceptable standard; (1) recognized, but more modest standard of research

advance entrepreneurship research. The selected journal ranking is used with the understanding that appropriate research can be found in other sources. At the same time, the ranking serves as a frame to capture the current academic discourse in journals, in which scholars publish highly relevant and high-quality studies. Subsequently, the limitations of this literature review and research agenda are at the same time its strengths. The methodological choices of this two-step analysis coherently and openly help to advance future research that is based on the findings of the past and provides an improvement to traditional literature reviews.

3 Definitional Discourse

More than a decade ago, Shane and Venkataraman (2000) argued that defining entrepreneurship is one of the largest obstacles in research. The current debate in the creative industry occurs in a wide range of settings; this “complicates the task of identifying the entrepreneur and delineating the nature of entrepreneurship in the creative industries” (de Bruin 2005, p. 144). Moreover, the terms “creative industries,” “creative economy” and “cultural industries” are diffuse and interchangeably used (Gu 2014). Today, a consensus conception of entrepreneurship in the creative industries across disciplines and borders has been achieved neither in academic research nor in policy making. This section analyzes and structures the discourse and elaborates the following definition: The creative industries cover those branches of the economy, which in a narrow sense take on central functions in the creation and marketing of art and culture, and which extend in a broader sense to all branches in the knowledge economy that generate economic value out of creativity. As such, entrepreneurship is a process that originates from the creative achievements of individuals, out of which opportunities arise that contain economic and symbolic value potential.

3.1 *Creative Industries*

A considerable number of studies built on the work of Caves (2000), who places arts and artists at the core of the creative industries (Bendassolli et al. 2016; Bhatiasevi and Dutot 2014; de Bruin 2005; Eikhof and Haunschild 2006; Swedberg 2006; Win 2014). Visual arts, literature, film, music, dance and theater are considered sub-industries. The most persistent theme is the conflict between aesthetic production (creativity) and marketing and management (entrepreneurship) in contemporary economy; in other words, it is all about artists who strive to add economic value to their artistic creativity (Parkman et al. 2012). Often based on the theorization of Bourdieu (1984) on economic and symbolic capital, the outcome of artistic work is differentiated into symbolic value (meaning) and economic value (monetary value) (Beltrán and Miguel 2014; Peters and Besley 2008; Raffo et al. 2000; Win 2014). Hesmondhalgh (2002) treats artistic content as a semantic cultural carrier that depends on cultural and media communication industries. Defined as cultural industries, this wider conception additionally includes radio, television, film, publishing, games, advertising, and marketing. Several publications draw on Hartley’s conception and the relationship between individual artistic production and the cultural industries as a large-scale-reproducer (Marinova and Borza 2015; Parkman et al. 2012; Raffo et al. 2000; Win 2014). In addition to art as the initial key concept, the term “culture” and its associated industries form a second, extended conception, as illustrated in Fig. 5.

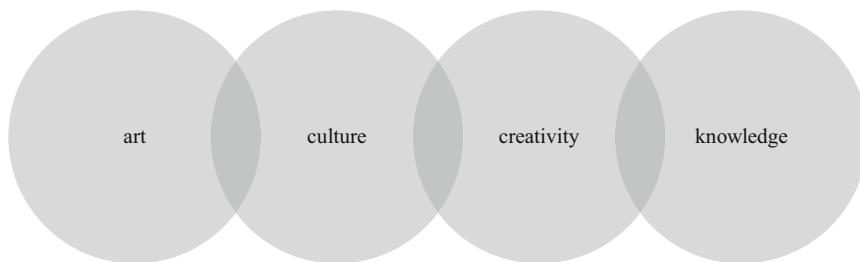


Fig. 5 Key concepts of the creative industries in entrepreneurship research

Based on the concepts of art and culture, the creation and exploitation of copyrights, patents, trademarks, and designs emerge as further constitutive, but controversially discussed features (Hartley 2005; Howkins 2001). The most prevalent definition, from the British Department for Culture, Media and Sports, considers “industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS 2001, p. 5). Some authors criticize the overemphasis on intellectual property, the elusiveness of creativity, and the concentration on the individual at the expense of collaborative processes (Gu 2014; Kenny and Meaton 2007; Kim et al. 2016; Tjemkes 2011). For Howkins (2001), creativity is simply the capability to create new ideas that can be transformed into marketable products and services. Consequently, creativity is not only a prerequisite in art, but is likewise a requirement in business as well as in the sciences. This adds new economic sectors, such as those related to research, design, and fashion, and constitutes a third major concept based on creativity. The strong focus on the economic potential of creativity designates a drop in the significance of the logic of manufacturing industries, resulting in the gradual replacement of the term “creative industries” by the term “creative economy.” The United Nations Conference on Trade and Development delineates the creative industries as “cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs” (UNCTAD and UNDP 2008, p. 4).

The focus on knowledge comprises the fourth conceptual domain. Many studies (Beltrán and Miguel 2014; Chaston and Sadler-Smith 2012; de Klerk 2015; Hives 2012) draw on Hartley (2005), who analyzes the creative industries “in the context of new media technologies (ICTs) within a new knowledge economy” (p. 5). The rapid pace of changing trends and technologies via globalization are extensively discussed challenges that require fast and flexible accumulations of knowledge in order to increase productivity and competitiveness (Kim et al. 2016; Ó Cinnéide and Henry 2007; Peters and Besley 2008; Scott 2006). Creative people often work on short-term projects in ever-new constellations of corporative actors and changing modes of work organization (Bhatiasevi and Dutot 2014). Individuals have access to an indefinite pool of knowledge and the “know-why, know-how, know-who, know-when and know-from” are critical success factors (Lee 2015, p. 145). Entrepreneurship is a social phenomenon that requests a social perspective in which

the human, social, and cultural capital of entrepreneurs forms the center of investigation (Lee 2015; Peters and Besley 2008; Scott 2006; Taylor 2011). Thereby, a large body of research (de Klerk 2015; Eikhof and Haunschild 2006; Penaluna and Penaluna 2011; Swedberg 2006) adopts the ideas of Florida (2002), who argues that creative workers, such as scientists, engineers, designers, artists, and entertainers establish an emerging creative class of highly educated and skilled entrepreneurial people. Individuality, creativity, diversity, and a strong passionate work ethic pervade business, community, leisure, and lifestyle. Although this theoretically opens the floodgates to integrate several economic sectors deliberately, the debate on the corresponding industries ends at this point. The concept of knowledge frames the definitional discourse and connects it to the socio-economic changes of our time, in which the creative industries provide “a template for other industries to follow” (Raffo et al. 2000, p. 220).

3.2 Entrepreneurship

To delineate the scope of entrepreneurship, various approaches have been applied to grasp the entrepreneurial dimension of the creative industries. Hereby, the works of Schumpeter (1934) and Bourdieu (1984) belong to the most frequently discussed theories used to capture the characteristics of the field (Beltrán and Miguel 2014; de Bruin 2005; de Oliveira and de Oliveira 2015; Delacruz 2011; García-Tabuenca et al. 2011; Marinova and Borza 2015; Parkman et al. 2012; Peters and Besley 2008; Scott 2006; Swedberg 2006). The centrality of innovation and the inherent use of creativity to generate value make Schumpeter’s approach especially attractive (Marinova and Borza 2015; Parkman et al. 2012). Swedberg (2006) also emphasizes the potential for reconciling the artistic-creative sphere with the economic sphere. Many studies also draw on Bourdieu’s conceptions of capital. Firstly, the distinction between symbolic and economic capital provides an important aspect for non-economic drivers of behavior, and secondly, artistic and entrepreneurial action can be coherently explained by a general economy of exchange (Bourdieu 1984). Cultural capital as shared knowledge, expertise, and behavior and social capital as societal recognition and position and the possession of a social network determine creative outputs and their symbolic and economic values. Both the works of Schumpeter and Bourdieu are congruent with Shane’s and Venkataraman’s (2000) definition of entrepreneurship as a process driven by individuals who discover, create, and exploit opportunities (Bendassolli et al. 2016; Parkman et al. 2012). Accordingly, in considering the creative sector, de Bruin defines entrepreneurship simply as the “process of adding value to creative inputs/creativity” (2005, p. 145). To root and justify studies in this field, many scholars enrich their theoretical discussions by adopting definitions generated by public authorities to monitor industry activities (Parkman et al. 2012). However, comprehensive discussions and concise definitions are rare. The common

denominator is the process of discovering or creating opportunities out of social and cultural capital to generate economic and symbolic value potential.

3.3 *Entrepreneur*

The classification is dominated by the differentiation between entrepreneurs and business owners (Bendassolli et al. 2016; de Oliveira and de Oliveira 2015). Based on the work of Carland et al. (1984), to which work often refers, small business owners are considered individuals who, in order to earn a living, run businesses linked to personal desires and family needs, whereas entrepreneurs are understood as displaying a distinct orientation for profit, growth, and strategic management. This theoretically differentiates entrepreneurs from business owners, but in practice, these characteristics considerably overlap (de Oliveira and de Oliveira 2015). Opening a business is another criterion drawn from Baron and Shane (2008). Considering profit and growth orientation criteria, not all new ventures are necessarily entrepreneurial. For Carland et al. (1984), the critical factor is innovation, but they also suggest future research on the need for achievement, control, independence, responsibility, and power. Another feature includes risk-taking, excluded by Schumpeter (1934), as it concerns ownership, not entrepreneurship. This matches the so-called humdrum factor as a recurring trait of creative industries; it delineates the challenge to create only with the help of personal skills and available resources (Bhatiasevi and Dutot 2014; Caves 2000; de Bruin 2005), or as de Klerk (2015) puts it: to “make do with what is at hand” (p. 828). Based on Schumpeter’s inventor-entrepreneur separation, de Bruin (2005) assigns the inventor label to artistic-creative people that merely produce ideas, whereas the entrepreneur label is given to the person who recognizes, generates, and exploits business opportunities. While the latter is the object of scientific investigation, nascent and often hidden entrepreneurial activities of inventors are relatively unexplored. In this context, Rae (2004) discusses the findings of Baines and Robson (2001), who found that self-employed people and freelancers lack a clear business orientation but show similar characteristics to those of their entrepreneurial counterparts. Rae suggests treating them as “potential or embryonic small enterprises” (2004, p. 350). In fact, in the context of project-based work collaborations between firms, self-employed people, and freelancers, they are subject of many studies that use various terminologies, ranging from “self-entrepreneur” (Eikhof and Haunschild 2006) to “self-employed businessman” (García-Tabuenca et al. 2011) or “self-employed artist” (Win 2014). These studies all respond to the notion that “self-employment and freelance are the work norm in the creative industries” (Gu 2014, p. 362). Kuckertz and Mandl (2016) argue that small business management and entrepreneurship are overlapping phenomena that allow researchers to reflect upon phenomena from different perspectives. In this view—at the advent of the knowledge economy—the creative industries emerge as a highly relevant research setting in which individuals

generate creative achievements out of knowledge, skills, and collaborative work forms that bear significant potential for innovation and growth (Bendassolli et al. 2016).

4 Contextual Conditions

Place and territory anchor all contextual conditions. Beltrán and Miguel (2014) illustrate how entrepreneurial activities are driven by regionally, historically and socioeconomically grown settings, Scott (2006) postulates entrepreneurship as a spatially bound process, Lange (2014) speaks of entrepreneurial embedment in socio-cultural scenes, and Gu (2014) emphasizes the strong relation between place, community, creative work, and entrepreneurial activities. Spatial realities and social interactions produce a web of contextual conditions that determine creative activities and firm formations that contribute to growth and development. Above all, studies on social position and networks of individuals draw on the configurations of spatial communities (de Klerk 2015; Delacruz 2011; Eikhof and Haunschild 2006; Lee 2015; Rae 2004; Taylor 2011). Hinves (2012) shows that clustering, networking, and collaboration shape individual and collective identities and behaviors. Other studies carve out the role of cultural identities and culture-bound products (Hackbert et al. 2009; Hui 2007; Ó Cinnéide and Henry 2007; Ó Cinnéide 2010). Cultural heritage is seen as a source and tool to improve the competitiveness of cities, regions, and nations and positively affect culture, economy, and tourism (Felaza 2015; Hackbert et al. 2009; Kourtit et al. 2013; Ó Cinnéide and Henry 2007). Territory, culture, and identity intersect with cultural policies and extend to the field of education. The comparative case study by Mets et al. (2014), for instance, finds that low-level government intervention in cultural ecosystems combined with high-level action-based entrepreneurship education leads to an overall higher level of entrepreneurial activity. Other scholarly works focus on the role of culture in entrepreneurship education, calling for case study approaches located in the cultural sphere of students to foster participatory learning and real-life experiences (Carey and Matlay 2007; Mets et al. 2014; Ó Cinnéide 2010; Rae 2004; Taylor 2011). Culture is a strategic source of socioeconomic development that is even able to compensate for disadvantageous market conditions (Hackbert et al. 2009) and affects entrepreneurial activities in innovation-based economies (Kuckertz et al. 2015).

A large body of scholarly work addresses entrepreneurial education in creative disciplines and the relation between educational input and entrepreneurial output (Beltrán and Miguel 2014; Carey and Matlay 2007; Coyle 2012; Daniel and Daniel 2015; Kourtit et al. 2013; Penaluna and Penaluna 2011; Peters and Besley 2008). Universities have included entrepreneurship education in their curricula since the 1980s (Kuckertz 2013). Creative people often report a lack of business knowledge, skills, and experience (Daniel and Daniel 2015) and highlight the need for entrepreneurship education (Coyle 2012; Win 2014). These studies reflect the role of

universities and colleges in academic (revenue-oriented) and social (welfare-oriented) entrepreneurship. A few authors criticize the economic orientation in the creative arts, arguing that universities are supposed to be engines of economic and socio-cultural innovation. The concepts related to creativity as well as the role of the arts, humanities, and social sciences need to be reevaluated (Hjorth and Steyaert 2003; Peters and Besley 2008; Sørensen 2012). In this context, Penaluna and Penaluna (2011) explore the concept of design-thinking for creativity-led entrepreneurship education. Design, understood as a solution to any specific problem in diverse contexts, is a key concept for entrepreneurship on all levels. Design-thinking supports vision and problem-solving skills, enhances capabilities, and bridges the gap between business and creativity.

Another set of studies deals with the monitoring and measuring of territorial entrepreneurial activities (Abdul Halim et al. 2012; Bhatiasevi and Dutot 2014; García-Tabuenca et al. 2011; Hui 2007). Due to the definitional disparities, this remains a challenging task (de Bruin 2005; Henry 2007a; Henry and de Bruin 2011; Parkman et al. 2012). Particularly Hui's (2007) study in East and Southeast Asia addresses these problems. Creative industries' measurements depend on national policies and their corresponding ministries, which register statistical data differently. Although industries cannot be directly statistically compared, these studies provide evidence for the factors, relations, and differences between territories, activities, and outcomes. Bhatiasevi and Dutot (2014) conduct a firm- and country-level comparative study of small business activities and find different core activities between Canadian and Thai enterprises traced back to national markets and infrastructure. Kenny and Meaton (2007) find, based on the example of a small country like Finland, that market forces alone cannot assure research and development activities in resource-intensive, high-tech industries. Especially in the digital age, technology takes a central position in any entrepreneurial ecosystem (Kim et al. 2016). Similarly, de Bruin (2005) explores the difficulties for creative businesses to evolve from small product and capital markets. Access to venture capital is one of the major deficits of creative start-ups (de Oliveira and de Oliveira 2015). In summary, the factors of culture and identity, community, education, market, venture capital, and technology form the contextual conditions that foster or hamper entrepreneurship in the creative industries and are "a real indicator for the development of any territorial system" (Pintilii et al. 2015, p. 1147).

5 Social Mechanisms

5.1 *Individual-Cognitive Level*

A plethora of studies investigate artists and creative people as well as their personalities and aspirations (Abdul Halim et al. 2012; Beltrán and Miguel 2014; Bendassolli et al. 2016; Chaston and Sadler-Smith 2012; Eikhof and Haunschild

2006; García-Tabuenca et al. 2011; Neugovsen 2010). The central topic accumulates around the tension between artistic ambition and economic imperatives (Swedberg 2006; Win 2014). This tension is a result of the fact that creative people often start their entrepreneurial activities as hobbies driven by passion, intrinsic motivation, the need for individual expression, and the gratification of personal desires (Beltrán and Miguel 2014). De Oliveira and de Oliveira (2015) find strong emotional ties and a high commitment of creative personalities towards their businesses. Poetttschacher (2005) identifies creative freedom and friendship relations as core values and the main motivational factors for starting businesses. Individuals in creative start-ups build particular identities opposed to traditional business, which is associated with economic avidity, non-authenticity, and an absent sense of aesthetics. Swedberg (2006) differentiates artist entrepreneurs, who reject, consider, or focus on economic realities and Neugovsen (2010) differentiates between entrepreneurs with high and low commercial visions. To explore personality traits, studies draw on the work of Lumpkin and Dess (1996), who measure entrepreneurial orientation towards innovativeness, proactivity, risk-taking, autonomy, and competitive aggressiveness in relation to performance. Abdul Halim et al. (2012), for instance, find that entrepreneurial personalities vary with enterprise properties, including business segments and the number of employees, and García-Tabuenca et al. (2011) identify commitment to business survival and organizational management as the most significant traits of economic success. In a similar manner, other constructs, such as “entrepreneurial initiative” (Mets et al. 2014) or “entrepreneurial spirit” (Beltrán and Miguel 2014) are used to explore personalities and their impact on business performance.

The second factor relates to creative communities, in which individual needs are balanced with collective ethical considerations. This is often interpreted as fear or a lack of business capabilities of creative people, but Gu (2014) and Poetttschacher (2005) understand this as business development strategy based on trust, identification, and long-term relations. Bendassolli et al. (2016) prove the capacity to self-monitor and self-evaluate as a central feature to regulate affective behavior with the anticipated results of entrepreneurs. In contrast to traditional industries, creative milieu values and beliefs induce a different kind of thinking and behavior. As a result, social position and network shape personal identities and the scope of individual action (de Klerk 2015; Eikhof and Haunschild 2006; Lange 2014).

Knowledge and skills are the third major factors dominating research on business management know-how (Carey and Matlay 2007; Daniel and Daniel 2015; Peters and Besley 2008; Win 2014), creative skills (Penaluna and Penaluna 2011; Peters and Besley 2008; Pholphirul and Bhatiasevi 2012; Raffo et al. 2000; Sørensen 2012; Taylor 2011), problem-solving expertise (de Klerk 2015; Penaluna and Penaluna 2011; Scott 2006), real-life-experiences (Carey and Matlay 2007; Coyle 2012; Daniel and Daniel 2015; Mets et al. 2014; Ó Cinnéide 2010; Peltoniemi 2009; Rae 2004; Raffo et al. 2000), and networking competence (Carey and Matlay 2007; Coyle 2012; Daniel and Daniel 2015; Delacruz 2011; Eikhof and Haunschild 2006; Lee 2015; Win 2014). In accordance with the majority of studies, Carey and Matlay (2007) find a direct link between the educational input and the entrepreneurial output

of individuals. In summary, a synthesis of the study findings shows that personality, social position, community, knowledge, skills, and experiences dominate the discourse on the individual-cognitive level captured with the constructs of entrepreneurial orientation and capabilities.

5.2 *Action-Orientated Level*

The individual-cognitive level is the precondition for the action-orientated level mechanisms: a bohemian lifestyle and bricolage. Eikhof and Haunschild (2006) analyze artists in their challenge to bridge the gap between artistic work and economic needs. Summarized under the term “bohemian lifestyle,” this mechanism involves identity construction features, such as individuality, passion for work, independency, and mobility to meet the needs of networking and project-based work. Bohemian lifestyle is an attitude and mechanism that allows artists to market their talent through building social structures that include them in artistic production and enable them to deliberately reject economic principles (Eikhof and Haunschild 2006). Accordingly, Gu (2014) finds a clear preference of creative people for informal networking events that are based on shared values, lifestyle, and atmosphere. Professionally organized networking events with strong commercial attitudes are rejected. Lifestyle social networking is an identity-based strategy used to maintain creative freedom and to generate business opportunities. Accordingly, entrepreneurship in the creative industries includes “both the creation of the product and the self” (Gu 2014, p. 367).

The second action-orientated mechanism is bricolage, described by de Klerk (2015) as the problem-solving process of creative individuals under the condition of limited resources. Project-based interactions are used to share knowledge, skills, and experiences and to overcome resource constraints and to build out collective visions. These interactions “are strategically formed to provide long-term opportunities and sustained working relationships” (de Klerk 2015). Lange (2014) similarly finds that entrepreneurial activities are self-controlled transformations of personal occupations into professions through positioning and networking in the social scenes on which they depend. Using social network analysis, Lee (2015) identifies three emerging success factors of social network relations. First, a large number of connections between actors has positive effects on the flow of information; secondly, the presence of proactive individuals facilitate information transfer by establishing new connections, and third, the presence of actors with unique and expert information fosters problem solving and new ideas. Entrepreneurial behavior in creative scenes is strategic and adapts to the challenges of flexible, project-based work collaborations under the condition of limited resources. Being, acting, and learning are inextricable (Raffo et al. 2000; Taylor 2011); lifestyle and adaptive bricolage behavior are opportunity-generating strategies to cope with the specifications in the creative field.

5.3 *Collective Level*

The individual and action-oriented levels determine collective level mechanisms where individuals interact in teams, organizations, and institutions. Values such as autonomy, authenticity and nonconformity generate business structures that allow radical and experimental products and services and induce intuitive and chaotic behaviors of creative people that often prevent economic efficiency (Poettschacher 2005). The long-term case study by Tjemkes (2011) documents the processes and challenges of a creative business start-up in establishing their organizational structure between managerial and creative tasks. Creativity emerges as the key competitive advantage that can only unfold in appropriate organizational forms that balance creative freedom, sufficient guidance, and economic performance (Parkman et al. 2012; Peltoniemi 2009; Siswanto et al. 2014; Tjemkes 2011). Chaston and Sadler-Smith (2012) establish an encompassing framework that explains the relationship between entrepreneurial capabilities, orientation, market conditions, and performance and find that small firms with high growth are characterized by well-developed internal capabilities with an entrepreneurial orientation. García-Tabuenca et al. (2011) support these findings: the most dynamic entrepreneurs show commitment to business survival and organizational management. Chaston and Sadler-Smith (2012) relate entrepreneurial capabilities to an entrepreneurial orientation that can be measured on individual and collective levels as multifaceted bundles of skill, talent, and knowledge. On a firm level, creativity and innovation is not the result of individual action but is rather a process of organized social interaction. This is in line with Marinova and Borza (2015) and Parkman et al. (2012), who build on the findings of Walter et al. (2006), proving the impact of network capabilities and entrepreneurial orientation on venture performance. With the construct innovation capacity, Parkman et al. (2012) measure and explain to which degree the organizational structure supports the maintenance and development of creative resources and innovations.

At the collective level of public authorities, creative cluster building and public-private collaboration emerge as mechanisms to promote contextual conditions. Hinves (2012) and Zheng (2010) examine public regeneration programs that have transformed previous industrial areas into fashionable creative quarters to foster business development as well as to attract public interest and human and financial capital. Zheng (2011), however, finds limited impacts for supporting entrepreneurial talent and highlights the relevance for providing venture capital and access to technology. In building creative clusters, public authorities often show a strong strategic and profit-driven engagement and become entrepreneurial themselves, which are termed entrepreneurial cities or states (de Bruin 2005; Zheng 2010, 2011).

Kenny and Meaton (2007) and Hackbert et al. (2009) analyze collaborations between enterprises, governments, and universities. A shared vision and active participation between public and private actors enhance community building, encourage research and development, and generate entrepreneurial activities and

national welfare. De Bruin (2005) also proves the necessity and success of financing capital-intensive projects by public-private collaboration on a local, regional, and national level—a concept that she terms multi-level entrepreneurship. A few studies (Coyle 2012; Kenny and Meaton 2007; Scott 2006) draw on the framework of Leydesdorff and Etzkowitz (1996), who converted these university-industry-government relations into a triple helix model. This model systematically explains the manifold and reciprocal interactions between science, education, governance, and business that foster competitiveness and social welfare.

6 Outcome Patterns

This part synthesizes the outcome patterns that result from contextual conditions and social mechanisms. On the individual level, the dimensions of personality, social position, community, and education determine entrepreneurial orientation and capabilities. Both constructs establish a coherent link between the individual-cognitive, action-orientated, and firm levels. The integration of innovation capacity has the power to elucidate and incorporate creativity and innovation in relation to venture performance, which is measured in turnover (Chaston and Sadler-Smith 2012; Parkman et al. 2012) and the number of jobs (Daniel and Daniel 2015) and employees (Abdul Halim et al. 2012; Parkman et al. 2012; Pintilii et al. 2015). Non-economic performances are captured in terms of project success (reputation and prestige of projects) and competitive advantages, such as the capacity to improve and exploit organizational creativity (Parkman et al. 2012). On the level of public authorities, creative cluster building and private-public collaboration determine growth and development on local, regional, national, and international levels (Beltrán and Miguel 2014; Bhatiasevi and Dutot 2014; de Oliveira and de Oliveira 2015; Felaza 2015; García-Tabuenca et al. 2011; Henry and de Bruin 2011; Kim et al. 2016; Mets et al. 2014; Pintilii et al. 2015; Raffo et al. 2000; Scott 2006; Swedberg 2006). Economic growth is divided into gross domestic product (de Bruin 2005; García-Tabuenca et al. 2011; Hui 2007), export rates (Hui 2007; Ó Cinnéide and Henry 2007), number of start-ups (Pintilii et al. 2015; Zheng 2011), and employment rates (Hui 2007). Although not yet quantitatively validated, numerous studies refer to cultural diversity (Delacruz 2011; Hackbert et al. 2009; Henry 2007b; Kourtit et al. 2013; Mets et al. 2014; Raffo et al. 2000), cultural heritage (Felaza 2015; Hackbert et al. 2009; Hui 2007; Ó Cinnéide and Henry 2007), and tourism (Hackbert et al. 2009) as central effects of governmental programs. As such, the outcome patterns of economic and symbolic value are also evident on the level of public authorities. The result is an encompassing framework of entrepreneurship research in the creative industries as illustrated in Fig. 4.

7 Gaps and Inconsistencies

Three major inconsistencies and knowledge gaps emerge. First, a systematic exploration of contextual conditions is missing. The contextual factors are generated from the most frequently and interrelated conditions of the underlying studies. Nevertheless, context variables are deliberately used to investigate a wide range of selected phenomena. From the evidence base, for instance, it is not clear if the dimensions of venture capital and technology are sub-dimensions of the factor market or if they establish separate dimensions. The same holds for the relationship between culture, community, and identity. In the context of globalization, Gu (2014) draws attention to the aspect that “social relationships at [the] national and international level are less socially embedded” (p. 362). The crucial role of media and communication technologies and their effects on culture, community, identity and education are completely ignored in the discourse considering creative industries. The second gap is manifested in the relationship between entrepreneurial orientation, capabilities, and innovation capacity. While Chaston and Sadler-Smith (2012) postulate a direct relation between entrepreneurial orientation, firm capability, and venture performance, Parkman et al. (2012) prove innovation capacity to be a mediator of venture performance. The different contexts of data collection cannot clarify this inconsistency; both models derive from robust quantitative-hypothesis testing studies. One possible explanation for the contradiction is the use of different construct approaches and variables (Covin and Wales 2012). Parkman et al. (2012) concentrate on the link between entrepreneurial action and innovation capacity, whereas Chaston and Sadler-Smith (2012) focus on intuitive and rational cognition as preconditions for entrepreneurial orientation and capabilities. Accordingly, a research desideratum exists between intuition and cognition as drivers of entrepreneurial orientation, capabilities, and behaviors. Finally, a third gap is identified in the contradicting recommendations for organizational management on a firm level. Tjemkes (2011) suggests a separation of managerial and creative tasks, whereas Parkman et al. (2012) propose cross-functional project teams to successfully balance creative and managerial challenges. This can be traced back to firm configurations that require individual organizational solutions. Although organizational management emerges as a central field of investigation, “there has been little empirical research on the properties and processes of firm-level entrepreneurship within the creative industry context” (Parkman et al. 2012, p. 98).

8 Particularities Matching Mechanisms

Entrepreneurship research in the creative industries concentrates on individuals and their potential to generate value out of their creativity. Intrinsic motivation and passion are key drivers of artistic-creative work that often start as a result of leisure or hobby activities and end in latent and nascent entrepreneurial activities. Living a

passion and making a living are intimately linked and apparently provoke a tension between the creative and economic sphere. Both aspects determine identities and behaviors manifesting in ostensibly irrational economic behavior. This indicates that other underlying mechanisms, motivational forces, and non-monetary incentives affect behaviors and outcomes. The reconciliation of Schumpeter's and Bourdieu's approaches to explain the process of adding value to creative activities in terms of not only economic but also symbolic value, originates from and manifests in this tension. At the individual-cognitive level, passion for creative work influences personality traits and value judgments that impact entrepreneurial orientation. Creative social scenes are based on passion-driven values that are often opposed to traditional businesses. The action-orientated mechanisms of lifestyle and bricolage capture the particularities of passionate, identity-driven and project-based work collaborations to generate value out of human and social capital and address the research desideratum between intuition, cognition, and performance as summarized in gap 2. Although the relation between passion, creativity, and efficiency plays a decisive role in organizational management, this mechanism does not concern the latent and nascent phase of enterprising individuals and there is no existing link to symbolic value. Likewise, the collective level mechanisms of public authorities do not match the particularity of passion-driven individuals. Finally, passion as an individual-cognitive level mechanism and bricolage and lifestyle as action-orientated mechanisms convert the particularities of the creative industries into symbolic and economic performance categories.

9 Setting the Research Agenda

9.1 *Non-Entrepreneurial Passion*

There is a growing body of research on passion focused around the work of Cardon et al. (2005), who applied the parenthood metaphor to the entrepreneurial process, showing that passion, identification, attachment and nurturing are found in both contexts. In their pioneering framework on the influence of passion on opportunity recognition, venture creation, and growth, Cardon et al. (2009) define entrepreneurial passion as “consciously accessible, intense positive feelings experienced by engagement in entrepreneurial activities associated with roles that are meaningful and salient to the self-identity of the entrepreneur” (p. 515). This built upon Cardon et al. (2013), who developed a validated measurement model for entrepreneurial passion as an individual-level construct by using item batteries questioning the domains of inventing, founding, and developing businesses. The authors prove entrepreneurial passion to be distinct from other emotions and cognitions, capturing the sole entrepreneurial dimension of passion. Subsequent robust empirical studies give evidence to the fact that entrepreneurial passion affects entrepreneurial intent (Biraglia and Kadile 2016; de Clercq et al. 2013; Huyghe et al. 2016), the relation between self-efficacy and

persistence (Cardon and Kirk 2015), the commitment of employees (Breugst et al. 2012), the evaluation of angel investments (Hsu et al. 2014; Murnieks et al. 2016) and venture growth (Drnovsek et al. 2016). Conversely, passion, identification and commitment can also implicate negative emotional consequences in case of business failure (Shepherd et al. 2009). The particularities of the creative industries, however, contribute that passion for creative work occupies an equally important role for entrepreneurship. Passion may relate to manifold identity-relevant activities that generate positive feelings (Campbell 2011; Omorede 2014; Smith 2015; Smith and McElwee 2015), among them creative activities that unleash the entrepreneurial process that is hypothetically conceivable without entrepreneurial passion. Huyghe et al. (2016) give evidence to support that such forms of non-entrepreneurial passion exist. In the context of university spin-offs, the authors find that an obsessive passion for science positively affects entrepreneurial intentions and moderates the entrepreneurial passion-intention relationship. To explore “non-entrepreneurial passion” that is distinct and complementary to the construct of entrepreneurial passion might provide answers to questions that derive from the creative industries discourse. Is passion for a specific creative activity an antecedent to the entrepreneurial passion of creative individuals? Do creative workers develop entrepreneurial passion at all or is business and entrepreneurship just an unloved necessity run over by creative achievements that offer opportunities? If entrepreneurial passion develops over time, is it triggered by genuine ideas that offer opportunities? And, as the study of Shankar (2015) implies: does the intensification of entrepreneurial passion affect passion for creative work? Moreover, do passionate entrepreneurs generally display other forms of passion affecting their businesses? If so, which are these and how do they contribute to performance? Biraglia and Kadile (2016) suggest focusing future research on active entrepreneurs who come from hobby contexts in different industries to explain entrepreneurial careers. The development and validation of a construct of “non-entrepreneurial passion” enables systematical exploration of the relationship between both forms of passion and explains passion-driven behavior in relation to performance variables across industry contexts.

9.2 Identity-Related Motivation

Lifestyle entrepreneurship is a motivation-, identity-, and skill-based phenomenon that expands the concept of passion and projects it onto an encompassing way of life. Lifestyle activities are predominantly equated with hobby and leisure activities, personal interests, and community-based and cultural practices (Kellogg et al. 2011; Sethna et al. 2014). The decision to become an entrepreneur can also be based on lifestyle motives, such as freedom and happiness (Radu and Redien-Collot 2008) or social esteem (Martz et al. 2005). The desires to act autonomously, to achieve a satisfactory level of income, and to ensure an acceptable work level are additional motivational factors of lifestyle businesses (Alonso 2009; Boluk and Mottiar 2014; Crick 2011; Dana and Light 2011; Hirschsohn 2008; Jaouen and Lasch 2015; Stone and

Stubbs 2007; Tregear 2005; Williams and Gurtoo 2012). Several studies provide evidence of the fact that lifestyle entrepreneurs prioritize lifestyle goals over profit and growth orientation (Fletcher 2010; Haber and Reichel 2007; Hirschsohn 2008; Jaouen and Lasch 2015; Kirkwood and Walton 2010; Romano et al. 2001; Siemens 2014; Tregear 2005). Nevertheless, lifestyle- and business-related motivations and priorities change over time. Hisrich and Fülöp (1997) report on the impacts of starting a business based on the desired lifestyle, Crick (2011) documents how inefficient work-life balance leads to closing down a firm, and Carter and Allen (1997) demonstrate that financial opportunities can superimpose lifestyle intentions. This proves that current and desired living conditions impact motivation and behavior. Obsessive forms of passion (Thorgren and Wincent 2015; Vallerand et al. 2003), negative emotions (Patzelt and Shepherd 2011), and self-oriented and other-oriented motives (Ruskin et al. 2016) also affect entrepreneurial behavior. Yitshaki and Kropp (2016) prove that passion and identity are directly related but emerge differently across social contexts. Accordingly, the motivational drivers of entrepreneurs acting in their preferred field of interest are rooted in individual personalities, biographies, social identities, and life designs.

Taking on the identity centrality aspect of entrepreneurial passion (Cardon et al. 2013; Cardon et al. 2012), features of lifestyle entrepreneurship extend the original understanding of passion as a motivational construct and highlight the importance of additional intrinsic and extrinsic motivational drivers. Thereby, capabilities and self-efficacy appear to be influential drivers. Self-employment is based on personal skills, experiences, and resources and forms the basis to realize lifestyle objectives (Stone and Stubbs 2007). Haber and Reichel (2007) show that managerial capabilities have the largest impact on venture performance in lifestyle-driven businesses. Individuals articulate either high-growth or lifestyle entrepreneurial intent only when they believe in the efficacy of their capabilities (Prabhu et al. 2012). Dalborg and Wincent (2015) deliver a skill-based explanation of how founder passion develops, finding that being pulled towards an opportunity boosts the belief in one's own self-efficacy, which in turn supports skill development and increases passion. The authors argue that models predicting the development of skills and passion may ultimately explain venture success. To date, however, there is no commonly agreed upon theory on the relations between self-efficacy, passion, and performance (Biraglia and Kadile 2016; Cardon and Kirk 2015; Lehto 2015; Murnieks et al. 2014). As such, we can ask: which other motivational factors determine entrepreneurial behavior and performance in the creative field? What do motivational drivers in other industry contexts look like? Does a separation between self/intrinsic and social/extrinsic motives matter? Can the full range of motivational factors explain and predict behaviors and outcome patterns? Which events can potentially provoke shifts in motivation and priority settings and how do they affect venture performance? Answering these questions helps to understand and elucidate behavior and outcomes. Johannisson (2011) demands a consideration of all human faculties, Tang et al. (2012) suggests to further investigate intrinsic and extrinsic motivated goals, Thorgren and Wincent (2015) look at the impact of other emotional experiences, and Yitshaki and Kropp (2016) suggest an examination and comparison of different contexts, which is best achieved through basic, qualitative research.

9.3 *Symbolic Value*

Bruner and Postman (1948) define symbolic value as “the capacity of a perceived object to evoke reactions relevant not primarily to itself but to some state of affairs which it represents” (p. 203). The authors argue that states of affairs are subjectively considered in terms of reward, punishment, fulfillment, or deprivation. Similar to entrepreneurial passion, desired representations receive a positive accentuation by the individual and determine perception and choice. Radu and Redien-Collot (2008) explicate symbolic value as the “know-why information,” consisting of attitudes and values derived from intrinsic and extrinsic rewards, such as self-fulfillment and economic gain. They find that entrepreneurial intention depends on the desire to become an entrepreneur, the perceived feasibility to run an enterprise, and the perceived appropriateness of one’s own behavior evaluated against individual and collective values and norms. Hence, symbolic value is a subjectively perceived meaning that contains a potential utility or value of representations related to the current time. Money can be also considered in symbolic categories, depending on the financial resources people have and what they perceive to be able to do with it. Rose and Orr (2007) develop a scale for exploring the symbolic meaning of money, consisting of status, achievement, worry, and security. Entrepreneurial behavior “is the result of powerful and often unrecognized (emotional) forces that reside deep in the psyches of individuals” (Rose and Orr 2007, p. 757). Expanding this from the individual to the collective and contextual level, Corneo and Jeanne (2010) find that the elasticity of the marginal utility of consumption shapes value systems that determine occupational choices and macroeconomic developments.

On the example of crowdfunding, Lehner (2014) identifies symbolic capital as the catalyzer for generating economic out of social capital. Symbolic capital affects the perceived legitimacy of an idea and the reputation of initiators and helps to build emotional ties between the idea, the initiator and the supporter. Whereas symbolic capital is the capacity to induce legitimated action, symbolic value is the subjectively perceived meaning of this capacity. Crowdfunding demonstrates how values and norms are balanced by democratic participation via media technologies that provoke new forms of entrepreneurs who create, share, and commercialize content and ideas that generate unanticipated value in audiences (Shah and Tripsas 2007; Valliere and Gegenhuber 2014). Trends towards gratuitous content and unpaid work have the potential to revolutionize entrepreneurial contexts, mechanisms, and outcomes (Ritzer and Jurgenson 2010). This proves the current relevance of symbolic value.

To date, very little research has been conducted on symbolic value. There are, however, related calls to investigate values that determine entrepreneurial behavior and its effects. Senyard et al. (2009) demand an exploration of the range of possible outcomes other than just firm performance. Stinchfield et al. (2013) argue that identifying the full range of definitions of success and new types of venture performance in relation to self-perceived identities “may provide the most direct

way of improving predictions of entrepreneurial success” (p. 915). From a social entrepreneurship perspective, Bacq et al. (2015) deliver, with the construct of “social impact,” a prime example of measuring performance in non-economic terms. But how can we conceptualize, measure and compare symbolic values? Do different forms of symbolic values exist? Which symbolic values do entrepreneurs assign to different states of affairs? Why and how do symbolic values change over time and how do these changes affect performance? Answering these questions expands research on intrinsic and extrinsic motivational factors by converting them into a symbolic value system that assigns values to perceived states of affairs. Entrepreneurship is a suitable field to study the dynamics of personal performance over time (Frese and Gielnik 2014). Differentiating between perceived, desired, and anticipated values at a current point in time and perceived, realized values at a time in the future contributes to an understanding of values, desires, and aims, how they change, and how they determine entrepreneurial behavior and performance.

9.4 Action and Planning

Based on the work of Levi-Strauss (1966), Baker and Nelson (2005) define entrepreneurial bricolage as “making do by applying combinations of the resources at hand to new problems and opportunities” (p. 333) and identify materials, skills, labor, institutions, and customers as domains to overcome resource constraints. Extensive use of bricolage across multiple domains prevents growth; the strategic use in selected domains helps to generate and exploit opportunities, which could not have been pursued by other means, since recourses were not available. Bricolage is a creative, hands-on approach that has positive effects for nascent entrepreneurs, but generates only low degrees of innovation due to trial and error processes (Senyard et al. 2009) and is less likely to result in highly profitable or fast-growing ventures (Stinchfield et al. 2013).

Fisher (2012) contrasts bricolage with causation and effectuation as outlined by Sarasvathy (2001). Causation is a decision logic to achieve a fixed goal by selecting means necessary to realize that goal; effectuation starts with present means to create a feasible goal. Even though bricolage and effectuation both start with given means and open ends, effectuation has a clear goal-direction whereas bricolage rather generates new and unspecified effects. Entrepreneurs strategically use bricolage to selectively overcome resource constraints and to explore new ideas (Bacq et al. 2015; Baker 2007; Desa 2012; Desa and Basu 2013; Di Domenico et al. 2010; Evers and O’Gorman 2011; Goi and Kokuryo 2016; Kariv and Coleman 2015; Mair and Marti 2009; Sunley and Pinch 2012). Accordingly, bricolage, effectuation, and causation range from the nature of goals to the degree of action planning. Thereby, causation theory is based on the classical economic presuppositions of static environments, linear developments, and predictable futures and refers to actions that are based on rational, goal-directed thinking and action planning. Bricolage and effectuation start from complex and dynamic environments and demand heuristic,

Table 2 Dichotomies in entrepreneurship research discourse

Features	Traditional approaches	Emerging approaches
Scientific perspective	Realist, holistic	Constructivist, heuristic
Environment	Static	Dynamic
Future	Predictable	Unpredictable
Opportunity	Discovered	Created
Entrepreneur	Specified	Unspecified
Mechanism	Causation	Bricolage, effectuation
Action	Planned	Situational
Ends	Fixed	Open
Process	Linear	Iterative
Means	Allocated	Given
Focus	SMEs	Individuals
Motivation	Monetary	Non-monetary
Value	Economic	Symbolic
Domain	Rationality	Emotionality
Philosophy	Homo economicus	Homo curans, homo ludens
Analysis	Retrospective	Contemporaneous

iterative, and interactive processes of decision-making and action. In the exploration of these mechanisms, a paradigm shift in entrepreneurship theory takes place and manifests itself in several discourse dichotomies, as listed in Table 2. Entrepreneurial action originates from pursuing interesting ideas or activities (Alvarez and Barney 2007; Sarasvathy 2001) and needs to be liberated “from a narrow-minded association with economic activity alone” (Johannisson 2011, p. 139). In this view, Sarasvathy and Venkataraman (2011) postulate that entrepreneurship is a method of human action that is learnable and teachable—bricolage being a prime example of such.

Welter et al. (2016) link effectuation and bricolage to the opportunity creation logic and indicate that causation plays a significant role in developing successful businesses. Selden and Fletcher (2015) propose an entrepreneurial venture emergence system hierarchy for analyzing an entire entrepreneurial journey in sequences of partial events that can be structured into hierarchical levels associated with the use of particular mechanisms. This framework provides a solid basis for future research. If the origin is the pursuit of deliberate activity through consciously or unconsciously using bricolage and effectuation, when and why do individuals start using more causation-related mechanisms? Is causation a matter of experience, skills, education, or motivation? Does the use of these mechanisms coincide with performance? What do typical entrepreneurial journeys that fail, stagnate, or grow look like? Are there similarities between industry contexts? Answering these questions on actionable opportunities, choices, and actions is a major advancement for entrepreneurship research (Fisher 2012; Stritar and Drnovšek 2016). Welter et al. (2016) point to the relation between motivation and choice: “It is far from obvious why it would be economically or behaviorally efficient to attempt opportunity creation and,

if it is not, what the alternative motivation for this activity might be” (p. 15). Moreover, communicating entrepreneurial goals and visions (Breugst et al. 2012) and willpower (Murnieks et al. 2016) might well influence the success of bricolage behavior in social communities. Consequently, action and planning mechanisms coherently extend the agenda on passion, motivation, and symbolic value.

10 Conclusion

This review determined the current state of entrepreneurship in the creative industries. The two-step literature analysis proves to be a purposeful way to capture the particularities of an industry context and to determine its research potential in a scientific domain. This is the key contribution of this paper. The identified research avenues substantiate a coherent entrepreneurial phenomenon that originates from passion and points to the full exploration of intrinsic and extrinsic motivational drivers. Their transformation into a symbolic value system has the potential to explain choices, plans, and actions of individuals at different stages in their entrepreneurial journeys that emerge out of actionable opportunities. Finally, the review and research agenda provides a considerable advancement in understanding entrepreneurship as “an imaginative creation of social capacity that links possibilities for living with economic productivity” (Hjorth and Holt 2016, p. 51). In this respect, the creative industries provide a suitable and promising context for basic qualitative research. Findings need to be contrasted with a great variety of non-creative sectors to advance entrepreneurship as a method towards a generalized theory of human behavior. These are the implications for science. Practitioners can use the findings as a guide to question their own motivations, aims, capabilities, resources, behaviors, and potential. This paper should also encourage policymakers to support future research, rethink existing government programs, and develop sustainable and targeted support for passionate individuals in order to foster, educate, and acculturate an entrepreneurial society.

Appendix 1 Selected Entrepreneurship Studies in the Creative Industries

Author(s)	Year	Aims of study	Key findings	Type of analysis	Data	Territory
Abdul Halim et al.	2012	Relation between entrepreneurial personality and business profiles in micro and small businesses	Gender, age, education and type of business have no effect on entrepreneurial personality but correlate with business profile	Qualitative, hypothesis testing	Survey (n = 295)	Malaysia
Beltrán and Miguel	2014	Entrepreneurship in the Argentinean creative sector from a historic, socio-economic perspective	Hobby artists with middle-class backgrounds, a high level of education and a distinct entrepreneurial spirit became successful cultural entrepreneurs	Qualitative, mixed methods	In-depth interviews (n = 60), ethnographic observations	Buenos Aires, Argentina
Bendassoli et al.	2016	Identification and test of validity characteristics in self-regulation between entrepreneurs and non-entrepreneurs	Three-factor structure of self-control and self-monitoring scale is supported. Entrepreneurs show a higher level of self-evaluation	Quantitative, factor and correlation analysis	Survey (n = 596)	Brazil
Bhatiasevi and Dutot	2014	Firm and country level comparison of SME activities in Thailand and Canada	Canadian SMEs cover the entire creative value chain, Thai SMEs concentrate on creating and producing	Qualitative and quantitative, comparative study	Interviews (n = 8) and survey (n = 115)	Thailand and Canada
Carey and Matlay	2007	Link between educational input and entrepreneurial output in creative disciplines education	Practitioners as educators in academic real-life projects foster knowledge transfer and encourage entrepreneurial behaviour among students	Qualitative, case study	Interviews (n = x)	United Kingdom

(continued)

Author(s)	Year	Aims of study	Key findings	Type of analysis	Data	Territory
Chaston and Sadler-Smith	2012	Relations between entrepreneurial cognition, orientation, firm capabilities, market conditions and performance	High growth small firms show well-developed internal capabilities allied to an entrepreneurial orientation, which especially appears under intense market competition	Quantitative, hypothesis testing (correlation and multiple regression)	Survey (n = 137)	Southwest England
Coyle	2012	Role of academic entrepreneurship education for creative art graduates	Creative art schools need to integrate the training of entrepreneurial and soft skills by means of project-based learning	Conceptual, descriptive	Desktop research	United Kingdom
Daniel and Daniel	2015	Challenges for creative and performing art graduates in obtaining employment in their preferred field of practice	Graduates combine different modes of work by moving into other economic sectors combining non-arts and creative work in their preferred field	Quantitative, descriptive statistics	Survey (n = 98)	North and Eastern Australia
De Bruin	2005	Significance of public-private partnerships for entrepreneurial activities in the creative industries	Multi-level entrepreneurship and public-private partnerships are crucial for developing capital-intensive film industries	Qualitative, case study	Desktop research	New Zealand
De Klerk	2015	Adaptive behaviour of actors under the condition of limited resources (bricolage)	Bricolage relationships are strategically formed to overcome resource constraints, to develop personal skills and to establish business opportunities	Qualitative, content analysis	In-depth interviews (n = 21)	–
De Oliveira and de Oliveira	2015	Mental models of cultural entrepreneurs and policy support	Business education and venture capital access are major shortfalls for venturing difficulties in finance, project execution and resources management	Qualitative, case study	Semi-structured interviews (n = 5)	Belo Horizonte, Brazil

Delacruz	2011	Role of entrepreneurial dispositions in art-based civic engagement	Risk tolerance, adaptability, social networking, leveraging and synergy creation are facilitative for public engagement endeavours	Qualitative, case study, auto ethnographic approach	Self experience (n = 1)	United States of America
Eikhof and Haunschild	2006	Bohemian lifestyle as concept to bridge the gap between artistic work and economic need	Bohemian lifestyle allows artists to reject economic principles while marketing their talent through building social structures to generate new jobs	Qualitative, case study	Semi-structured in-depth interviews (n = 30)	Germany
Felaza	2015	Potential of indigenous products and technologies to protect national culture and nature and to improve global competitiveness	Indigenous products and technology of the Batik fashion industry bears potential to prepare Indonesia for the global market	Qualitative, case study	Observation and interview (n = 1)	Yogyakarta Province, Indonesia
García-Tabuenca et al.	2011	Motives, products and sectors of Spanish entrepreneurs in regional comparison	Creative entrepreneur have distinct creative abilities. The most dynamic entrepreneurs show high commitment to business survival and organizational management	Quantitative, factor and cluster analysis	Survey (n = 507), Eurostat NUTS-1, Global Entrepreneurship Monitor (GEM)	Spain
Gu	2014	Configuration of social networks and the role of social, cultural and economic aspects	Trust and identity are key features of building social relations in the creative sector in contrast to traditional industries	Qualitative, case study, ethnographic approach	Observation of net-working events and interviews with designers (n = 15) and policy makers (n = 20)	Manchester, England
Hackbert et al.	2009	Collaborative experiment between university and local manufacturing industry	Real-life educational projects affect social entrepreneurship that has positive effects on cultural heritage and local industries	Qualitative, case study	Case study (n = 1)	Berea, Kentucky, United States of America
Henry	2007a	Summarizing research findings	The definitional discourse, the measurement of creative entrepreneurship, education and funding are current research topics	Conceptual, descriptive	Desktop research	-

(continued)

Author(s)	Year	Aims of study	Key findings	Type of analysis	Data	Territory
Henry	2007b	Scoping the field of research in entrepreneurship in the creative industries	Social inclusion and cultural diversity are two emerging research dimensions	Conceptual, descriptive	Desktop research	–
Henry and de Bruin	2011	Creative processes, practices and policy agendas	Knowledge-intensive industries are an essential component of growth, employment and international trade and need policy support	Conceptual, descriptive	Desktop research	–
Hinves	2012	Intersection of economy, culture and urban regeneration programs	Regeneration programs lead to cultural quarters that match the needs for place and community of entrepreneurs	Qualitative, bio-geographical narrative approach	Interview (n = 1)	Newcastle upon Tyne, England
Hjorth and Steyaert	2003	Social implications of entrepreneurship in new internet-based economies	Participation in the new economy will produce creative swarms and pathological zones (unknown negative impacts on society).	Conceptual, historiographic research	Desktop research	–
Hui	2007	Measuring and comparing creative industries development and policy engagement	The concepts of the creative industries, national policies and exports rates of cultural products differ significantly among countries	Conceptual, descriptive	Official statistics (share of GDP and employment rates)	Japan, South Korea, Singapore, Taiwan, Hong Kong
Kenny and Meaton	2007	Research and development activities and their benefits for social and economic welfare	Small high-tech R&D market is compensated by public-private collaboration that led to community building and entrepreneurial activities	Qualitative, case study	Euromap (2003)	Finland
Kim et al.	2016	Potential of big data analysis for business models and the entrepreneurial ecosystem	Big data processing abilities affect business models, productivity and competitiveness of enterprises and national economies	Conceptual, theoretical	–	–

Kourtit et al.	2013	Development in migrant entrepreneurship and its socio-economic contribution in modern cities	From first to second generation migrants there has been a shift to knowledge-intensive businesses, driven by high-educated Moroccans	Qualitative and quantitative (Super-DEA, Self-Organizing Maps)	Structured in-depth field survey plus interviews (n = 24)	Amsterdam, Rotterdam, The Hague and Utrecht, Netherlands
Lange	2014	Role of social scenes in the professionalization process of creative individuals	Entrepreneurial scenes are spatial self-organized collectives of creative workers to control autonomy and professionalization	Qualitative, case studies	Interviews and group discussions: Berlin (n = 25) and Leipzig (n = 25)	Berlin and Leipzig, Germany
Lee	2015	Social networks and their impact on knowledge transfer and learning	A large number of connections, the presence of active participants and the presence of unique experts stimulate knowledge transfer	Quantitative, case study, social network analysis	Survey, entrepreneurs in the Youth Start-Up 1000 Project (n = 89)	Seoul, South Korea
Marinova and Borza	2015	Relationship between entrepreneurial orientation and innovation management	Innovation management contains the management of human resources, interactions with stakeholders, technology and knowledge; it is the major driver of knowledge-based economies	Conceptual, theoretical (literature review)	-	-
Mets et al.	2014	Role of culture and art colleges in affecting entrepreneurial development at regional level	Action-based education and governmental interference in the cultural ecosystem affect entrepreneurial initiative of art college graduates	Qualitative, comparative case study	Interviews (n = x), personal investigation and desktop research	Estonia and Germany
Neugovsen	2010	Relation between motivation, competencies and strategies	Two types of entrepreneur became evident: entrepreneurs with high and low commercial vision	Qualitative, constant comparative methodology	In-depth-interviews (n = 30)	Buenos Aires, Argentina

(continued)

Author(s)	Year	Aims of study	Key findings	Type of analysis	Data	Territory
Ó Cinnéide	2010	Potential of student-oriented, culture-bound case studies in entrepreneurship education	Best-practice and culture-bound case studies foster participative learning and real-life experiences	Conceptual, descriptive	Desktop research	Ireland
Ó Cinnéide and Henry	2007	Features and success factors of cultural entrepreneurship in the Irish music sector	Cultural identity based industry collaboration is a success factor for commercialization and export of Irish dance music products	Qualitative, best practice case study	Desktop research	Ireland
Parkman et al.	2012	Relationship between entrepreneurial orientation, innovation capacity and firm performance	Innovation capacity mediates the relationship between entrepreneurial orientation and firm performance	Quantitative, hypothesis testing	Survey (n = 122)	Western United States of America
Peltoniemi	2009	Work organization between content creation and decision making	Convergence between creative freedom and sufficient guidance is reached by limiting the employee's creativity to the content and technology level	Qualitative, case study	Interviews (n = 8)	Finland
Penaluna and Penaluna	2011	Concept of 'design thinking' in the field of creativity-led entrepreneurship education	Design thinking supports visioning, scenario planning and problem-solving skills that enhance entrepreneurial capabilities	Conceptual, descriptive	Desktop research	United Kingdom
Peters and Besley	2008	Entrepreneurship education and the role of universities in arts and sciences	In educating entrepreneurial skills universities neglect arts and humanities and their potential for creativity	Conceptual, descriptive	Desktop research	-
Pholphirul and Bhatiasevi	2012	Strategies for SMEs in the creative economy	Strategies vary with type of organization and their position in the creative value chain	Qualitative, case study	Desktop research, secondary data	Thailand

Pintilii et al.	2015	Significance of cultural-creative activities on the local, regional or national level for economic development	Rise of entrepreneurial activities in distinct creative sectors significantly contributes to overall national economic growth and development	Quantitative, descriptive statistics	Secondary data: national statistics (NACE code)	Romania
Poettschacher	2005	Attitudes, values and their impact on strategy, structure and culture of micro businesses	Autonomy, authenticity, nonconformity and friendship generate different identities and business structures that originate in the foundation phase	Qualitative narrative approach, hypothesis testing	Standardized in-depth interviews (n = 35)	Vienna, Austria
Rae	2004	Entrepreneurial capability and identity in the creative and media industries	Triadic model of entrepreneurial learning consisting of personal and social emergence of the entrepreneur, contextual learning and the negotiated enterprise	Qualitative, longitudinal case study, discourse analysis	Participant observation (2 years) plus in-depth interviews (n = 3)	United Kingdom
Raffo et al.	2000	Working practices and situated learning of entrepreneurs	Business learning is situated in the social, cultural and economic environment that provides cultural capital and stimuli for entrepreneurial learning	Qualitative, case study	In-depth interviews (n = 50)	Manchester, England
Scott	2006	Role of geography in entrepreneurship and regional development	Geography is the nexus of a spatially differentiated web of production activities, social relationships, identities and economic development	Conceptual, literature synthesis	Desktop research	–
Sørensen	2012	Subjective possibilities and constraints for aesthetic production	Creativity is tied between social imaginaries that create expectations and the subjectivity of entrepreneurial knowledge workers	Conceptual, descriptive	Desktop research	–

(continued)

Author(s)	Year	Aims of study	Key findings	Type of analysis	Data	Territory
Siswanto et al.	2014	Business system requirement for creative SMEs	Legal aspect, finance, production, personnel and quality assurance are the major business system requirements of creative SMEs in Bandung	Quantitative, cross tabulation	Survey (n = 36)	Bandung, Indonesia
Swedberg	2006	Entrepreneur between art, cultural production and the generation of economic output	Three forms of cultural entrepreneurs are identified: artists who reject, consider and focus on economic realities	Conceptual, theoretical	Desktop research	–
Taylor	2011	Nature of entrepreneurship, creativity and innovation as a process of social interaction	Creativity is explained as a concept of entrepreneurial learning of individuals in their social and economic context	Conceptual, theoretical	Desktop research	–
Tjemkes	2011	Organizational structures of creative start-up businesses in-between economic and creative performance	Separation of managerial (centralized decisions, high formalization) and creative tasks (decentralized decision, low formalization).	Qualitative; longitudinal case study	Structured and semi-structured interviews, observation and internal company data (2007–2009)	Netherlands
Win	2014	Marketing seminars in visual arts and the challenges for artist entrepreneurship	Networking, self-promotion and changing customer's needs are the basics for entrepreneurial marketing in the digital era	Qualitative, ethnographic field research	Ethnographic data from marketing seminars in arts organizations	California, United States of America
Zheng	2010	Role of local governments in urban planning of creative quarters	Local governments as leading impetus for creative quarter development show strong revenue-orientation	Qualitative and quantitative	Interviews (n = 50), survey in 7 quarters (n = 112)	Shanghai, China
Zheng	2011	Impact of creative quarter development on entrepreneurial activities	Contribution of creative quarters to fostering talent and boosting entrepreneurship is limited	Qualitative and quantitative, evaluation of studies	Creative quarter studies (n = 51), survey with quarter tenants (n = 112)	Shanghai, China

Appendix 2 Passion, Lifestyle, Bricolage and Symbolic Value in Current Entrepreneurship Research

Author(s)	Year	Keyword	Aims of study	Key findings	Type of analysis	Data	Context	Territory
Alonso	2009	Lifestyle	Alpaca ownership in New Zealand	Importance of the lifestyle dimension	Quantitative	Survey (n = 233)	Alpaca owners	New Zealand
Bacq et al.	2015	Bricolage	Social entrepreneurs' bricolage behaviour in scaling operations	Positive relationship between entrepreneurial bricolage and the scaling of social impact	Quantitative	Survey (n = 123)	Social entrepreneurs	-
Baker	2007	Bricolage	Organizational bricolage in the toy store venture	Theoretical and practical application of prior research findings on both bricolage and improvisation	Qualitative	Case studies (n = 1)	Toy store	United States of America
Biraglia and Kadile	2016	Passion	Role of entrepreneurial passion and creativity in developing entrepreneurial intentions	Strong positive relationship of entrepreneurial passion with intentions, even when entrepreneurial self-efficacy is introduced as a mediator	Quantitative	Survey (n = 226)	American home-brewers	United States of America
Boluk and Motiar	2014	Lifestyle	Motivations of social entrepreneurs	Additional entrepreneurial motivations are lifestyle motives, receiving acknowledgement and generating profit	Qualitative	Content analysis of entrepreneurs' discourse (n = 12)	Social entrepreneurs in tourism	South Africa and Ireland

(continued)

Author(s)	Year	Keyword	Aims of study	Key findings	Type of analysis	Data	Context	Territory
Breugst et al.	2012	Passion	Influence of employees' perceptions of entrepreneurial passion on commitment	Employees' perception of entrepreneurs' passion for inventing and developing enhance commitment, passion for founding reduces it	Quantitative	Survey (n = 124)	Employees' with founders in firms	Germany
Campbell	2011	Passion	Visions and implication of Bengt Johannisson's scholarship	Proposal for examining all of the passions that drive human endeavours	Conceptual	–	–	–
Cardon et al.	2005	Passion	New insights into entrepreneurship from a parenthood metaphor	Parenting metaphor shows that passion, identification, nurturing attachment, nurturing can be usefully applied to entrepreneurship research	Conceptual	–	–	–
Cardon and Kirk	2015	Passion	Relationship between entrepreneurial passion, self-efficacy and persistence	Self-efficacy to persistence relationship is mediated by entrepreneurial passion	Quantitative	Survey (n = 119)	Small firms	North-Eastern United States of America

Cardon et al.	2013	Passion	Development and validation of a measurement instrument for entrepreneurial passion	Intense positive feelings toward the domains of inventing, founding and developing are conceptually and empirically distinct from one another	Quantitative	Interviews (n = 158)	Experienced entrepreneurs	United States of America
Carter and Allen	1997	Lifestyle	Women-owned businesses, life-style intentions and resources under control	Access to financial resources overwhelm the effects of lifestyle intention	Quantitative	NAWBO (small businesses n = 149, large businesses n = 138)	Women-owned business	United States of America
Crick	2011	Lifestyle	Enterprising individuals and entrepreneurial learning	Lifestyle business means following personal interests by trial and error; inefficient work-life-balance can lead to closing down a firm	Qualitative	Longitudinal case studies (n = 2)	Travel agency	United Kingdom
Dalbourg and Wincent	2015	Passion	Role of self-efficacy for development of entrepreneurial passion	Self-efficacy mediates the influence of pull entrepreneurship on founder passion	Quantitative	Survey (n = 103)	Start-ups	Sweden
Dana and Light	2011	Lifestyle	Forms of community entrepreneurship	Lifestyle motives to maintain cultural tradition and voluntary cooperation are sources of community-based entrepreneurship	Qualitative	Semi-structured interviews (n = 24)	Reindeer herder	Finland

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Author(s)	Year	Keyword	Aims of study	Key findings	Type of analysis	Data	Context	Territory
De Clercq et al.	2013	Passion	Drivers that underlie entrepreneurial intentions	Moderating effect of learning orientation and passion for work on the perceived attractiveness-entrepreneurial intention relationship	Quantitative	Survey (n = 946)	University students	Canada
Desa	2012	Bricolage	Bricolage as a mechanism of institutional transformation	Social entrepreneurs confronted with institutional constraints engage in bricolage to reconfigure existing resources at hand	Quantitative	TSV Database (n = 202)	Social entrepreneurs	North America, Southeast Asia, and Africa
Desa and Basu	2013	Bricolage	Process of resource mobilization, optimization and bricolage	Environmental munificence and organizational prominence have U-shaped associations with the use of bricolage	Quantitative	TSV Database (n = 202)	Technology social ventures	International
Di Domenico	2010	Bricolage	Bricolage and social value creation in social enterprises	Social value creation, stakeholder participation and persuasion are bricolage related constructs in social entrepreneurship	Qualitative	Case studies (n = 8)	Social entrepreneurs	United Kingdom

Drnovšek et al.	2016	Passion	Direct and indirect effects of passion on venture growth	Passion for developing has direct positive effects on venture growth and indirect positive effects mediated by goal commitment	Quantitative	Survey (n = 122)	High-tech firms	United States of America
Evers and O’Gorman	2011	Bricolage	Role of prior knowledge and networks for the venture internationalization	Internationalization process is influenced by two resources at hand: the entrepreneurs’ prior knowledge and social and business ties	Qualitative	Case studies (n = 3)	Shellfish production	Ireland
Fisher	2012	Bricolage	Critical comparison of effectuation, causation, and bricolage	Similarities and differences between the theoretical perspectives provide insights for entrepreneurship theory	Qualitative	Case studies (n = 6)	Consumer internet ventures	United States of America
Fletcher	2010	Lifestyle	Co-preneurship and family business start-ups	Lifestyle businesses provide family income, but do not show growth orientation; challenge to harmonize life and business orientation	Qualitative	Case studies (n = 26)	Co-preneurship	North-Nottinghamshire region, England
Goi and Kokuryo	2016	Bricolage	Test a university venture gestation program	Termed tenure, competence compatibility and entrepreneurial bricolage are major principles to improve venture success	Qualitative	Case studies (n = 1)	University students	Japan

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Haber and Reichel	2007	Lifestyle	Entrepreneur's choices, resource accumulation and venture performance	Managerial skills are the greatest contributing factor to performance; study illustrates the unique nature of the entrepreneurial process	Quantitative	Interviews (n = 305)	Tourism ventures	Israel
Hirshsohn	2008	Lifestyle	Skill development in South African SMEs	Skill development is affected by business context, sector skill intensity and business growth strategy, not by regulation policies	Qualitative	Case studies (n = 13)	Manufacturing, services, food	South Africa
Hirsch and Fülöp	1997	Lifestyle	Women entrepreneurs in family business	Starting a venture impacts lifestyle changes due to workload, leisure time and well-being and standard of living	Conceptual	Desktop research	Women-owned business	Hungary
Hsu et al.	2014	Passion	Decision policies of angel and venture capital investors	Strategic readiness for funding and affective passion matter more to angel investors; economic potential matters more to venture capitalists	Qualitative	Survey (n = 85)	Venture capitalists and angel investors	United States of America

Huyghe et al.	2016	Passion	Relation of organization members' passion orchestra to their entrepreneurial intentions	Entrepreneurial passion is positively related to spin-off and start-up intentions through entrepreneurial self-efficacy	Quantitative	GLOBE (n = 2308)	University researchers	Europe
Jaouen and Lasch	2015	Lifestyle	Typology of micro-firm owner-managers	Typology consists of four owner-manager views associated with success, subsistence, hedonism and paternalism	Qualitative	Semi-structured interviews (n = 79)	Owner-managers	Southern France
Johannisson	2011	Bricolage	Practice theory of entrepreneurship	Entrepreneurship is a practice, a creative and collective organizing process that materializes a venture	Conceptual	-	-	-
Kariv and Coleman	2015	Bricolage	The impact of small loans on new firm performance	All types of entrepreneurs engaged in seeking out small loans during the early years of their businesses' existence	Quantitative	PSED II (n = 1214)	New firms	United States of America
Kellogg et al.	2011	Lifestyle	Prospects for commercialisation of a native wild resource in Alaska	Entrepreneurial prospect for native communities stand next to historical traditions and community ownership	Qualitative	Case studies (n = 1)	Fruit production	Alaska

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Author(s)	Year	Keyword	Aims of study	Key findings	Type of analysis	Data	Context	Territory
Kirkwood and Walton	2010	Passion	Motivations for becoming an ecopreneur	Ecopreneur have similar motivations to entrepreneurs in general, aside from their green motivations and lower level financial motivations	Qualitative	In-depth case studies (n = 14)	Ecopreneurs	New Zealand
Lehner	2014	Symbolic value	Formation and interplay of social capital in crowd-funded social ventures	Symbolic value increases the value of social capital (through media coverage) and the perception of other actors	Qualitative	Document analyses, interviews and observations (n = 36)	Crowdfunding	-
Letho	2015	Passion	International entrepreneurial selling as construction of international opportunities	Early direct buyer-seller interaction is necessary for customer and contextual understanding, development of offerings and building long-term relationships	Qualitative	Interview (n = 5)	Co-founder entrepreneurs	Finland
Mair and Marti	2009	Bricolage	Entrepreneurship in and around institutional voids	Three fundamental aspects of bricolage: the ongoing engagement in sense-making, the inherent political nature of bricolage; and its potentially negative consequences	Qualitative	Field interviews as primary source (n = 40)	Non-governmental organizations	Bangladesh

Martz et al.	2005	Lifestyle	Multicultural perception of the entrepreneurial lifestyle	Students in the United States evaluate the entrepreneurial lifestyle higher than their counterparts in UK and France	Quantitative	Survey (n = 900)	University students	United States of America, United Kingdom and France
Murmieks et al.	2016	Passion	Role of passion, tenacity and inspirational leadership in angel investing	Angel investors value passion in addition to tenacity, as well as both together, when evaluating entrepreneurs for investment	Qualitative and quantitative	Interview (n = 66), conjoint experiment (n = 53)	Angel investors	California, United States of America
Omoredede	2014	Passion	Motivational drivers to start and persist social enterprises	Local conditions and individual's intentional mindset are contributing factors that explain engagement in starting a social enterprise	Qualitative	Semi-structured interviews (n = 15)	Social entrepreneurship	Nigeria
Patzelt and Shepherd	2011	Passion	Relation of negative emotions and self-employment and regulatory coping behaviours	Regulatory coping behaviour of self-employed leads to fewer experience of negative emotions in contrast to employees	Quantitative	General Social Survey (GSS) (n = 2749)	Full-time employees and self-employed people	United States of America
Prabhu et al.	2012	Lifestyle	Proactive personality and self-efficacy as antecedents of entrepreneurial intent	Self-efficacy mediates and moderates the relationship between proactive personality and high growth and lifestyle intent	Quantitative	Survey (n = 403)	University students	China, Finland, Russia, and United States of America

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Radu and Redien-Collo	2008	Symbolic value	Entrepreneurs' social representation in the French press	Legitimacy, normativity and accessibility discourse impact readers' desirability and feasibility beliefs of entrepreneurship	Quantitative	Discourse analysis of articles (n = 962)	Press representations	France
Romano et al.	2001	Lifestyle	Family business owners' financing decisions	Firm size, family control, business planning, and business objectives are significantly associated with debt	Quantitative	Survey (n = 1059)	Family businesses	Austria
Ruskin et al.	2016	Passion	Social entrepreneurial motives	Entrepreneurial passion and frustration, lead to self-oriented motives, while sympathy and empathy are precursors for other-oriented motivations	Qualitative	Case studies (n = 13)	Social entrepreneurs	International
Selden and Fletcher	2015	Bricolage	Entrepreneurial event and the relation to the entrepreneurial journey	Framework for conceptualizing the entrepreneurial journey as an emergent hierarchical system of entrepreneurial artefact-creating processes	Conceptual	–	–	–

Sethna et al.	2014	Lifestyle	Insights in socio-economic environments and its influence on emerging entrepreneurs	Urban ethnic entrepreneurs tend to resist ethnic enclave whilst incoming rural entrepreneurs are lifestyle entrepreneurs	Conceptual	-	Rural and urban regions	United Kingdom
Shankar	2015	Passion	Entrepreneurial dilemmas	Decision to become an entrepreneur and trading-off passion for commercial success are two major dilemmas of aspiring entrepreneurs	Qualitative	Case study (n = 1)	Latent entrepreneurship	Mumbai, India
Shepherd et al.	2009	Passion	Explaining the delay of business failure	Delaying business failure can help balance the financial and emotional costs of business failure to enhance an owner-manager's overall recovery	Conceptual	-	-	-
Siemens	2014	Lifestyle	Entrepreneurs operating in resource constrained, rural environments	Individuals often start businesses for lifestyle reasons and continue to operate them even when financially marginal	Quantitative	Survey (n = 141)	Rural areas	British Columbia, Canada

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Author(s)	Year	Keyword	Aims of study	Key findings	Type of analysis	Data	Context	Territory
Smith	2015	Passion	Aesthetic dimension of entrepreneur poems	Value of poetry for researching emotion and passion of lived entrepreneurial experiences	Qualitative	Aesthetic analysis of poems (n = 6)	–	–
Smith and McElwee	2015	Passion	Developing qualitative research streams relating to illegal rural enterprise	Writing qualitatively over related topics legitimises the use of niche qualitative research methods and methodologies	Conceptual	–	–	–
Stinchfield et al.	2013	Bricolage	Less rational entrepreneurial behaviours	Five-category typology of entrepreneurial behaviour: art, craft, engineering, bricolage, and brokerage	Qualitative, triangulation	Case studies (n = 23)	Entrepreneurs	Midwestern United States of America
Stone and Stubbs	2007	Lifestyle	Entrepreneurship associated with lifestyle-induced migration	Self-employment as best way to support lifestyle objectives of expatriates depending on their skills, experience and resources	Qualitative	Interview (n = 41)	Migrant entrepreneurship	Europe

Srittar and Drnovšek	2016	Bricolage	Components of opportunity creation	Entrepreneurs discover several opportunity-related components based on the prior experience and knowledge of other entrepreneurs	Qualitative	Case studies (n = 2)	Successful internet ventures	United States of America
Sunley and Pinch	2012	Bricolage	Funding sources diversification of urban social enterprises	Limited degree of change and scant evidence of local decentralisation in financial contexts	Qualitative	Interviews (n = 40)	Social entrepreneurs	Cities in England
Thorgen and Wincent	2015	Passion	Differences of entrepreneurial passion between habitual entrepreneurs and novices	Habitual entrepreneurs experience extra high passion for entrepreneurial activity	Quantitative	Affarsdata Database (n = 704)	Various industries	Sweden
Tregear	2005	Lifestyle	Balance of lifestyle, growth and community involvement	Relevance of lifestyle goals, commercial ambitions and skills for valorisation of resources and skill development	Qualitative	In-depth interviews (n = 20)	Artisan food producers	Northern England
Valliere and Gegenhuber	2014	Bricolage	Entrepreneurial bricolage in the postmodern context	Liberation of resource fragments, formation of a new pastiche and anchoring pastiche into a new market context are value creation principles	Conceptual	-	-	-

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Author(s)	Year	Keyword	Aims of study	Key findings	Type of analysis	Data	Context	Territory
Welter et al.	2016	Bricolage	The relation of opportunity creation, effectuation, and bricolage	Bridging models of entrepreneurial behaviour with opportunity creation	Conceptual	-	-	-
Williams and Gurtoo	2012	Lifestyle	Evaluation of competing explanations for participation in street entrepreneurship	Participation in street entrepreneurship is based on necessity, cultural activity, economic choice and lifestyle reasons	Qualitative	Interview (n = 871)	Street entrepreneurs	Bangalore, India
Yitshaki and Kropp	2016	Passion	Comparison of entrepreneurial passion and identity in different industry contexts	Passion and identities are closely linked but evolve differently across group contexts	Qualitative	Life story interviews (n = 45)	High-tech and social entrepreneurs	Israel

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Part II
The Value of Creative Industries
for Change and Development

Entrepreneurial Education in Arts Universities: Facilitating the Change to the Entrepreneurial Mindset

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Abstract This chapter focuses on the current state of entrepreneurial education in the higher education institutions (HEIs) in the art (management) fields. We consider entrepreneurial education for artists and art managers to have the potential to trigger the change of mindset in the CCI. Based on the thorough analysis of the Estonian case, we propose improvements for the entrepreneurship education in HEIs surpassing individual survival skills in order to encourage the mindset that enables artists to become agents of change of in the CCI sector. We also explore context and trends of art entrepreneurship education through the outputs of international research and development programs and projects. We claim that entrepreneurially oriented artists and artistically oriented managers are at the core of the CCI and could be leading the fundamental change in the business-centered principles of the sector. We base our research on the mapping of the current entrepreneurial education for arts students in Estonia, including examining the special programs and curricula and the mindset of educators. Students are prepared to match the needs of the existing context rather than becoming equipped to shape the future of the CCI. We believe that the creation of an educational concept allowing students to deepen their awareness and critical analysis of their mindset and of what is happening in the market and in society, will give them the chance to learn, and to perhaps later lead, the future CCI market as it emerges and is extremely important and should be implemented now.

Keywords Entrepreneurial education • Higher education institutions • Educator's role • Identity construction • Knowledge ecology • Change agency in the CCI

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1 Introduction

The motivation to write a chapter focusing on the entrepreneurial education offered to students in creative fields in Estonia stems from observations made by authors both in higher education institutions as well the Cultural and Creative Industry (CCI) ecosystem in general for almost a decade. These in and out of class observations, as well as discussions, encounters, formal interviews, written reports and feedback, all hint at significant gaps between several binary pairs: educators' expectations versus students' reality; anticipated learning outcomes versus subjective learning outcomes; the policy agenda for CCI versus the market and education reality; and EU-funding aims versus the contribution from funded projects. This list is not exhaustive, but it demonstrates the rationale behind the argument we would like to present in this chapter. Beginning with the student's self-development and all sorts of classroom situations, from entrepreneurial educational philosophy and pedagogical approaches toward the larger picture of CCI in Estonia and finally to EU funding measures, we are deconstructing the traditional understanding of creative entrepreneurship and introducing a more ecological approach towards this topic, looking beyond the Estonian context. In terms of a knowledge ecology, we believe the societal tasks of a university to include improving the circulation of knowledge, enhancing human understanding, developing the public sphere, and injecting the principles of openness, rigor and criticality into public debates (Barnett 2016).

Although we do not aim to offer ready-made solutions for entrepreneurial education in arts universities, we do explore the delicate relationship between the content and methodology of entrepreneurial education and the reality of the CCI. At the same time, we offer a preliminary framework that the academic and practitioner could imply as a pilot approach to entrepreneurial education, focusing on supporting a mindset in students that will allow them to influence and further construct different futures for the CCI and society at large as a framework for their professional life. To achieve this, we address what is in our opinion the central issue in entrepreneurial education hindering change in the reality of the CCI—the pedagogical methods and student expectations feeding into the endless repetition of the status quo. Perhaps the reasons for this are more deeply rooted in psychology than we can explore in this chapter, but in simple words they are about imitation-based learning. That is, from our data we learned that repetitive best practices, case-based learning and master–pupil relationships in both arts and entrepreneurial education as accepted methods and mindset could hinder the formation of change agency in students. At the same time, the CCI in Estonia are in need of change due to structural problems, such as an abundance of non-viable micro-enterprises, the pressure to be enterprising for purely legal reasons, and major differences in pre-university education, among others (Josing 2013).

2 The Essence of Change

We agree with Kirzner (1973) that entrepreneurship is the transformation of spontaneous learning to conscious knowledge and, after 6 years of real-life observations of practices related to creative entrepreneurs in Estonia, that learning and entrepreneurial processes are inherently connected. If traditional entrepreneurship education in arts universities is aimed at noticing the needs of the market or customer, and approaching these with creative product marketing in the most effective way (e.g. Gibb 1993), then what we advocate is an entrepreneurial education that aims to support students in constructing their preferred lifestyle from their unique interaction with society through the application of the given means (skills, talents, capital, etc.) (see e.g. Ellmeier 2003). This type of education is not entirely unique but we aim to make it more explicit, combining students' and educators' points of view. It relies heavily on the concept of entrepreneurial learning "in which individuals, groups and organizations develop and practice the knowledge, skills and capabilities they require to take entrepreneurial actions, and to achieve outcomes which may transform themselves, their ventures and their social, cultural and economic context" (Rae and Wang 2015, p. 3). In order for students to become motivated and inspired to change the industry and society, they need to see this change as necessary for pursuing the above-mentioned preferred lifestyle. Therefore, facilitating a self-consciousness, industry awareness, and sensitivity to a knowledge ecology would form the basis for motivating students. This is the level where the teacher acts as a "comforter;" essentially, we see it happening at the bachelor or respective level of higher education.

In order to look at arts students as potential change agents (e.g. Stevenson 2008), we need to explore the meaning of change and agency in the learning context. We also draw important parallels between (what we consider) one of the primary aims of entrepreneurial education—the student constructing a unique shared perspective between herself, audiences, society, and CCIs—and the shift of this perspective, needed to anticipate and lead change (e.g. Burr 2003). In order to do so, one needs to be aware of, and critically analyze, how both society and industry are structured at the present moment and what is about to happen, recognizing potential and the need for change in this ecology. For this to happen, the teachers need to take on the role of "questioner or disrupter," bringing students out of their comfort zone. This process works most effectively at the master or respective secondary level of higher education, when it is preceded by the analysis of existing systems and processes during the first level of education (Table 1).

In his "U theory", Scharmer claims there is a need in society at large to move from unproductive and individualistic patterns of (entrepreneurial) behavior toward shared values and meaningful dialogue. To that end, it is crucial to listen attentively, forgetting one's ego in the listening process (presenting and sensing levels), or as we paraphrase it, to adopt the "lifelong learner" approach (Scharmer 2006). This interlinks with John Dewey's (1916) still relevant (in our point of view) concept of experiential learning and growth. Dewey (1916) claims that personal

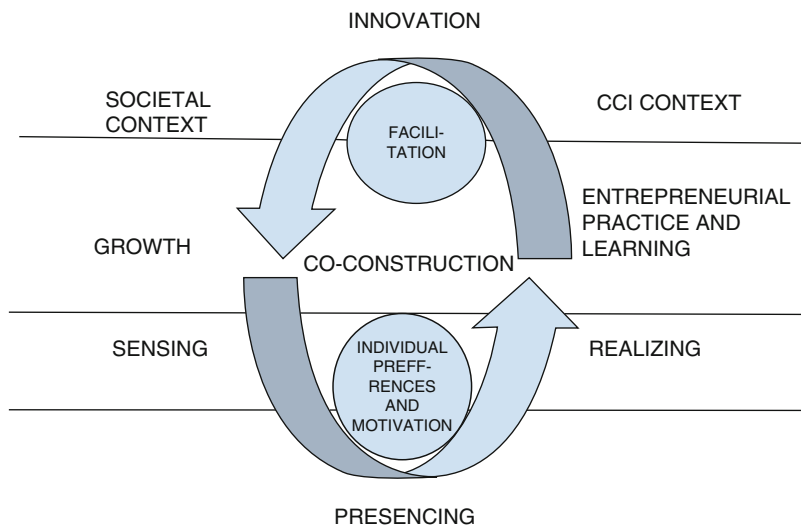


Fig. 1 Visualization of the entrepreneurial learning concept, based on the pictorial representation of U theory (Scharmer 2006) summarizing the ideas we have presented in the chapter

growth is the ultimate goal of any learning and in order to enable this learning, several criteria have to be met: continuity/consistency of experiences, critical reflection of experiences, and interaction, which we can understand as pedagogical philosophy and methodology more specifically. In addition to the construction of a new perspective and the deweyan idea of growth, if arts students are to become change agents, especially anticipating sustainability (e.g. Mintzberg and Waters 1982), they need to be able to incorporate and enact change holistically to all of their identities—be they professional or private. This concept has parallels with the idea of constant innovation being part of the entrepreneurial process (Schumpeter 1912) and feeds into the role of the teacher as co-creator or innovator with the students and could essentially be implemented at the more advanced level of entrepreneurial education; nonetheless, through certain methods, it can be also included into the first level (see Fig. 1).

3 Methodological Approach in Brief

This article is based on diverse qualitative data sources: questionnaires, feedback questionnaires, focus group interviews, unstructured interviews, course materials, and former project analysis. We analyzed written anonymous feedback of MA level students from three different courses provided by the Estonian Academy of Music and Theatre. The courses concerned included a practical workshop that employs a lean-startup methodology to develop an idea into a business model; Creatives in

Society, which provides room for structured reflection on students as professional in the society; and a course on Career Planning.

The main questions we asked after gathering the data were: “How do the students perceive the current situation of entrepreneurial education in an arts university?” and “What are the expectations toward such education?” The respondents were both Estonian and of international background. The data collected from written feedback covers the period between 2014 and 2017 and consists of 55 respondents. We structured the analysis according to the following categories:

- uncertainty level (students’ reflection on the gaps in their knowledge, their expectations towards entrepreneurial courses);
- educator as disrupter (students’ perception of the lecturer as someone who moves students out of their comfort zone, encouraging them to think outside of the existing patterns of thought, etc.);
- values and mindset (students’ commenting the processes to change their mindset);
- old paradigms (data that refer to the expectation of education to fit the existing patterns of CCI);
- need for a change (data referring to the need and expectation towards more exploratory education and innovative solutions; claims that refer to the CCI needing new types of actors).

To explore educators’ point of view, we approached international lecturers through the focus group within the framework of the EU-funded innovative think tank Act in Art network. Ten educators were involved in the group discussion on the current situation and need for change in entrepreneurial education in their respective arts universities as a response to the CCI reality and the societal condition in general. Additionally, five personal interviews were conducted with Estonian educators discussing the development and future prospects of entrepreneurial education in local arts universities in more detail. The main questions we sought to answer with educators’ data were: “How do the educators reflect on the reality of entrepreneurial education in arts universities?” and “How do they discuss the role of arts universities in the CCI and societal context?”

4 Student Perspectives: What Do We Not See There?

The data collected from students confirms the gap between the reality of the CCI and students’ awareness of it, as well as the discrepancies between that reality and the students’ perception of themselves as professionals. Moreover, it seems that students are not reflecting upon their preferred lifestyle and co-construction of reality at all, and hence, their expectations toward entrepreneurial education can be influenced by either imitation (e.g. learning how to do something from others) or stereotypical representation (e.g. entrepreneurial mindset is about certain how-to’s). There are other factors feeding these patterns of thought, like public opinion and the

educational system within the arts, but it is noteworthy that the popularization of the CCI and entrepreneurial courses in Estonia has introduced these concepts to the majority of students; sadly, they are filled with diverse and often conflicting meanings. For example, “success” in creative industries increasingly means the ability to manage your own enterprise—the message students reluctantly but strongly adopted, as it shows in the answers given in in-class discussions on the concept of “success” in the beginning of a Career Planning course.

Starting with the “how-to’s” or skills, the students appreciate concrete useful information on how to develop and turn an idea into concrete income that is momentarily practical. Many note that most of the courses turn out to be not as scary as they had imagined. Therefore, entrepreneurial education on a basic level could break the barriers and change this defensive mindset using non-business terms, which might be otherwise loaded with negative meaning (e.g. project plan rather than business plan, value exchange rather than turnover). Through the experiences of entrepreneurial courses, students’ mindset has turned more towards supportive organizational matters around artistic practices, and they have started to sense the need for IT, time management and communication skills, improved self-expression, teamwork and calculation skills. These were neither marked as valuable nor did the students expect to develop these before the courses, but during the learning experiences they became aware of their need.

Students also often expect to receive specific feedback indicating “correct” behavior and outcomes in class, which refers to their belief in the existence of one “right” way of being entrepreneurial. The idea that there are some existing “rules of the game” causes students to expect ready-made formulas to learn in order to achieve success in business. The assumption that there is “theoretical” knowledge on how many posters should be printed for a concert and the expectation of acquiring this knowledge from classes hints at the traditional paradigm of entrepreneurship practice and education the students strive for. It is interesting to see how existing courses support the change or awareness of missing skills and knowledge, though do not attempt to change the mindset of the students.

Music students at the MA level in particular mention that it is difficult to work in teams in entrepreneurial courses; musicians often work alone and feel discomfort if asked to work in teams. It is challenging for them to work with people they are not well familiar with, even though these are their schoolmates. A similar issue is demonstrated in the preference for “one-man” initiatives and micro-enterprises later on. This might be due to many factors, such as a lack of communication skills and clarity concerning what one wants to do, among others. For some, entrepreneurial courses are the first occasion during their studies to reflect on their profession: “It allowed me to think about my future work and what I can do” (student of Career Planning course).

The overall tendency in the Estonian context is that students in creative fields more often choose to join entrepreneurial courses, but their expectations or pre-course knowledge has not changed remarkably if compared with the situation 15 years ago. The decision to join the classes might also be due to top-down pressure from the Estonian education system, which strives to integrate

entrepreneurship competencies at all levels of education: The Ministry of Education and Research has launched a program to encourage an enterprising spirit in Estonian students and teachers to ensure that developing entrepreneurial knowledge and skills will become a natural part of education (Estonian Ministry of Education and Research homepage 2016).

5 Entrepreneurial Educators: To Question is to Fortify

Even though the traditional position of the “teacher” in front of the classroom has gone through some radical transformations, there is nevertheless still a need for that role to be developed. Thus, we adopt a more pragmatic approach as to what the problem is and what could be improved in the classroom. In the constructivist paradigm, student and educator are essentially equal in the learning process (e.g. Burr 2003), notwithstanding the existing variety of online and out-of-class learning tools. What could be essentially provided by the teacher in such an educational context—and we are talking here primarily about the entrepreneurial courses offered at the higher level (versus basic knowledge)—is the capacity to break stereotypes and existing patterns by questioning and engaging in the shared construction of the possible future with the students.

In focus group interview with the Act in Art network of educators in 2016, Sami Linna (Sibelius Academy of the University of the Arts Helsinki) mentioned a concern about offering selective entrepreneurial courses (versus mandatory ones), while, although the students who choose to come may be motivated and present in class (and already entrepreneurially-minded and equipped), others who really need the support may end up not taking those courses. There are of course various reasons behind this, including also educators of the arts (i.e. main subject teachers), “who are actually the biggest influence on arts students,” says Andrius Jyskis (Act in Art, Lithuanian Academy of Music and Theatre 2016). The network members define the entrepreneurial mindset as the relation between how an individual is special in his or her artistic skills and how he or she arranges to live from these skills. Methodologically, learning by doing, project-based learning, and out-of-class learning followed by written reflection are stressed as appropriate methods leading to an entrepreneurial mindset, as Christofer Fredriksson reflects, because they imply and support collaboration across fields (Act in Art, Stockholm University of the Arts 2016). Many similarities are seen among the opinions of entrepreneurial educators in Estonia.

Entrepreneurial education is currently present at all Estonian arts universities in different volumes and using different methodologies. At some universities, entrepreneurial education is obligatory to an extent, while others prefer a more relaxed approach. As a general trait, all universities mention cooperation with the labor market, creative entrepreneurs and other agents of the CCI ecosystem as crucial factors. Educators also tend to be more explicitly aware of the conceptual problematic of the CCI and entrepreneurship than students; for example, Marko Lõhmus claims that the trouble with entrepreneurial education is that for many people it

means starting an enterprise, which is a very limited understanding: “It was about directly bringing business skills to musicians when CCI and the entrepreneurial education concept were first introduced in Estonia. Now it is much more needs based, both content-wise and methodologically,” he adds (Lõhmus 2016). Whether and how educators choose to, or are even able to, possibly deal with the critical concepts, comes mainly down to the amount of teaching hours they are able to utilize. The Estonian Academy of Arts shows a development towards more organic entrepreneurial education; so far, entrepreneurial subjects have been scattered among departments and access to education in this field has thus been unstable. At the same time, Sven Idarand from the Estonian Academy of Arts comments: “The majority of the graduates will become micro entrepreneurs, which needs specific preparation,” thereby conceding the current situation in the field (Idarand 2016).

As a way to support cross-disciplinary cooperation in Estonia, the entrepreneurial education program to develop young people’s entrepreneurial skills (EETA) was started in 2016. The idea of the program is to support an entrepreneurial mindset and knowledge at all levels of education and to provide the skills necessary to achieve that. Though a local initiative, most of the universities in Estonia are also partners in diverse international projects focusing on various aspects of entrepreneurial education. We will explore some of these later.

6 EU Projects and Policy: Achieving What is Already Achieved?

Internationally financed research and development projects have been an important incentive in supporting CCI everywhere in Europe (e.g. European Commission 2013). The Nordic–Baltic countries have been rather active in applying for different funding instruments. In addition to using a substantial amount of public money, and thus being obliged to provide legitimacy, such projects also create a sense of what kinds of policy aims are valued. Therefore, they are powerful tools in communicating policy aims to society and we believe that such projects and their outcomes inherently offer feedback. Although not all EU-funded R&D projects promise or deliver policy implications, the international and often cross-disciplinary nature of these offers a fertile ground for such initiatives.

Simply working in an international environment with people of different cultural backgrounds and professional experiences makes it important to share policy contexts that influence education and industry in the countries involved. Therefore, one way or another, policy will be discussed in the process of the project. In fact, the project team’s awareness of policy making and policies is necessary for the legitimacy of the project. Educators from Denmark elaborate further on the responsibility of (public) universities before students as part of legitimacy in the focus group interview within Act in Art: “In the old days you went to the academy using it to learn harder stuff and then you sort of get a parachute at graduation and then you are left 300 feet above the ground and now jump. For a lot of people maybe it didn’t

work so well. . .” explains Esben Elvstrøm from the Royal Academy of Music Aarhus/Aalborg. The question of public funding and the importance of art graduates that are aware of the societal conditions and challenges while at the same time being able to make a living from their art comes up in Astrid Elbek’s reflection in the same focus group: “How much art for the art’s sake will the politicians be willing to support?” (Royal Academy of Music Aarhus/Aalborg). According to all educators involved in Act in Art, in general, their universities are evaluated either in “soft” terms for public trust (Markus Kuikka, Sibelius Academy of the University of the Arts Helsinki) or in “hard” terms for employment figures (Astrid Elbek). However, employability is potentially a problematic indicator, depending on how it is approached methodologically.

Another aspect that could be highlighted is the novelty of such publicly funded projects and the capability to go beyond what is expected or promised. Such projects are usually quite rigid in their structure and tend to deliver or report solely on the aims/goals and results planned before the activities are started. The logic in itself hinders experience-based learning and context-driven outcomes. We argue that such a reality feeds into the repeated nature of the projects and hinders any novel outcomes for the development of the CCI and entrepreneurial education for the partner institutions involved. Having said that, we admit that the projects are still an excellent way to share knowledge across borders, although perhaps a more flexible approach toward project outcome evaluation would be fruitful. Of course, there are other parts of the entrepreneurial education structure that are problematic. Ragnar Siil argues: “Of course students get a lot of entrepreneurial knowledge and skills as well as the mindset already in school and of course the CCI support structures around universities are extensive. And some students are much more entrepreneurial than others by their character; before we give up on those who are not despite (or in spite) all the aforementioned we need to give our best in supporting the entrepreneurial mindset in all of them” (Siil 2016).

We agree that an entrepreneurial university is therefore primarily not about “empowering staff and students to demonstrate enterprise, innovation and creativity in research, teaching and the pursuit and use of knowledge across boundaries,” but much more about “contributing effectively to the enhancement of learning in a societal environment characterized by high levels of uncertainty and complexity and are dedicated to creating public value via a process of open engagement, mutual learning, discovery and exchange with all stakeholders in society—local, national and international” (Gibb 1993).

7 Reflections on a Renewed Entrepreneurial Education Framework

The development of entrepreneurial education in the Estonian system has been relatively rapid and entrepreneurial courses are now included in most schools. Entrepreneurship education is becoming an important part at every level of the

education system and is also supported outside of formal schooling. This process relies on many national and international strategic and policy documents, which have brought about the development of entrepreneurship and entrepreneurial competencies in curricula from elementary school to doctoral studies and life-long learning programs. Often, the entrepreneurial competencies are integrated into various subjects in curricula, such as courses on career planning or the basics of economics. Therefore, we can say that by the time students come to universities, they have a basic knowledge of entrepreneurial principles, and some might even be involved in entrepreneurship practice.

Based on the conceptual understanding and data analyzed we propose a differentiated approach to entrepreneurial education in arts universities. First and foremost, we are not suggesting any revolutionary changes to the existing situation, not only because all changes (especially in mindset) take a substantial amount of time, but also because of the public investments that have already been made in the sector. Nonetheless, we are raising the potential for closer connections in society and the impact of HEI's on challenges in creative industries through entrepreneurial education and the entrepreneurial approach to their work in general.

We have drafted a framework (see Table 1) for Bachelor and Master levels combining three exemplary sets (A, B, C) of the learning outcomes and methods

Table 1 Framework of differentiated entrepreneurial education

Construction of education	Bachelor (1st level)	Master (2nd level)
(A) Main method/ activities	Analyzing the existing system and context (including literature-research on traditional approaches to career, business)	Analyzing yourself in the system and context (including literature-research on new approaches to career, discussing)
(A) Main outcomes/topics	Core entrepreneurship skills and knowledge: from idea generation and development, to marketing, planning finances and business model	Awareness of artists' identities; core knowledge and skills on export, knowledge management and innovation; engaging investments
(A) Educator's main role	Comforter	Comforter
(B) Main method/ activities	Best practices	Breaking stereotypes, questioning industry conventions et al.
(B) Main outcomes/topics	Different entrepreneurial identities	Changed perspective on oneself and others; awareness of industry possibilities; new business ideas
(B) Educator's main role	Comforter	Disruptor
(C) Main method/ activities	Researching-developing your ideas/ action plan, presenting to others	Collaborating, testing
(C) Main outcomes/topics	Attentive listening, presentation and communication skills	Real life experience of collaboration and idea/product
(C) Educator's main role	Co-constructor	Co-constructor

applied in the classroom to formulate the positions the educator could primarily hold to be able to enable growth, changes in perspective, and a new, more ecological approach to entrepreneurial education in arts universities. We have included key learning outcomes (e.g. Bloom 1956) of an entrepreneurial class as well as main methods and the main role of the educator, but the list is by no means exhaustive. We consider all of the educators' classroom identities important at different stages; however, taking a more disruptive approach on the second level will contribute to a change of perspective and growth while staying on the comforter's position might not facilitate these processes. Thus, the main difference in entrepreneurial education between bachelor and master level is realizing the need, possibility, and room for change and acting on it on a master level. Bachelor level education is at the same time necessary to introduce the existing situation (in the industry), without which there cannot be further realization of the gap and need for such.

8 Conclusion

To conclude this discussion, we would like to acknowledge the progress that has been made in the Estonian (as well as international) entrepreneurial education over the last 15–20 years. The developments indicate that both educators and university managements and stakeholders have recognized the need to support the entrepreneurial mindset rather than just entrepreneurship skills and knowledge in students, and have taken the direction toward a holistic approach to such education in their organization. The whole entrepreneurial and CCI ecosystem has developed both within and around the universities with the aid of international and local strategic funding, in which many creative entrepreneurs have found their place. Nevertheless, some new challenges have occurred in the course of this process, which calls us to rethink the developments and reevaluate the established systems in entrepreneurial education for arts universities. We believe that stagnation might occur in the CCIs if arts students are not supported in becoming change agents as part of their chosen professional lifestyle.

We assert that some of the pedagogical methods used in entrepreneurial education as well as the functional logic of some support structures (e.g. R&D funding with a set agenda and aims) hinder the development of change agency in students. We believe that growth and the construction of unique, shared perspectives and meaningful cooperation as basic underlying principles of a new concept in entrepreneurial education will enable arts students to become change agents. Consequently, the focus now should be to create educational structures and support processes that will allow students to deepen their awareness and critical analysis

of what is happening in the market, in society, and in their mindset, and allow them to learn and lead the future CCI market as it emerges.

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The New Socio-Cultural Entrepreneurs

At the Crossroads Between Social Enterprises and Arts Entrepreneurship

Gesa Birnkraut

Abstract This book chapter presents the research results of a qualitative study performed through conducting interviews with entrepreneurs concerning their definition of their activities as social entrepreneurship or cultural entrepreneurship. The study permits the development of a theory concerning the intersection of the work of social and cultural entrepreneurs. According to the theory, we can define a new mix of socio-cultural entrepreneurs. Important questions to be discussed in the article include the importance of and entrepreneur's identity and the dependence of these entrepreneurs on their work influencing other fields in the industry. The role of education and support systems required for these new entrepreneurs will be discovered and discussed.

Keywords Social entrepreneurship • Arts entrepreneurship • Cultural entrepreneurship • Socio-cultural work

1 Defining the Framework

This article is based on research undertaken by the author in 2015 and 2016 concerning the identity building of cultural entrepreneurs. The research focused on the establishment of entrepreneurs and the impulses in their youth that led to the choice to become entrepreneurs. The study is a non-representative qualitative explorative field study that was conducted in Germany and the US. The study intended to prove that volunteering at a young age could be a determining factor in whether one chooses to become a cultural or social entrepreneur. The relationship between volunteer work and entrepreneurship could not be proved, yet other interesting facts concerning the identity of those interviewed were able to be discovered. Interviewees in Germany were winners of the “Kreativpiloten” award. All of these qualitative interviews showed that the interviewees understood

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themselves first as social entrepreneurs and then as cultural entrepreneurs. In the US (all of the interviews were done in Colorado) there was a missing link—at first, none of the entrepreneurs really had an understanding of what they should call themselves. The entrepreneurs called themselves “change makers, ground breakers, driven by spirit” (Birnkraut 2017) but did not have a label under which they could put their enterprises. Once definitions were explained to the entrepreneurs, all identified themselves as cultural entrepreneurs first and then as social entrepreneurs (Birnkraut 2017). The interviews led to two questions concerning why it is important for an entrepreneur to be labelled as a social entrepreneur and why there is no definition of a collaboration between social and cultural entrepreneurship. The questions led to deeper research concerning definitions and the idea of a new concept that will be presented in this chapter.

1.1 Different Forms of Entrepreneurship

This paragraph discusses the framework of existing definitions as a basis for understanding the new concept. Since the 1940s, definitions for entrepreneurship have existed, beginning with Schumpeter’s first published book entitled “Capitalism, Socialism and Democracy,” in which he describes the entrepreneur as one who creates something new and innovative (Schumpeter 1942). A large number of definitions for entrepreneurship followed (for example Kilby 1971; Van der Sijde et al. 2008). In the 1980s and 1990s, the development of the concept of social entrepreneurship was popularized with Drayton’s founding of Ashoka in 1980 (see also Drayton 2006) and Leadbeater’s publishing of his first book “The Rise of the Social Entrepreneur” (1997). Only much later were terms such as arts entrepreneurship or cultural entrepreneurship widely discussed and published (Konrad 2000; Mandel 2007; Beckman 2007). These definitions lead to two forms of entrepreneurship, both of which are essential to this article.

1.1.1 Social Entrepreneurship

Social entrepreneurship sets itself apart from business entrepreneurship through its mission. Social entrepreneurs are always driven first by mission and only thereafter by monetary gains: “Mission-related impact becomes the central criterion, not wealth creation. Wealth is just a means to an end for social entrepreneurs. With business entrepreneurs, wealth creation is a way of measuring value creation” (Dees 1998: 6). The most important concerns for business entrepreneurs include increasing their market share and market growth; social entrepreneurs, on the other hand, are more interested in solving the social issue/problem they define as particularly worthy. Social entrepreneurs’ interests lie more in transformation than in monetization: “Social entrepreneurship is a process by which citizens build or transform institutions to advance solutions to social problems, such as poverty, illness,

illiteracy, environmental destruction, human rights abuse and corruption, in order to make life better for many” (Bornstein and Davis 2010: 1).

1.1.2 Arts and Cultural Entrepreneurship

The use of arts and culture in different linguistic settings shows that there is a distinction made between arts entrepreneurs and cultural entrepreneurs in some areas. Cultural entrepreneurship has a much larger context and cultural entrepreneurs are described as “cultural change agents and resourceful visionaries who organise cultural, financial, social and human capital, to generate revenue from a cultural activity” (Anheier and Yudhishtir 2008).

Anheier’s definition describes entrepreneurship not as being focused on artistic processes, but rather on cultural change in a broader sense.

Examining arts entrepreneurship, we find that the artistic process is extremely important. Definitions that mix both sides together still exist, however: “Cultural entrepreneurs are cultural because they are about the cultural. Being focused on the [cultural] content, being about the art itself and the creative process is a moral attribute of the cultural entrepreneur. The economics has to be an instrument for them in order to realise cultural values [. . .]” (Klamer 2011: 152). Wyszomirski and Woong go as far as saying that “arts entrepreneurship” is a management process through which cultural workers seek to support their creativity and autonomy, advance their capacity for adaptability, and create artistic as well as economic and social value” (Wyszomirski and Woong 2015: 24).

These definitions highlight the fact that money and profit are not first priorities for arts and cultural entrepreneurs.

In the context of this article, arts entrepreneurs use their artistic ideas as their motivating power and use management and economy as a means to distribute their cultural vision to a broader public. The social value itself is more of a side interest. For arts entrepreneurs, arts play a major role in the process of creation.

1.1.3 Socio-Cultural Work

It is also important to mention where the concept of socio-cultural work comes from and how it can be understood. The term “socio-cultural work” is taken in this context from the rich history of German socio-cultural centers. These centers are basically arts institutions. Such centers are socially oriented and work to support societal needs and the community. The use of the arts is partly a possibility to interest people from the community to come to the centers, but their work is mostly carried out through engaging people in active artistic projects, in opposition to letting them stay passive members of an audience. In contrast to community centers, they focus their work purely around artistic processes and education. These centers were mostly created in the 1970s through self-organized groups of citizens. Most of the centers in operation today are financed through the cities and

communities with a high level of income-generating activities (Soziokultur 2017; Glaser 2008). In Germany, these socio-cultural centers are a very important part of the cultural landscape, attracting young people and other audiences that usually do not visit the classic cultural institutions. Art and artistic processes are also used here to solve societal challenges [the HipHop Academy in Hamburg has a highly disciplined program in which successful participation helps to give the young people a new perspective on life (Kulturpalast 2017)]. These centers work on a purely non-profit basis and cannot be counted as enterprises; content-wise, however, there is a parallel to the following definition of socio-cultural entrepreneurship.

2 Working Hypothesis

Simplifying the above definitions, we can conclude that social entrepreneurs care most about solving social problems while arts entrepreneurs value artistic values above all others. What about enterprises using both sides, those that combine devotion to social and artistic missions?

The working hypothesis for this article therefore is:

There is a distinct kind of socio-cultural entrepreneur. Socio-cultural entrepreneurs use:

- (a) Art and artistic practices to solve societal problems or
- (b) They use the societal problem as a basis for their artistic projects.

Hypothesis 2 is that these socio-cultural entrepreneurs raise awareness for:

- (a) Cultural practices in social circles
- (b) Societal problems in artistic circles

3 Socio-Cultural Entrepreneurship

Verifying the presented hypothesis requires taking a closer look at the definition of socio-cultural entrepreneurship. The intersection of the two forms has been discussed rarely in literature. Halberstadt states that there are similarities and that a cultural entrepreneur can sometimes also be called a social entrepreneur (Halberstadt 2016: 32). The explanation for a double definition is by chance and not by choice. According to Lidia Varbanova, “Entrepreneurship in arts and culture is an economic as well as sociocultural activity, based on innovation, exploitation of opportunities and risk-taking behaviour. It is a visionary, strategic, innovative and social activity” (Varbanova 2013). Varbanova uses the reference to “sociocultural activity” without giving it priority or explaining what exactly the activity involves.

3.1 Defining Socio-Cultural Entrepreneurship

Based on the hypotheses described above, the definition of a socio-cultural entrepreneur can be twofold:

A socio-cultural entrepreneur employs both social and cultural entrepreneurship and uses both to fulfil his or her mission (Fig. 1).

There is a common perception that both types vary according to their missions—this coincides with the findings of Dees, who finds that the mission is at the core of every social entrepreneur’s work, differentiating it from that of the usual entrepreneur (Dees 1998).

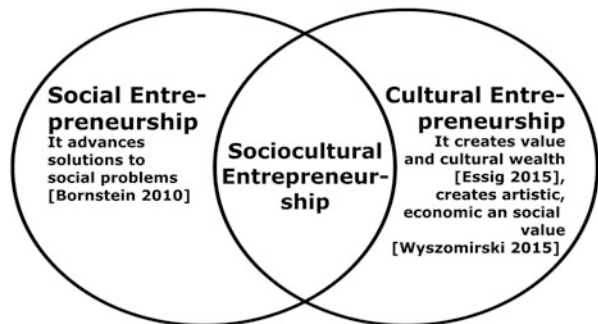
The mission of each in various contexts could be seen as follows:

Having a core social mission, the entrepreneur defines a social challenge or problem to solve—as a social-cultural entrepreneur with the help of artistic processes. Art is in this case the only and highly valued means to fulfil the social mission. The socio-cultural entrepreneur in the given situation raises awareness in the social field about the artistic processes and the value of art for society.

A core artistic entrepreneurial mission would entail an entrepreneur who has defined an artistic area to work in and, as a socio-cultural entrepreneur, wants to achieve the art work through using or basing it on a societal problem. The social issue is used but not exploited. The artistic work will provide the social issue its own value and visibility. In this case, the socio-cultural entrepreneur raises awareness about the social problem in the creative and cultural field, with audiences, buyers, collectors and fellow artists.

In both cases, the socio-cultural entrepreneur has an artistic background or works with artists. The arts can come from any genre, including dance, theatre, and music and visual arts. Essentially, the thoughts come from artistic thinking and from the change that art can create. Art is not just more than just an instrument, as it is crucial in this definition. Socio-cultural entrepreneurship still differs a lot from pure arts entrepreneurship, which could make use of a usual dance center, gallery, or studio for vocal artists. The socio-cultural entrepreneur always tackles a social challenge through the use of art. The combination of these two priorities makes socio-cultural entrepreneurship so special.

Fig. 1 Own design



3.2 Case Study

Two very short examples taken from real cases highlight the differences between the two types of entrepreneurship. The cases can be analyzed more in-depth, but for the purposes of this paper, short descriptions will suffice.

Example for Type A: Millerntor Gallery

The Millerntor Gallery is a gallery, which also auctions street art and urban art; auctions are held once a year in the football stadium of St. Pauli, a high-trend football club in Hamburg, Germany. The profits made from the artworks are donated in full to the organizing association Viva con Agua, a social entrepreneurship funding water projects in Latin America and Africa (Millerntor Gallery 2017). The Millerntor Gallery calls the auction an international festival for creative engagement: “Through the universal languages of art, music, and football the visitors are encouraged to engage with social and environmental issues.” Viva con Agua started as a non-profit association created by a former football player of the St. Pauli team. One of the association’s first moves was to work with volunteers at music festivals in order to collect mug deposits that festival visitors had neglected to redeem and use the money as donations for non-profit activities. The association became a social enterprise through its founding of a mineral water company dedicated to giving the profit from water sales back to the non-profit organization. An artistic side was later added; cooperation with street and urban artists led to the creation of the Millerntor Gallery. The festival ultimately combines its social mission with artistic endeavors. First, the artists donate their works; later, the works are sold or auctioned off and finally, the profit is donated to the non-profit organization.

Viva con Agua is driven by its social mission concerning water resources; it aims to enhance the water supply in the world. Viva con Agua uses, among others, arts as a means to achieve its mission.

Viva con Agua’s festival attracts people interested in the arts, collectors, gallery visitors, and museum visitors.

Art is used to raise awareness and to fund solutions for various societal problems. The festival is not only used as a fundraiser, but also seeks to raise awareness for water issues and the projects of Viva con Agua.

The Millerntor Gallery is a clear example of socio-cultural entrepreneurship.

Example for Type B: Swaantje Güntzel

Swaantje Güntzel is a visual artist. Most of her work is based on ecological challenges that our society faces. She uses marine debris in her works of art and performances.

She works together with biologists from Kure Atoll (belonging to the Northwestern Hawaiian Islands), who collect marine debris found in the stomachs of albatrosses washed ashore on the beaches of Kure Atoll. The biologists send her these plastic pieces, out of which she creates works of art. A part of each artwork’s profit is then donated back to Atoll.

In 2016, Atoll, in cooperation with her partner, created a series of performances for the Goethe Institute Thessaloniki, through which they conceptually investigate the anthropogenic pollution of the oceans and the presence of plastic in everyday life (Güntzel 2017). Similar performances are created frequently, usually incorporating themes related to nature and ecosystems.

Atoll's artistic impulse is not primarily motivated by the desire to raise awareness about ecological issues; moreover, she does not want to be diminished to an "ecological activist," as she rather sees herself as an artist who works artistically with an ecological topic.

Her artistic mission drives her work. The social, or in this case ecological, dimension is a means for her to express her artistic values and understandings. She uses societal problems as a basis for her works of art.

Inevitably, she causes awareness about ecological problems in the artistic circle of her fellow artists and in the circle of collectors and buyers that see and buy her works.

Swaantje Güntzel is an example of a socio-cultural entrepreneur.

4 Results

Refraining from a deeper case analysis, we can conclude that two kinds of socio-cultural entrepreneurs exist. Many socio-cultural entrepreneurs will not call themselves as such, as it is a new development for the cultural as well as social field. The concept of socio-cultural entrepreneurship has implications for a variety of areas and topics. Socio-cultural entrepreneurship influences the motives of entrepreneurs and can create new possibilities and new research; among the most important are the following three areas:

4.1 *Identity of the Entrepreneur*

If an entrepreneur understands his or her own identity and can explain what he or she does professionally through universally-defined terms, he benefits from a deeper understanding and ability to reevaluate his or her own ideas and actions; his or her sense of purpose is also able to be understood more fully. Secondly, an entrepreneur with such self-understanding will benefit from enhanced communication with potential donors, funders, clients, and the press, among others. The use of labels and clear, concise language helps to create consistency for entrepreneurs.

Within the past 10 years, new funding from ministries and foundations has led to the rise in terms like "creative industries" or "social and cultural entrepreneurship." In Germany today, there is not one Bundesland without a funding strategy or working group on creative industries (Initiative Bundesregierung 2017; Kreativgesellschaft Hamburg 2017; Bayern Kreativ 2017; Kreativwirtschaft

Hessen 2017); plenty of foundations created funding streams for social entrepreneurship (BMW Stiftung 2017; Vodafone Social entrepreneurship Akademie 2017; Stiftung Mercator 2017). The new labels not only gave entrepreneurs new visibility, but also offered more possibilities to obtain funding and, in a broader sense, allowed consumers to better acknowledge their products.

Identifying oneself with such a label brings new possibilities for visibility and funding. A socio-cultural entrepreneur's application of such a label may lead to an understanding of the members of art and social ministries that such joint enterprises might also be funded in a combined effort.

Changing the thinking of ministries requires cultural and socio-cultural entrepreneurship concepts being taken not only into the educational realm but also into the coaching and consulting sphere in order to enable the coaches and consultants to understand the concept and to embrace it in their own ideas.

4.2 Teaching What Entrepreneurship Means

The educational side is, however, not to be ignored. Arts management and social studies, seminars and modules should include the subject of social and cultural entrepreneurship; arts management courses should especially stress the importance of society and societal change. Having society's needs in mind while creating works of art is increasingly important. Purely entrepreneurial courses will not be enough, especially if they are taken from business schools or profit-oriented ventures. Art management and social work studies have to use practices developed for the creative industries worldwide in order to help their students develop their own ideas and challenges. Education-wise, a lot of relevant examples of specialized options for the art world already exist (Essig 2014; Valerio et al. 2014; Shephard and Bryan 2015; Korzen 2015; Challenge n.d.). There is no overall trend in education to include art entrepreneurship or socio-cultural entrepreneurship into curricula, however.

In art universities especially, the concept of socio-cultural entrepreneurship could lead to new thinking. There are still a lot of art universities that resist teaching their artists too much about a market-oriented approach, fearing that the freedom of art could be diminished through a purely profit-oriented approach. The socio-cultural entrepreneur, however, uses entrepreneurial thinking and acting without focusing on the market or the profit and concentrates on a mission-based approach. The mission-based approach may assist in understanding entrepreneurial concepts in the art world.

4.3 Change the Awareness of Other Fields Like Engineers, Lawyers, Doctors. . .

The value of social and cultural entrepreneurship in the scientific community seems undisputed, as many articles and books have been published on this topic (Di Domenico et al. 2010; Essig 2015; Beckman 2015; White 2015; Andersson and Self 2015; Wyszomirski and Woong 2015). The educated and interested consumer also knows about the basic concept of social entrepreneurship. If one moves to the broader fields of work not usually connected with such ideas, one still finds major ignorance: engineers, lawyers, and doctors usually do not get in touch with these concepts during their studies.

It seems utterly important that engineers, lawyers, doctors, and similar professionals understand the value of social and cultural entrepreneurship concepts. Such professionals are most likely able to fund and support social and cultural enterprises later in life. If the given professionals already understand the value of such enterprises investing in social ventures early in their career, such will become a natural habit.

The idea of social venture capital is still restricted to a small number of people. Social venture capital should and could become a much larger movement, especially with the support from middle- to high-income people; their possible support would be enhanced by the confrontation with these concepts and the value of these enterprises during their studies. It is important to clarify here that it is not about winning donors, but investors—especially with regard to these other economic areas—namely with those who work in banks, insurance agencies, and consultancies, among others; the concept of investing is much more intriguing than donation.

5 Conclusion

This article has illustrated the existence of socio-cultural entrepreneurs and has highlighted the importance of a definition for this new kind of entrepreneur. Following these first thoughts, more research questions come to mind. Further research in the field would be welcome, as such gives new insight into different areas of enterprises and how they can be fostered and grown.

One area of research may more fully investigate the motives and identity of socio-cultural entrepreneurs in order to examine how they understand their own work. Examining more cases and performing qualitative research would provide further proof for the ideas pointed out in this article.

Another field of interest may look at the perspective of potential funders and donors regarding their perception of social enterprises. What do engineers, bankers, insurance managers, and doctors know about social enterprises or socio-cultural entrepreneurship? What is the value and the impact that they assume behind these

concepts and their examples? How high is their willingness to invest in ventures like this?

The definition of artistic entrepreneurship and of cultural entrepreneurship also seems to be of interest. A clear understanding of the differences and similarities between the two types of entrepreneurship is lacking. Exact definitions could lead to a more general understanding of the concept of socio-cultural entrepreneurship not only able to be understood among members of the scientific community.

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From Edge to Engine

The Creative Sector's Cultural and Entrepreneurial Power and Promise

Shoshanah B.D. Goldberg-Miller and Rene Kooyman

Abstract This article addresses the societal repositioning of the creative sector by the international policy community from an exclusively cultural resource to an economic engine. We analyze the relationship between the increased production and use of data and reports and the change in positioning regarding the power and effectiveness of the creative sector by policymakers from 2008 to 2015.

We investigate the shift towards viewing the creative economy as an entrepreneurial engine. As a proxy, we use two pivotal policy actors: the United Nations Education, Scientific and Culture Organization (UNESCO), and the United Nations Conference on Trade and Development (UNCTAD). While this repositioning has not reached a saturation point, the findings show that the creative sector has moved from a fringe position towards a more empowered place in global policy discourse.

Keywords Creative economy • Strategic analysis • Policy development • Creative entrepreneurship • Economic development

1 Introduction

How can we define the value of the creative economy? Many researchers have approached this question (Andrew and Spoehr 2011; Landry 2008; Landry et al. 2014; Ettlinger 2009; Florida 2003; Gibson and Kong 2005). Recently, we have seen a change in the perception of the cultural and creative economy (Wyszomirski

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2007), with many arts and cultural scholars becoming interested in market-oriented approaches (Flew and Cunningham 2010).

The discussions of the economic impact of arts and culture have moved to more economic perspectives (Myerscough 1988). Governments throughout the world have embraced the concept of creative industries (Scottish Government 2009). In the European continent, it was the UK Labour Government, under Tony Blair, who early on mentioned the creative industries as an explicit area of policymaking (Flew and Cunningham 2010). After the turn of the century, the discussion evolved and a growing interest from the economic perspective could be witnessed (Howkins 2002).

As a result of the developing debates, several studies have been executed (DCASE 2012; Amsterdam Economic Board 2014; EY 2014; KEA 2006; Kooyman 2009). These studies have resulted in discussions regarding the object of study, namely the creative economy. Another area of concern has been identified concerning evidence of the size, impact and potential perspectives of planning interventions (UNCTAD 2008). In examining the numerous initiatives, one can note that there has been a permanent debate regarding the creative sector, resulting in both a vast number of policy documents and the generation of recent data, both of which have fed the academic debates.

2 Understanding the Creative Economy

Definitions of the creative economy first appeared in the 1990s, initially as a result of policy discourse (Flew and Cunningham 2010). The most common models of the creative economy share many elements. Howkins's creativity-based initial model includes all kinds of creativity, whether expressed through art or innovation (Howkins 2001; 2nd Edition, 2013).

Part of the effectiveness of the innovation policies has been to concentrate on the clustering of the creative sector (Uyarra and Ramlogan 2012; Andrew and Spoehr 2011). In their analysis of 10 years of debate regarding the creative economy, Flew and Cunningham recognize four major contributions (Flew and Cunningham 2010). First, the creative industries have been identified as a central plank of the "postindustrial" economy. Second, this identification signaled the continuation of a trend towards viewing cultural sectors as contributors to wealth creation and economic performance, not simply as claimants on public revenues on the basis of nonmarket or intrinsic values. Third, by approaching the creative industries in ways that went beyond the traditional discourses of the subsidized arts, debates about these sectors moved into larger discourses. These included topics such as trade policy, copyright and intellectual property, urban development, and educational futures. Finally, the creative industries were linked explicitly to discourses surrounding technological convergence, the information society, and the "new economy."

Table 1 Conceptual framework

Conceptual framework: Categories	Description
1. Definition	What is the creative economy? What is included?
2. Measuring—defining indicators	How is this measured? Which methods, which scope, how is the information gathered?
3. Success and failure—how to define	How to define and measure success? What are the temporal boundaries? What are the mitigating factors?
4. Policy recommendations	On the global or national level; may affect urban areas. Who makes these? What are they? Who is to carry them out?
5. Perceived challenges	Are the data valid? Do they measure what was important? Are there underlying problems? Perceived inequities? Lack of focus within the sector? Challenges to sustainability of interest?

2.1 Empirical Base

The evaluation of the creative industries rests on the usage and interpretation of transparent, well-documented statistical data. One can argue that the usual economic data do not cover the cultural and creative processes in society (Garnham 2005). More often, however, the data analysis is used to develop the necessary policy recommendations and tools to improve the state of affairs (Landry 2008).

In order to investigate changes in the conceptualization, positioning, and evaluation of the debates on the creative industries, we use policy documents as a proxy to analyze the process that evolved. We utilize two global actors—one from the cultural/educational dimension (UNESCO), and the other from the economic dimension (UNCTAD). These organizations both reflect the policy trends and try to influence the development of policy debates and strategies (Table 1).

2.2 Selection of Cases

In order to answer this question, we look at the reports produced by the two agencies, UNCTAD and UNESCO, as an indicator of developments that have taken place. We question the two actors at the global scale, one representing the sector of arts and education (UNESCO), and the other representing the economic sphere (UNCTAD).

3 The Search for Evidence-Based Policy Development

Originally, UNESCO defines culture “as the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, that encompasses, not only art and literature, but lifestyles, ways of living together, value systems, traditions and beliefs” (UNESCO 2001). However, by 2009, UNESCO included an explicit

plea for the recognition of the economic debates. The 2009 newly-accepted framework was the result of an extensive global consultation process, and built upon the various debates about culture by “introducing the creative/cultural debate, taking into account the effects of globalization on the production and dissemination of cultural products and reflects current practices and intellectual property issues” (UNESCO 2009, p. 9). In addition to discussing the definition of culture, there is an unambiguous debate about defining the economic value of the creative industries.

When explaining the rationale for the redefinition of the cultural sector, UNESCO provides a number of arguments (UNESCO 2009, p. 4). Since 1986, there has been a transformation in the perception of the role of culture in the economic and social realm. The importance of the link between culture and development is receiving greater recognition from aid agencies and specialists (UNESCO 2009, p. 11). Increasingly, culture is seen as both a means for development, i.e. promoting and sustaining economic progress (as a means to the end), and as giving meaning to our existence (as an effect of development). It can contribute to the sustainable development of a region and a country, by generating revenues through tourism, crafts and artifacts.

During the same period, UNCTAD published its first Creative Economy Report (UNCTAD 2008). In the search for evidence-based policy development, the 2008 report strives to define social, cultural, and economic dimensions. UNCTAD compares the different classification methods and exposes the shift in the economic debate.

As UNCTAD mentioned, economic models do not function in isolation. We have to go beyond economics and find a more holistic development approach; an approach that considers the different cultural identities, economic aspirations, social disparities and technological disadvantages. In addition, in order to cope with the far-reaching cultural and technological shifts underway in our society development strategies must be updated (UNCTAD 2008, p. 7).

4 Measuring and Defining Data

UNESCO points to a number of problems when studying the creative economy: “Diverging conceptual terms is not, however, the only difficulty when trying to measure the impact of culture and creativity. For an organization like UNESCO, which is primarily concerned with developing countries, a lack of key data poses a major problem” (Pol 2007).

In 2006, UNESCO began to revise its UNESCO Statistical Framework for Culture. The UNESCO Framework for Cultural Statistics (FCS) is a classification instrument, incorporating the use of available international classification systems such as the ISIC (International Standard Industrial Classification) for cultural production activities, classification for cultural goods and services (CPC: the Central Product Classification), occupations for cultural employment (ISCO), the international flows of cultural goods classification (HS: Commodity Description and Coding System), and time-use statistics, such as the UN Trial International Classification of Activities ICATUS. It creates a basis for organizing the collection and dissemination of cultural statistics, as a tool and methodology designed for use

at the international and national levels. It challenges us to reflect the broadest range of events related to the manufacturing, circulation and usage of culture.

UNESCO began questioning the statistical data from an educational and cultural perspective as early as 1986. Looking back in 2009, UNESCO evaluated the progress made: “Since the development of the first UNESCO FCS, the worldwide concept has considerably evolved. Many different approaches to defining or measuring culture have emerged while social and technological changes have transformed the place of culture in the world” (UNESCO 2009).

In the second edition of the Creative Economy Report, UNCTAD reiterated the plea for an evidence-based policy development (dos Santos Duisenberg 2010).

When looking for information and analysis upon which sound policy can be based, we can identify three critical requirements:

- (a) An orderly analysis of the structure of the creative economy, the stakeholders and how they relate to one another, and the relationships between the creative sector and other sectors of the economy;
- (b) A systematic analysis of the functioning of the creative economy and assessing the contribution it makes to cultural, social and economic life; and
- (c) Analytical methods to calculate comprehensive statistics, providing a systematic basis for the output, employment, trade and economic growth evaluation; the cumulative contribution of the creative sector.

4.1 Measuring Success and Failure

UNESCO states that the concept of the cultural economy has grown in importance in public policy, which can be explained by a number of developments. When discussing the key statistics on the economic and social role of culture, UNESCO presents several methods of measuring success and failure (Pol 2007, p. 3). In addition to the pure economic criteria, such as contribution to GDP, UNESCO points to the WIPO defined Intellectual Property indicators (WIPO 2003) and information related to the consumption of cultural activities or products, which can be captured by statistics on household spending, recreation, and culture (Pol 2007, p. 4).

In 2008, UNCTAD placed the creative economy at the center of attention. Discussing the development, UNCTAD identifies the foremost economic indicators: Within the realm of world trade, the creative industries are among the most dynamic sectors. International trade in creative goods and services experienced over the period 2000–2005 an unprecedented average annual growth rate (8.7%). In addition, the value of world exports reached \$424.4 billion in 2005 with respect to creative goods and services, representing 3.4% of total world trade. The creative industries are emerging as a strategic choice for reinvigorating economic growth, employment and social cohesion nowadays in the most advanced countries (dos Santos Duisenberg 2008, p. 4).

Based on the UNCTAD classification, the statistical data analyzed revealed a surprisingly dominant size and presence of the creative industries in economic terms (Table 2).

Table 2 Workers in the creative industries in the United States 2003

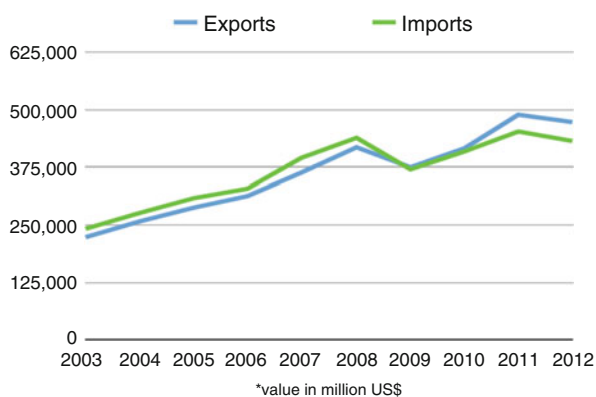
Creative industries	No. of workers (000)	Proportion of workforce (%)
Advertising	429	0.3
Applied design	428	0.3
Architecture	296	0.2
Broadcasting	320	0.2
Film and video	142	0.1
Music production	41	0.0
Performing arts	159	0.1
Publishing	700	0.5
Visual arts	122	0.1
Other ^a	611	0.5
Total—creative industries	3250	2.5
Total—all industries	132,047	100.0

Source: United States Census Bureau, quoted in the OECD study (2007: 46)

UNCTAD (2008)

^aIncludes independent artists, writers and performers in creative industries

Fig. 1 Exports and imports of creative goods worldwide, 2003–2012 (UNCTAD 2015a, b)



The UNCTAD Creative Economy Report 2010 presented additional evidence for the viability of the creative sector. In almost all sectors, the creative industries have shown an increase in volume and importance (UNCTAD 2015a, b, p. 1) (Fig. 1).

5 Initial Policy Recommendations

In this initial phase, we find an enhanced plea for the importance and presence of the creative economy. According to UNCTAD, there is a clear need to understand the way people live in the twenty-first century, and grasp the complex interactions among the economic, cultural, technological and social aspects guiding the dynamics of the world economy. Creativity and knowledge are fast becoming powerful means of fostering development gains in this era of vast transformation (dos Santos Duisenberg 2008, p. 5).

One can point to the wide range of measures available to governments at all levels that assist in the stimulation of the creative economy, the reinforcement of multi-dimensional connections between the economic, technological, social and cultural aspects of its functioning, and the promotion of sustainability through linking economic and cultural development: Traditionally in many countries, this area of policy concern has been known as “cultural policy.” Yet the scope and coverage of the term “cultural policy” differs from country to country. UNCTAD argues that the creative economy has a “cross-cutting and multidimensional nature” (Duisenberg 2008, p. 173).

Currently, there is an effort to include the creative economy within the wider context of economic and industrial policy: “Perhaps most importantly, consideration of the creative economy becomes a key element of industrial policy, whereby industrial development strategies can exploit the potential dynamism of the creative industries in generating growth in output, exports and employment” (UNCTAD 2008, p. 174).

5.1 Perceived Challenges

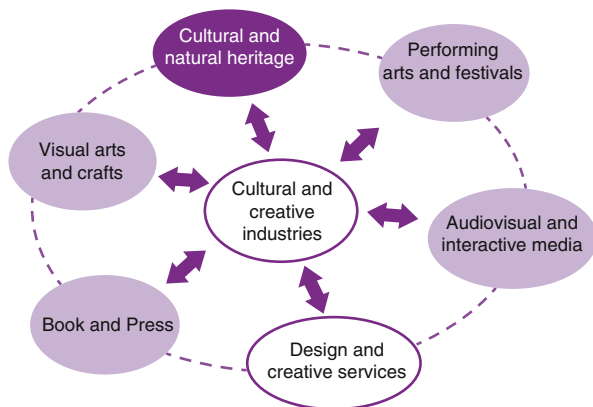
The economic role of the government is conventionally taken to comprise public interventions to promote efficient resource allocation in the economy, full employment, price stability and external balance, and equitable distribution of income and wealth (UNCTAD 2008, p. 174). Regarding domestic policy on the creative economy, the opportunities for involvement by the public sector can be described under several areas of intervention. The first aspect is the existence of the market, which points to the importance of public goods (Goldberg-Miller 2017, p. 63). The cultural sector in general, and the creative arts in particular, are normally regarded as a source of diffused community benefits that have the characteristics of non-rival and non-excludable public goods. The creation of social cohesion, the flow from cultural activities, and creative production within communities can all pose challenges. In addition, imperfect competition might occur. If industries become concentrated to such an extent that competition breaks down, government intervention may be warranted to restore competitive conditions, especially if global corporations producing cultural products are in a position to monopolize local markets to the exclusion of locally produced cultural expressions. (Duisenberg 2008, p. 174).

6 Five Years Later: 2013

6.1 Understanding the Creative Economy: Clearer Definitions

Five years later, UNESCO happily announced the creative economy’s enjoyment of widespread acceptance. The concept has proven to be a multitude of different local trajectories found in cities and regions in developing countries and local

Fig. 2 Classification of cultural and creative sectors. UNESCO (2009, p. 18)



interventions, rather than being limited to a single superhighway. UNESCO points to the fact that many different terms have been developed on the topic within their report: “creative economy,” “cultural industries,” and “creative industries;” others could also be added, including “content-based or copyright industries” and “cultural or cognitive-cultural economy” (UNESCO 2013a, b, p. 12). In this vein: “The different labels reflect and correspond to different analytical positions and ideological stakes, the history of which has been studied by numerous scholars of the field. Each set of terms, together with its antecedents and its interpretations, has become a terrain of lively expert debate” (UNESCO 2013a, b, p. 19).

In the most recent UNCTAD report, the UNESCO approach has been incorporated. UNCTAD points to the different debates in the various parts of the world. Hence, countries can advance on new concepts and principles for the development of a creative economy that plays a strategic role in national development plans (UNCTAD 2015a, b). In discussing the creative sectors, it follows the UNESCO definitions:

- (a) Cultural Heritage: both cultural and natural heritage, historical sites and cultural landscapes, products and services of museums, archaeological sites.
- (b) Creativity and Media: Book and press (books, newspapers and periodicals, physical and digital libraries and book fairs); Visual arts and crafts (painting, sculpture, photography, crafts); Performing arts and festivals (shows, festivals and music); Audiovisual and interactive media (films, radio and television and video games).
- (c) Functional Creations: fashion, interior decoration, landscaping, architecture, advertising and other design and creative services (Fig. 2).

6.2 *Evaluating the Impact and Meaning of the Creative Economy*

The world trade of creative goods and services reached a record level in 2011, in the amount of \$624 billion USD, according to UNCTAD (2015a, b, p. 6). At the same

Table 3 The creative core and contribution to GDP, selected countries

Country	Creative GDP (Billions of Reais)	Participation in GDP (%)
United States	1101	3.3
United Kingdom	286	5.8
France	191	3.4
Germany	181	2.5
Brazil	110	2.7
Italy	102	2.3
Spain	70	2.3
Holland	46	2.7
Norway	32	3.2
Belgium	27	2.6
Sweden	26	2.4
Denmark	21	3.1
Austria	15	1.8
Greece	6	1

UNCTAD (2015a, b)

time, the creative economy drives job creation and social inclusion, due to the large production chains within the creative industries. A number of dedicated databases have been built with data in the following areas: growth rates of creative goods exports and imports; values and shares of creative goods imports and exports; exports and imports and growth rates of creative services; international trade; and import/export and growth rates in related services, such as royalties and license fees (UNCTAD, 2016) (Table 3).

UNCTAD states that economic data demonstrate the concentrative nature of the creative industries, yet there is a lack of data available in developing countries. Here the presence of creative industries is insignificant; they do not appear in the reports of international institutions, despite their great cultural diversity and the creative potential of their economies (UNCTAD 2015a, b). For the developed countries the data are widely available.

6.3 *Assessing the Results*

In retrospect, UNESCO states in the 2013 document that when the UN Millennium Goals were adapted (in 2000), the importance of culture for development was not explicitly recognized. The potential of culture as a driver of development has been proven since then, through rigorous effort by experts and practitioners around the world with indications that creative and cultural resources and activities compose a sizable, strong and valuable productive sector (UNESCO 2013a, b). The success is illustrated by several formal interventions, including the Outcome Document of the Millennium Goal Summit 2010 and a number of resolutions adapted by the General Assembly specifically addressing culture and development (Resolution 66/166, 66/208).

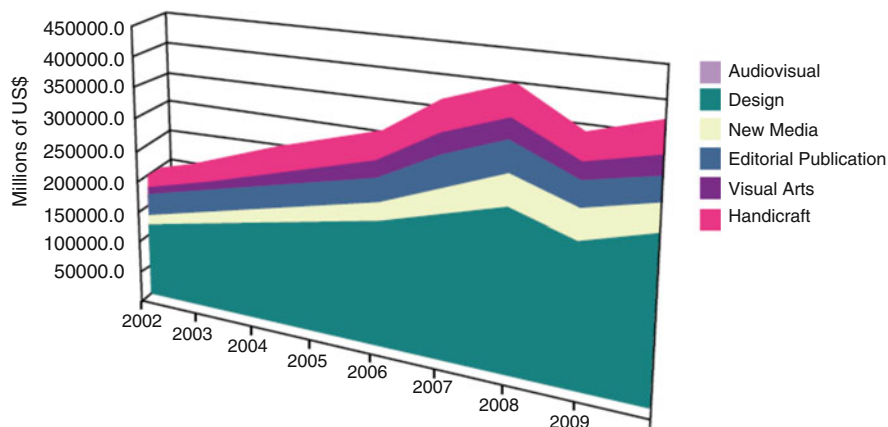


Fig. 3 Evolution of world export of creative goods—2002 to 2010. UNCTAD (2015a, b)

UNESCO proposed four categories of questions that local planners might ask when considering the different sets of indicators. The first concerns the current situation: what are our cultural resources, what are the capacities to support the arts and culture in their contribution to sustainable development? The second category involves the potentials of the particular strengths in the cultural area that can be used to ameliorate existing problems or to create new development opportunities. The third category of indicators focuses on the areas in which serious problems might be addressed through cultural industry development by examining the gaps in the existing capacity to deal with such issues. A last collection of indicators looks at benchmarks against which one can calibrate the performance and judge whether the results have been achieved.

In the most recent report, UNCTAD states that the creative economy has shown sustainable growth in recent decades, demonstrating its ability to withstand the economic crisis and to stimulate a youth entrepreneurial culture (UNCTAD 2015a, b, p. 6). In this report, UNCTAD revisits the discussions on the definitions both of the creative industries and the concept of a creative economy (UNCTAD 2015a, b, p. 24) (Fig. 3).

7 Fostering Revised Policy Recommendations

According to UNESCO (2013a, b), the importance of empowering artists, cultural entrepreneurs, local communities, and policymakers to manage cultural assets, boost their cultural and creative sectors, and harness development leverage has been proven.

These experiences also have demonstrated the power of creativity and culture to generate more decent work, green jobs, and inclusive and sustainable growth (UNESCO 2013a, b, p. 156). However, ten key recommendations are put forward,

with a focus on forging new cultural pathways to development. The first one relates to a plea to recognize that in addition to its economic benefits, the creative economy also generates non-monetary value that contributes significantly to achieving people-centered, inclusive and sustainable development.

There is a call for a wider definition of the creative economy, one that should include “economic value (material and non-material well-being), social value (the benefits of social cohesion, social stability, etc.), environmental value (benefits derived from natural resources and ecosystems), and cultural value (the intrinsic and instrumental benefits from art and culture that contribute to individual and collective fulfillment)” (UNESCO 2013a, b, p. 156).

7.1 Future Challenges

While the classic understanding of the role and integration of the entrepreneurial mindset has begun to be adapted within the creative sector, more could be done to foster opportunities for synergy between cultural entrepreneurs and the business community, especially in urban contexts (Goldberg-Miller and Fregetto 2016).

Of concern is also the development of a framework that takes the nuanced reality of entrepreneurship in the creative sector into account, wherein actors often operate in a “micro-landscape” involving small business or freelance environments in which ventures may be too small to be captured in datasets meant to analyze the sector (Wyszomirski and Goldberg-Miller 2014).

UNESCO indicates that there are complex inter-dependencies between the public and private spheres that go beyond simple dualism. For example, a number of commercial cultural activities will have an impact upon cultural policy aspirations.

A second problem is that we are confronted with inadequate and precarious business models; credit lines to finance the activities of creative industries that are hardly available and/or inadequacy.

In addition, within the creative industries few training opportunities at all levels (technical, vocational and higher) are available. One can note weak institutionality of the creative economy in municipal plans and State development, hence the business dynamics of the creative industries are limited. Lastly, for the development of creative industries one can identify the absence, failure and outdated statutory and regulatory frameworks in place (UNCTAD 2015a, b, p. 28).

8 Conclusion

In analyzing the two actors involved, the cultural and educational actor (UNESCO) and the economic organization (UNCTAD), one can identify a permanent debate and interaction between the development of the creative industry and the data used to indicate and evaluate developments. Within this process, we point to different

phases. Initially, the cultural and educational sectors approached the economic debates in order to legitimize the value and importance of the sector. In parallel, the economic debates moved to the development of statistical data-analyses of the cultural and creative field in order to develop evidence-based policy measures. Five years later, it appears that the creative economy has matured and has been institutionalized.

At the global level, there is a shift in the focus of attention from different sides, resulting in a new perspective in which culture and economics are no longer separate debates, but have integrated narratives. The creative economy has been the center of attention for the past decade; however, policymakers may be moving on to the next narrative. The United Nation's recently adopted 2030 Agenda for Sustainable Development offers 17 development goals. None of these, however, mention the cultural economy as a relevant actor. It appears that the creative economy sector will need to fight to position itself in the newly developing policy arena.

At the global level, in the period between 2007 and 2015, we find a permanent interaction between the data generated regarding the creative economy and the initiative taken by UNESCO and UNCTAD. During the course of time, both used each other's perspectives and statistical data analyses. In so doing, they have established a presence for the creative industries on the stage of policy development. They have been able to define the object boundaries, the categories used, and the empirical proof needed to create evidence-based policy development.

It is noteworthy to see that, now that the creative economy has been established, the two entities are highlighting their own specific takes on this. UNESCO is restating its position as an institute for education and culture, expressing the need for a wider definition, including a variety of policy goals, such as economic, social, environmental, and cultural objectives. In addition, a plea is included for both qualitative and quantitative indicators. UNCTAD, in turn, seems to focus on its core objectives on creating evidence-based policies grounded in trade and development data.

Both entities are embedded in the wider policy context of the global community. The United Nations is developing its next paradigm through a post-2015 process. It is concentrating on the 17 recently approved Sustainable Development Goals. The organizations studied here, UNESCO and UNCTAD, will have to catch up with the recent central policy discussions in order to develop a targeted policy for the creative economy positioned within these new development goals.

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Cultural Entrepreneurship in the Context of Spillovers Within the Cultural and Creative Industries

The Case of Design Practice for Social Change

Lyudmila Petrova

Abstract This paper reveals the practice of cultural entrepreneurship in the context of innovation transfers through the realization of cultural and creative spillovers. It argues that in order to contribute to systematic and structural changes in other sectors, a new context is needed. The creation of a context, Klamer (*Journal of Economic Methodology*, 10(2), 191–212, 2003) suggests, involves a “deliberate valorization”—a process of development, enhancement and strengthening of certain values where the interdependencies among various stakeholders is of crucial importance. Taking this argument further, the paper analyzes the case study of *Costruire Bellezza*, which exemplifies knowledge spillovers from the design sector to the social service sector. It discusses the strategies cultural entrepreneurs undertake in order to generate and enhance economic, cultural and social value in a new context and, as such, generate social changes elsewhere. It also addresses the challenges that cultural entrepreneurs face while operating in a rapidly changing context.

Keywords Cultural entrepreneurship • Cultural and creative spillovers • Innovation • Design • Valorization

1 Introduction

Within the context of the “knowledge-based” economy (OECD 1996), there is a common understanding that culture, art and design creativity can promote innovation throughout the economy and society by providing input useful for products and services in other sectors (Throsby 2001). Scholars of innovation and policymakers

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are beginning to recognize the critical role of cultural and creative industry “spillovers” (Potts 2011; European Commission 2012).

The notion of “spillovers” of the cultural and creative industries is usually associated with the transfer of economic benefits in terms of contributions to GDP, growth, and employment (O’Hagan 2016). However, recent analyses of these spillovers invites a consideration of the social and cultural contributions of these industries regarding the quality of life and possibilities for integration and cohesion in the society through the realization of knowledge and network spillovers (TFCC 2015). This also goes along with the acknowledgement of UNESCO and the European Union that culture-led creativity is vital to industry, businesses, education and community development.

The diffusion of practices of art and culture-led creativity changes the landscape of innovation by encouraging greater openness and inclusiveness across sectors and disciplines. Very often, the process of transferring knowledge between these unrelated sectors is marked by a context of close collaborations, cross-fertilization, and mutual learning with creatives (artists, designers, architects, scientists, etc.). One can argue that this leads to dynamic changes in the organizational and institutional environment of cultural entrepreneurs who realize the knowledge transfer from one sector to another. Acknowledging this process, the paper addresses the research question of how cultural entrepreneurs realize the practice of knowledge transfers from one sector to another.

One hypothesis is that cultural entrepreneurs need to undertake a specific role which, Klamer (2011) argues, is related to the realization of certain cultural and social values as opposed to a simple common understanding of their role only in relation to profits. This requires a “deliberate valorization,” i.e. a process of development, enhancement and strengthening of certain values (Klamer 2003, p. 200).

Acknowledging these processes, the paper aims to contribute to a better understanding of the role of cultural entrepreneurship in the context of the realization of knowledge and network spillovers. The paper analyzes the practice of cultural entrepreneurship via the case study of *Costruire Bellezza* in Turin. The case exemplifies the realization of innovation through knowledge spillovers from the design sector to the social service sector.

First, the paper reviews emerging perspectives on the role of cultural and creative sectors to transfer innovation to the economy and society. Second, it addresses some theoretical considerations on cultural entrepreneurship’s ability to create a new context while bridging the knowledge and institutional contexts of different sectors. And third, the paper analyzes the case study of *Costruire Bellezza* (Crafting Beauty) and reveals concrete strategies undertaken by cultural entrepreneurs to support the transfer of knowledge from the design sector to the social service sector.

2 Cultural and Creative Industry Spillovers and the Role of Cultural Entrepreneurship in the Realization of Innovation

The spillover concept originates in economic theory and is often interpreted as the transfer of benefits from one area to another unrelated area (Jacobs 1969; Porter 1990). It is often associated with the notion of positive externalities, i.e. non-monetary effects upon non-participants. The concept has recently gained broader use in the context of the creative and cultural industries as a means to capture the impact on the economy and society. This development points to the fact that the cultural creative industries (CCIs) are not only fast-growing and innovation-intensive sectors, but can also promote innovation elsewhere by either harnessing the diffusion of cultural/creative capital or by supplying creative workers (Potts 2009). The economic logic behind the spillover effects of cultural and creative industries prevails in this argument. However, the TFCC report (2015) suggests that these industries can generate a greater impact than previously thought. It provides the following definition: “[T]he process by which an activity in one area has a subsequent broader impact on places, society or the economy through the overflow of concepts, idea, skills, knowledge and different types of capital. Spillovers can take place over varying time frame and can be intentional and unintentional, planned or unplanned, direct or indirect, negative as well as positive” (2015, p. 15). The TFCC report provides preliminary evidence of CCIs spillovers by studying 98 documents from 17 European countries collectively created by partners.¹ It reviews the rationales behind spillovers, how they are related to public investment, and the methodology each case study applies. Based on an analysis of case studies of CCIs spillovers, the report identifies 17 different sub-categories of spillovers clustered into three groups: knowledge, industry and network spillovers. Some of the sub-categories of knowledge and network spillover account for non-economic effects, such as subjective well-being, social cohesion, and creative milieu, among others.

Another question is how these types of spillovers are related to innovation. In economic terms, innovation is defined as the production of a new product or a process related to the development, distribution and diffusion of products (Dosi 1988; Edquist 1997; Blaug 1997; Lipsey et al. 2005). This concept draws considerably on the work of Schumpeter (1942), who characterizes innovation as a long-run driving force of economic development. Traditional research in innovation mainly accounts for technology- and science-related innovation. However, recent

¹The TFCC report was commissioned by the European research alliance, which was initiated by the ecce and Arts Council England during the Forum d’Avignon Ruhr in Essen in June 2014. Later, the research alliance engaged partners from at least half of the EU28, including universities, individual researchers and funding foundations. The partnership focuses on the research and advocacy of spillover effects from public investment in culture (for more information, see <https://ccspillovers.wikispaces.com/Funding+Partners>).

attention to the CCIs has led to a better understanding of the aesthetic and intellectual nature of innovation, only recently systematically captured within the scope of innovation research (Handke 2008, 2010a, b; Jaaniste 2009; Stoneman 2010). Here, the relationship between the CCIs and contemporary innovation in all its facets comprises both technological products and process innovation and cultural process and product innovation (Jaaniste 2009). Accordingly, the innovative processes of knowledge transfers from the cultural and creative sectors entail (1) knowledge production, (2) knowledge application to practical situations in commercial and social terms and (3) diffusion of new knowledge and applications across the economy and society (Jaaniste 2009).

The transfer of innovation can be enhanced by the mobility of the “creative class”² or cross-fertilization across different sectors (Florida 2002, Throsby 2008). Robust empirical studies confirmed that the creative class is an important factor effecting entrepreneurship, innovation and regional growth (Boschma and Fritsch 2007).³ The cross-fertilization of ideas, encouraged by close social interactions between people of creative and less creative occupations, also fosters innovative practices through encouraging collective inspirations, which are followed by collaborations, which are in turn followed by product and service innovation (Currid 2007; Uzzi and Spiro 2005). This type of cross-fertilization also creates a specific culture in some places and promotes “creative capacity” in the cities (Lazzeretti 2008). These processes of “culturalization” or “aestheticization” in urban areas have recently been seen as factors for economic, social and cultural innovation (Potts 2011).

These conditions can foster various spillovers of the cultural and creative industries in different sectors, but innovation cannot happen by itself. Schumpeter (1942) suggests that entrepreneurs have an indispensable role in supporting change itself.

While the standard economic approach emphasizes the capacity of the entrepreneur to realize profit, Klamer (2011) and Swedberg (2006) argue that the real key of cultural entrepreneurship is in making a cultural difference. A cultural entrepreneur is a person who is attentive to new opportunities and pursues new combinations, but his or her critical role is pursuing change by realizing cultural objectives (Klamer 2011).

In the context of cultural and creative spillovers, a cultural entrepreneur can be defined as someone who can operate between different fields (for example between the design and social service sectors) while bridging different sets of knowledge. One might think of an artist who is operating in a business environment or a designer who is working in the social sector. For cultural entrepreneurs, achieving such takes more than just the creation of a new product. In particular, for an artist or a designer, the realization of a knowledge spillover elsewhere requires a more

²Creative class is a concept, introduced by Florida (2000).

³The results are based on robust statistical analysis of survey data in eight North European countries—Denmark, Finland, Germany, Netherlands, Norway, Sweden, Switzerland and UK.

fundamental understanding of the process through which a new combination beneficial to another sector can be achieved. The questions then are how to adapt this know-how to another specific working environment and how to apply this new application within new contexts (Desrochers and Leppala 2011).

In new settings, due to the novelty of their work, artists and designers need to legitimize their efforts among professionals with whom they might not share the same norms, values and traditions. Klamer (2003) argues that this requires a practice of “deliberate valorization,” a process of generation, enhancement and strengthening of certain values (p. 200). To capture the dynamics of this process, Klamer (2016) suggests a valorization in two steps: (1) the awareness and articulation of important values and (2) persuading the others to contribute. Both stages are culturally embedded and indispensable for the process of valorization to take place.

The awareness of own values is what Klamer calls *phronesis*, “which calls for thoughtfulness, awareness of the goods to strive for and of the relevant values” (2016, p. 25). It requires defining clear ideals and beliefs and reflecting on them before being able to convince others. Klamer (2016) distinguishes among different clusters of values: *persona* (related to an individual’s abilities), *social* (pertains to the relationships we engage in within a group), *societal* (related to the entire society) and *transcendental* (reflects some ideals). An important point that Klamer (2016) makes is that even if it seems that our actions are motivated by personal values, for example by our interest in creativity, it might often be a matter of a social and societal or even transcendental value of which we are not aware.

The second stage of cultural valorization emerges through the process of deliberation whether to persuade others or to create a process of appraisal. To succeed in this process, a cultural entrepreneur first needs to determine the community that would consider their products and services worthy and, second, to convince the others to contribute. For cultural entrepreneurs, the latter can take a lot of negotiation and balancing of conflicting values, the practice of which requires specific rhetoric and social skills (Klamer 2011). In practice, cultural entrepreneurs can enable this process through interpersonal and interorganizational collaborations, where cultural entrepreneurs need to “leverage cultural dynamics” (Lounsbury and Glynn 2001, p. 549).

3 Knowledge Spillovers Through Design Interventions: Strategies and Practices of Cultural Entrepreneurship in the Case of *Costuire Bellezza*

The impact of design in terms of value added to the contemporary economy is well recognized, adding aesthetic qualities and enhancing the technological process of production and supporting the differentiation of the products through new marketing and branding strategies (Lash and Urry 1994; Scott 2001; Power 2004;

Stoneman 2010). This way, design can improve economic performances. Only recently, the design sector has been recognized as a sector with a great potential to enhance cultural and social change when applied as a tool to learn, share and experiment (Verganti 2009; Manzini 2015). To analyze this point further, the paper focuses on a qualitative analysis of a case study of *Costruire Bellezza*. It illustrates the application of creativity and participatory processes in the generation and enhancement of inclusion, solidarity and innovation through the application of a new working method for homeless people.

3.1 Background and Working Method of Costruire Bellezza

The project started in 2014 in Turin, a city with a long tradition of social innovation. One particular line of development in the city is the social innovation system aimed at producing change within ordinary practices and policies (Ciampolini and Porcellana 2014). In this context, *Costruire Bellezza* started as an experiment focused on both the empowerment of homeless people and on the development of university students' skills through participatory and interdisciplinary approaches.

The project is initiated and curated by the architect and designer Cristian Campagnaro (Department of Architecture and Design of Polytechnic University of Turin) and the anthropologist Valentina Porcellana (Department of Philosophy and Educational Science of Turin University). Both are also cultural entrepreneurs who design, adapt, and institutionally legitimize a specific new method of work combining design methods and anthropology action research.

The project brings together homeless people, design students from the Polytechnic University of Turin, anthropology and education students from the University of Turin, social workers from the Servizio Adulti in Difficoltà (Service for Adults in Difficulty) of the city of Turin, educators from social cooperatives, and craftsmen and creatives (designers, writers). Through regularly organized workshops, all participants experimented with new design projects, languages and production techniques, and contributed to the redesign of the indoor and outdoor spaces of the shelter.

The project began in one of the six night shelters of the city of Turin. Due to the success of the pilot version, the project expanded to the five other shelters in the city. Homeless people could enroll in the project for 9 months in the form of a paid internship; the duration of students' participation varied.

The rationale behind the workshops was to stimulate "beautiful heals" for the homeless through fostering their own creative potential and giving them an opportunity to experience relationships with the others (Campagnaro and Porcellana 2013). The creation of design pieces is seen as a lasting outcome due to the relations they create and the stories they generate. While a designer, for example, focuses on the realization of intellectual and aesthetic goals, he or she also achieves some social goals by enabling an individual, a non-artist, to connect to other people, to experience a sense of belonging, and to improve their well-being. One of the goals

of the creative interventions, i.e. workshops, is to form a strong relationship among all participants and, as such, to provide opportunities for homeless people to develop or regain personal skills to further help them achieve independence, obtain a job, and improve their status through the purchase of their own home. Another goal is to increase the awareness of citizens and competent professionals concerning how they can contribute to improving the integration of people with unequal opportunities.

In June 2014, the project started with two workshops per week and was later expanded to 3 days per week; by December 2015, the project held up to three workshops per day. A total of 280 workshops were organized during this period. The workshops were attended by 30 homeless people and involved 23 tutors (designers and artists) and 32 students (studying design and anthropology). The managing team of the project grew from nine members in 2014–2016 in 2015. In addition, it started working with one of the biggest volunteer organizations in Turin and engaged about 60 volunteers by 2016.

3.2 *Research Methodology*

The objective of this paper is to explore the practice of social change realized by cultural entrepreneurs. It addresses the following research questions: What does it take for cultural entrepreneurs to carry out knowledge transfers from one sector to another? What strategies do they undertake to valorize their innovation elsewhere? How do cultural entrepreneurs manage cross-sector collaborations in order to create new stability within a changing environment?

The research applied a value-based approach (VBA) to analyze the knowledge transfers that the cultural entrepreneurs of *Costruire Bellezza* aimed to achieve while pursuing a social change. The notion of values and their valorization forms the core of this approach (Klamer 2016). First, on the basis of semi-structured interviews (Annex) with the cultural entrepreneurs and the organizational team, the researchers determined the goals and the personal, social and societal values the projects aim to achieve. Second, the way in which each project realizes these values is clarified by determining the strategies (activities, tools, working methods, communication) and the external stakeholders (beneficiaries, partners, policy makers, funding bodies, media) involved.

The method of data collection builds on desk research of three annual evaluation reports and four semi-structured interviews with the cultural entrepreneurs of the projects, four focus groups with the project team, and 26 semi-structured interviews with other stakeholders (social workers, students, designers). The latter were defined by the cultural entrepreneurs and the project team as the most important core stakeholders of the project. The data collection was carried out in 2015 and 2016. The focus groups included between five and eight members of *Costruire Bellezza*'s project team. The purpose was to explore the nature of knowledge transfers and shared values while uncovering the knowledge transfers and strategies

applied. The duration of the meetings ranged between 3 and 4 h. Before the start of each focus group meeting, the participants were asked a number of questions (see Appendix), whose answers were further discussed during the actual focus group meeting.

3.3 Findings

3.3.1 Knowledge and Network Spillovers

In regard to knowledge spillovers as defined by the TFCC (2015), the analysis of the project's impact proves that its unique methodology concerning the experiencing and practicing of culture-led creative activity boosted personal creativity and encouraged the individual potential of homeless people (CREARE Foundation 2015). More specifically, it increased their cognitive capacity and subjective well-being (self-esteem, self-care, etc.) and improved their social capacities. This is related to knowledge spillovers as defined by the TFCC report. Regarding society as a whole, the experience of creativity through a design practice translates into new practices regarding social collaborations and social cohesion in a community, which, according to the TFCC report (2015), link to network spillovers. The most remarkable societal change in the project refers to the participants gaining a sense of belonging to a group, especially those with a vulnerable position in society, i.e. homeless people.

3.3.2 Cultural Entrepreneurship and the Realization of Spillovers: Strategies

The *Costruire Bellezza* project proves to be challenging for the practice of cultural entrepreneurship. First, it questions the existing state of development of the social sector that supports the reintegration of homeless people. Second, practicing object design in a completely unrelated environment turns out to be a demanding activity not only due to the uncertain nature of the creative process, but also because it requires an understanding and appropriation of different organizational and institutional contexts from cultural entrepreneurs. The critical differences in the practice of cultural entrepreneurship in this case prove to be of cultural and social natures.⁴

To overcome these challenges, both leaders of the project deliberately built multi-stakeholder collaborations and facilitated cross-fertilization of formal and tacit knowledge between the actors involved. They pursued this path by

⁴In anthropological terms, one can argue that cultural practices are closely related to practices of certain values and norms, which also entail social aspects. The author prefers to keep the differences between cultural and social practices, as the former is also associated with the cultural and creative sectors, in this case with design.

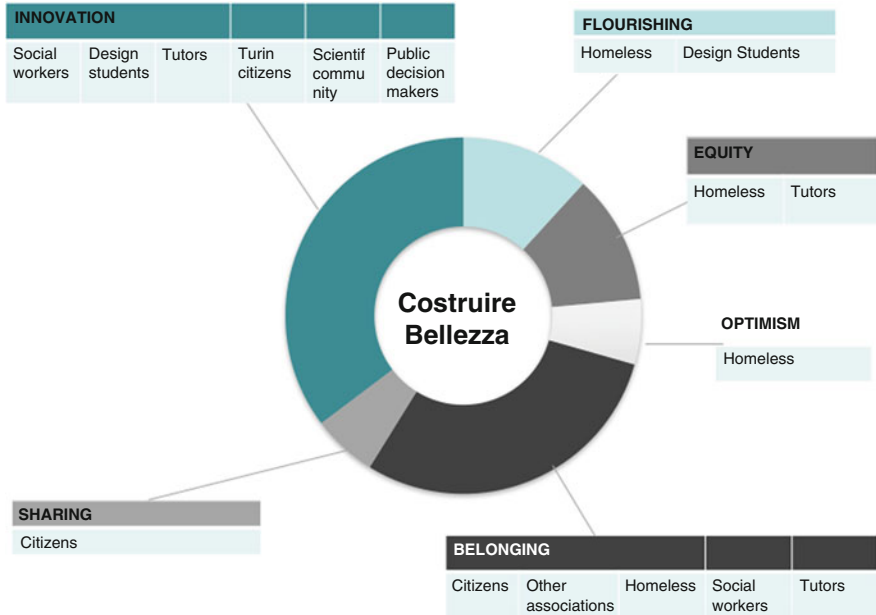


Fig. 1 Value map of Costruire Bellezza

legitimizing their operation among the levels of community, professional, and policy stakeholders. The community level connects and activates different parts of the local communities (citizens), the professional level refers to the professional groups involved in the project and their institutional environment, and the policy level entails the actors who are in a position to design and execute policies.

Pursuing this path, the cultural entrepreneurs of this project first focused on creating a sense of shared values and direction among the various actors. The shared values they defined as the most important for the project included innovation, belonging, sharing, flourishing, optimism and equity, whereby innovation and belonging are far more significant than sharing and optimism (Fig. 1). The cultural entrepreneurs were also aware that these values are of different importance for the various stakeholder groups. The value of innovation, for example, was expected to be of greater relevance to design students, social workers and tutors, whereas flourishing was expected to be of greater relevance for the homeless and design students.

To connect the different stakeholders, the cultural entrepreneurs pursued a realization of these values for the purpose of motivating the adaptation and institutionalization of their new method. This went along with the legitimization of their practice, which ensured access to financial and symbolic resources (Maguire et al. 2004).

To achieve adaptation and institutionalization on a community level, the entrepreneurs of Costruire Bellezza undertook strategies to engage citizens from Turin

(students, volunteers, homeless) in interpersonal collaboration through systematic and collective activities involving furniture design (chairs, curtains, benches, bags), interior design, food and art workshops (contemporary art, writing), and gardening. The working method of the creative workshops allowed close interactions, fostered a process of co-creation among different social groups, and encouraged the creation of relationships among those groups, for example between the homeless people and the social workers or between the homeless people and the design/anthropology students. The creative interventions provided the participants with opportunities to develop their relational skills, including their openness to others, their sensitivity and reciprocity skills, and their listening skills. Applying ethnographic methods, the project also made reflective observations on the dynamics of the relationships in the group. Consequently, by fostering participation in the project, the cultural entrepreneurs helped citizens from different social groups to begin to respect each other and gain a better understanding of each other's challenges. As such, the project increased citizens' awareness of how all members can contribute to the integration of those with unequal opportunities. On this level, to connect the participants directly involved in the workshops or in the shelters with the broader communities, the entrepreneurs actively initiated events in the neighborhood of the shelters or in other public spaces of the city (for example, workshops in the city library and craft production exhibitions).

To adapt and institutionalize the new practice *on the professional level*, the curators of the project engaged in two distinctive strategies: building interpersonal and interorganizational collaborations.⁵

With respect to the interpersonal collaborations, the cultural entrepreneurs facilitated close teamwork between craftsmen, creatives (designers, writers), educators, anthropologists, social workers, and educators from social cooperatives. They engaged these actors in the experimentation of their practices in a working context different and unrelated to their usual context through constantly assisting in the understanding of the new practice. This took place by means of reflective informal sharing, discussion of the needs of each group of stakeholders, the increase in the strategic planning and organization of the work, the consolidation of the team, and the organization of consistent communication.

The realization of the (goal) values of an interdisciplinary project such as *Costruire Bellezza* was able to be achieved via the entrepreneurs' connection of their activities to the interests of different institutional stakeholders in such a way that the project was able to be appropriated to a different institutional environment (Maguire et al. 2004). In this respect, it is important that the cultural entrepreneurs fostered interorganizational collaborations between the scientific community of the Department of Architecture and Design of Polytechnic University of Turin, the Department of Philosophy and Educational Science of Turin University, and the Service for Adults in Difficulty of the City of Turin.

⁵More about the differences between both see Anheier and Seibel (1990).

At first, the legitimacy of the cultural entrepreneurs was well-rooted in their personal dominant field of knowledge, i.e. in design and anthropology. The organization within the institutional context of the project required them to establish a position connecting scientific and professional designers with social service communities. In a way, this presented a new type of partnership. They achieved this by advocating across all these fields, which in turn supported their strategies to pull resources from all of them. The curators said that this was very challenging because, in a way, they needed to take some distance away from their own fields of practice as designers and anthropologists and engage in a completely different field of social service.

One of the strategies that the entrepreneurs used to gain considerable legitimacy from the different communities involved creating a set of organizational mechanisms that were related to these different fields and at the same time ensured open communication and trustful relationships. They managed, for example, knowledge transfers between the project experiment and the universities by organizing classes, open lectures, and conferences on topics related to the project. In addition, with the social workers in the shelters, they reinforced monitoring and evaluation to measure the impact of the working method. Together, they designed and applied an evaluation tool to process the personal changes of the beneficiaries in terms of relational and personal skills, capabilities, and other improvements and changes. This way, they achieved a consolidation of the working method by providing an evidence base about the impact of the intervention on the behavior of the homeless people. This also enhanced the collaboration and co-creation between the designers and social workers by bridging bureaucratic procedures and creative practices.

Their achievements in adapting and legitimizing the creativity-led new practices in the shelters support, to a certain extent, the acknowledgement of its potential as a policy tool to be implemented on a city's policy level. Here, the strategy of the cultural entrepreneurs was to involve the local municipality social service department and the intermediary organization S-NODI. The legitimacy of the local government was granted by allocating paid positions for social workers as team members in the project and by increasing the duration of the workshops and the number of people involved. In addition, S-NODI, as an organization advocating system actions against poverty, provided the project with financial, cultural and administrative support. This interorganizational collaboration was strategic, as it enabled the co-funding process of other stakeholders.

The institutional legitimization came with the allocation of concrete financial resources. The project now involves a complex network of funding partners comprising the Service for Adults in Difficulty of Turin Municipality, public and territorial social services, social cooperative Animazione Valdocco, volunteers, civil organizations, and non-profit foundations (Ufficio Pio of Compagnia di San Paolo, Turin; Fondazione Progetto Arca, Milan). They are all involved in the on-going co-production of the daily processes and foster the co-funding model, following the idea of co-ownership, which emerged during the project implementation. Public funding accounts for about 60% and private funding for about 40%.

4 Conclusion

The paper examines how the transfer of innovation from the design sector to the social sector is taking place. It argues that innovation through knowledge spillovers is a process closely related to the generation and enhancement not only of economic, but also of cultural and social values. The realization of these values requires cultural entrepreneurs to undertake a “deliberate valorization” (Klamer 2003, p. 200).

The qualitative research of the case study, *Costruire Bellezza*, proves that practicing and experiencing design boosts creativity and potential, increasing visibility, tolerance, and engagement among different stakeholder groups. From design to art, from craftsmanship to cooking, workshops allow people to rebuild “dense” relationships, to imagine new possibilities, and to experience the care and direct responsibility with which each person can treat others in the context of a concrete neighbourhood. These changes do not happen on their own. Cultural entrepreneurs strategize to realize the transfer of knowledge from the design sector to the social sector. To legitimize the new practice and ensure its adoption and institutionalization, they organize interpersonal and interorganizational collaborations among stakeholders from three different levels: those belonging to the community, professional and policy sectors.

Based on the analysis of the case study, the paper argues that the realization of spillovers from the cultural and creative industries is a culturally- and socially-embedded process. Here, the role of cultural entrepreneurs is to negotiate and balance among very different value systems.

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Annex

Box A Question Patterns of Face-to-Face Interviews with Cultural Entrepreneurs. Two of the Interviews were Conducted in 2014 (1) and Two in 2016 (2)

1. Basic idea of the project—shared values:
 - General goals of the project and reflections on the first results (for each stakeholder group)
 - The role of the cultural entrepreneurs in the project
 - How the project is organised—roles, organisation/administration, financial resources
 - The core stakeholders
 - Strategies for the realisation of knowledge transfers.

2. Continuity of the project—Scaling strategies, sustainability:
 - Development of the relationships with the partners/stakeholders
 - What makes it working (success factors)/not working (challenges)
 - Future/expected prospects of the project.

Box B Question Patterns of Face-to-Face Interviews with Core Stakeholders—Social Workers, Design and Anthropology Students, Tutors of the Workshops (Designers)

1. Demographic questions.
2. Concrete experience in the shelter:

How would you describe one of your working days in the shelter?
What is the most important thing in your work?
3. Concrete experience in the project's workshops:

How would you describe your experience in the workshop?
What was important for you in this experience?
4. Concrete outcomes:

How is your daily routine different now?
Do you encounter any changes?
What changes are important to you?

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Enhancing the Potential of Cultural Entrepreneurship: Connecting Regional Development and Performance of Cultural Firms in Europe

Andrej Srakar and Marilena Vecco

Abstract It is commonly recognized that individuals' motivations drive the entrepreneurial process, though the qualities and outcomes of such are regulated by the environment. This article focuses on the regional dimension of entrepreneurship in the cultural sector found within Europe. A large sample of cultural firms from 13 European countries were selected from the Amadeus database in order to study the relationship of cultural firms' performances and regional development using linear mixed models. Relevant results of this article include the finding that regional entrepreneurial development is related to the performance of cultural firms with respect to their primary relationships, capital financing, and firm debt. Moreover, there is evidence that variability of results is associated with the country, as opposed to the regional, level. Lastly, differences depend on the cultural sector under concern and on the different dimensions of regional entrepreneurial development. We conclude with some policy recommendations and reflections.

Keywords Entrepreneurship • Cultural and creative sectors • Regional development • Performance indicators • European countries • Amadeus

1 Introduction and Literature Review

Entrepreneurship is commonly seen as an important drive of economic development, employment and growth. This belief is grounded in an extensive body of literature that addresses both the determinants and outcomes of entrepreneurship at different levels of analysis. It is recognized that entrepreneurship is a complex

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phenomenon driven by individuals, but is also embedded in a wider economic and societal context; the wider regional context regulates the quality and outcomes of this process (Acs et al. 2013a).

While there is no generally accepted definition of entrepreneurship that covers all levels of analysis, there is broad agreement that entrepreneurial behaviours and actions comprise multiple dimensions, such as opportunity recognition, risk-taking, resource mobilization, innovation, and the creation of new organizations (Autio 2005, 2007; Van Praag and Versloot 2007). The range of different activities and outcomes associated with entrepreneurship suggests that a multidimensional definition of entrepreneurship is probably more suited to understanding the economic and societal benefits generated by entrepreneurs (Gartner 1985; Cooper and Dunkelberg 1986; Acs et al. 1994, 2005; Blanchflower et al. 2001; Carree et al. 2002; Reynolds et al. 2005; Grilo and Thurik 2005; Bosma et al. 2009).

For a more complete understanding of how entrepreneurship contributes to economic and societal development, it is important to recognize the fact that entrepreneurial actions and behaviours are embedded in national, regional, and city-level contexts (Szerb et al. 2013). In our analysis, the focus is on the regional dimension, which is a useful level of analysis for three reasons (ibid.). First, most entrepreneurial businesses operate locally or regionally and are therefore subject to local or regional contextual influences. Second, particularly in larger countries, there exists significant variation in industry structure and economic base across regions. Third, a regional focus offers practical benefits, as the EU systematically collects harmonized data across EU regions. Our focus on regions also resonates with a substantial body of literature on the intersection of regional economic development and entrepreneurship (Acs and Szerb 2009, 2010, 2011; Acs et al. 2013a, b). In our analysis, the Regional Entrepreneurship and Development Index (REDI) as developed in the European Commission report of Szerb et al. (2013) is used.

In recent years, cultural and/or creative entrepreneurship has been presented as a specific research and practice field (see e.g. Lindqvist 2011; Meisiek and Haeffliger 2011; Klamer 2011). The definition of cultural¹ entrepreneurship adopted within this article refers to the concept first introduced by DiMaggio (1982), based on the reflection that actively maintaining a network of contacts, seeking ways to stimulate the interest of curators and critics, engaging in self-marketing activities such as branding, and proactively seeking to increase sales constitutes a form of entrepreneurship (Klamer 2011). Sherdin and Zander (2011) define cultural entrepreneurship as “the discovery and pursuit of new art ideas, using a multitude of artistic expressions and organisational forms as vehicles by which to express and convey these ideas to the public” (p. 3). The presence of micro-enterprises in the art sector gives an extended meaning to entrepreneurship, given the parallels between art organizations and small and medium enterprises (SMEs) (Moureau and Sagot-Duvaurox 2010; Fillis and Rentschler 2005; Fillis 2000, 2004). The main difference between a general

¹Throughout the article we use cultural entrepreneurship as denoting both the firms in the cultural as well as creative sector.

entrepreneur and a cultural entrepreneur concerns the roles of profit and creation of wealth: profit is not the main drive behind cultural entrepreneurs' activity. Despite embracing one definition and approach of cultural entrepreneurship, we argue that there is a clear need to investigate more deeply whether, how and why cultural and creative entrepreneurship differs from other varieties of entrepreneurship.

An important question guiding the development of the hypotheses of this study regards the influence of entrepreneurial development on organizational performance. Studies on entrepreneurial orientation (individual aspects of the REDI index) began in the early 80s, and researchers continually found its effect significant on firm performance (Covin and Slevin 1991; Zahra and Covin 1995; Dess et al. 1997; Lumpkin and Dess 1996). Kreiser and colleagues found a positive relationship between high innovativeness and proactiveness and organizational performance in terms of sales level, sales growth, and gross profit (Kreiser et al. 2002; see also Lumpkin and Dess 2001). Awang et al. (2009) found that different entrepreneurial orientation dimensions (autonomy, innovativeness, proactiveness and risk taking) also help to explain organizational performance. Slater and Narver (2000), Pulendran et al. (2000), and Tay and Morgan (2002) identified significant, positive links between market orientation and organizational performance. Subramanian and Nilakanta (1996) and Tidd et al. (2001) found a correlation between innovativeness and better organizational performance. Van Praag and Versloot (2007) demonstrate the value of entrepreneurship in terms of employment generation and dynamics, innovation, productivity and growth, and individuals' utility. The impacts of entrepreneurship can also include knowledge spillovers and "creative destruction" (Autio 2005, 2007). The existing literature has argued that many of the characteristics of the entrepreneurial process are locally inherent. For example, regional specificities, related to firms' accessibility to financing and innovation needs or to the proximity of scientific and technological infrastructures, are among the most important characteristics that shape regional entrepreneurial and innovative climates (Audretsch and Feldman 1996; Boschma and Lambooy 1999; Feldman 2001; Andersson et al. 2005; Sternberg 2012). In the literature, a positive effect is found between the different dimensions of entrepreneurial orientation and the organizational performance on the national and regional levels. No study has, however, focused solely on cultural firms. We expect to find significant heterogeneity for cultural firms, as we include both "core" arts organizations as well as cultural and creative industries (Throsby 2001; Hesmondhalgh 2002; Miller 2009; Mato 2009) in the analysis. Furthermore, significant differences in terms of observing individual and institutional REDI indicators might be expected. Some of the observable differences may be due to the measurement used, as individual indicators are one-dimensional measures, whereas institutional indicators are mainly composite. Moreover, individual indicators do not take into account the different environmental factors or the efficiency and quality of an institutional setup, which can have a major influence on the quality of entrepreneurship and on the economic and societal impact eventually realized through entrepreneurial action (Szerb et al. 2013).

As sufficient empirical research in cultural entrepreneurship is still lacking, we decided to measure and evaluate the performance of cultural firms by using objective and direct metrics. According to the researcher's preference, measures of turnover, profit, productivity, size, age, and social capital, among others, may be used to define the performance and growth of firms (Song et al. 2007). The performance assessment used within this study is based on management-driven indicators: capital, level of debt, size in terms of employees, and instability of operating revenues. Based on the previous literature review, we expected regional entrepreneurial development, as a value-enhancing instrument, to have an ambiguous, but likely positive, effect on the size of the firm (in terms of employment) and a negative effect on the instability of revenues. Although the evidence is mixed, a firm's mode of financing may also play a role. For example, Modigliani and Miller (1958) examine the effect of capital structure on the firm value and propose that the firms should employ as much debt as possible (Modigliani and Miller 1963). Recent studies also showed a focus shift from the trade-off theory to pecking order theory (Quan 2002; Mazur 2007), which suggests that firms have a particular preference order for capital used to finance their businesses (Myers and Majluf 1984). Owing to the information asymmetries between the firm and potential investors, the firm will prefer retained earnings to debt, short-term debt over long-term debt, and debt over equity. In light of this literature, we assume some positive effects/benefits of debt financing and therefore expect to find a positive effect of regional entrepreneurial development on the level of debt and a negative effect on the level of capital.

Considering the above noted firm measures, the two following hypotheses (with sub-hypotheses) have been developed:

- H1: The Regional Entrepreneurship and Development Index (REDI) has a significant effect on the performance of cultural firms.
- H1a: Higher levels of REDI result in lower instability of revenues of the cultural firms.
- H1b: Higher levels of REDI result in higher employment in the cultural firms.
- H1c: Higher levels of REDI result in higher level of debt financing and lower level of capital financing of the cultural firms.
- H2: The relationship between REDI and the performance of cultural firms is mediated by the sector of the cultural firm and by the dimension (individual/institutional) of the index.

The paper is structured as follows. Section 2 describes our database and the methodological approach adopted. Section 3 outlines the results, tested for robustness, and Sect. 4 discusses the hypotheses with the support of the results and concludes by providing some policy implications of the study.

2 Data and Method

This analysis's dataset was created with Amadeus, a database that compares financial information for public and private firms and covers 43 countries. It presents comprehensive information on Europe's largest 500,000 public and private firms by total assets. For our analysis, we selected 13 European countries: the United Kingdom, Sweden, Slovenia, Slovakia, Poland, Lithuania, Latvia, Italy, Hungary, Germany, France, Estonia, and the Czech Republic.² To discern the firms working in cultural and creative occupations we use a detailed NACE II classification. The firms were organized under three main categories (following the original classification of Söndermann 2010): the market oriented class comprises the commercial, for-profit-activities; the mixed class covers the market oriented and the non-market oriented activities and the non-profit, publicly financed activities or those funded by private donations; and the third class encompasses "related activities with partly cultural activities." (Table 1)

The data used concerned the year 2009; a sample of 39,052 firms from 13 selected European countries were collected. In total, 2820 firms—representing 7.22% of the total number of firms—are cultural firms, of which 1321 belong of either of the above three categories. These firms also represent our final sample in the analysis. Some basic descriptive characteristics of the dataset are presented below (Table 2).

The main independent variable of interest in this analysis is the Regional Entrepreneurship and Development Index (REDI). The REDI (developed in Szerb et al. 2013) introduces a new approach to measure entrepreneurship in EU regions. The REDI index consists of three sub-indices (measuring entrepreneurial attitudes, abilities and aspirations), 14 pillars, and 28 variables. The individual variables are mainly one-dimensional, while the institutional indicators are mostly composites. The index-building logic differs from other widely applied indices in three respects. First, it combines individual-level variables with institutional variables to capture contextual influences. Second, it equalizes the marginal effects of the 14 pillar values. Third, it allows index pillars to "coproduce" system performance. These features set the REDI index apart from simple summative indices that assume full substitutability between system components, making it uniquely suited to profiling Regional Systems of Entrepreneurship in EU regions (Szerb et al. 2013).

As an econometric tool, we use linear mixed models. Mixed-effect models are generalizations of linear models, make use of additional random-effect terms, and are often appropriate for representing clustered, and therefore dependent, data—arising, for example, from data collected hierarchically, from observations of related individuals, or from data gathered over time on the same individuals (see Galwey 2006).

For each variable, we estimate two different models: the reduced model without interaction variables and the full model, including all the relevant interactions.

²The choice of the countries was guided by data availability and geographic representation.

Table 1 Classification of the activities in the three classes

Market oriented class	Mixed class	Related activities with partly cultural activities
47.61 Retail sale of books in specialised stores	60.10 Radio broadcasting	18.11 Printers of daily newspapers
47.62 Retail sale of newspapers and stationery in specialised stores	60.20 Television programming and broadcasting activities	18.12 Other printers
47.63 Retail sale of music and video recordings in specialised stores	85.52 Cultural education	18.20 Reproduction of recorded media
58.11 Book publishing	90.01 Performing arts	32.20 Manufacture of musical instruments
58.13 Publishing of newspapers	90.03 Artistic creation	47.78 Other retail sale of new goods in specialised stores
58.14 Publishing of journals and periodicals	91.01 Library and archives activities	47.79 Retail sale of second-hand goods
58.21 Publishing of computer games	91.02 Museums activities	47.89 Retail sale of via stalls and markets of other goods
59.11 Motion picture, video and television program production activities	91.03 Operation of historical sites and buildings and similar visitor attractions	47.91 Retail sale via mail or houses or via internet
59.12 Motion picture, video and TV program post-production activities		
59.13 Motion picture, video and television program distribution activities		
59.14 Motion picture projection activities		
59.20 Sound recording and music publishing activities		
63.91 News agency activities		
71.11 Architectural activities		
73.11 Advertising agencies		
74.10 Specialised design activities		
74.20 Photographic activities		
74.30 Translation and interpretation activities		
77.22 Renting of video tapes and disks		
90.02 Support activities to performing arts		
90.04 Operation of arts facilities		

Source: Elaboration on the basis of Söndermann's classification (2010)

Table 2 Descriptive statistics of the main variables in the studied sample of cultural and creative firms

Sector	%	N	
Market oriented firms	72.98	964	
Mixed oriented firms	9.46	125	
Related activities' firms	17.56	232	
Total		1321	
Variable	Average	Median	n
Operating revenues	235,975.00	66,630.00	1077
Employment	12.52	4.50	1119
Capital financing	187,443.70	2160.00	1031
Disposable cash	86,854.13	3985.50	978
Level of debt	156,718.20	10,223.00	1025

Source: Own calculations

The reduced model reads as follows:

$$depvar_{ij} = \alpha + \beta_1 REDI + \beta_2 X_{2ij} + \beta_3 Z_{3ij} + b_{i1} country_{1ij} + b_{i2} region_{2ij} + \epsilon_{ij}$$

$$b_{ik} \sim N(0, \psi_k^2), Cov(b_k, b_{k'}) = \psi_{kk'}$$

$$\epsilon_{ik} \sim N(0, \sigma^2 \lambda_{ijj'}), Cov(\epsilon_{ij}, \epsilon_{ij'}) = \sigma^2 \lambda_{ijj'}$$

where:

- *depvar* is the dependent variable: the instability of operating revenues (measured as the variance of the operating revenues of the past 3 years); employment (in number of employees); firm's capital (in logarithms); and firm's level of debt (in logarithms) for firm *i* in group *j*;
- *REDI* is the (logarithm of) the value of the Regional Entrepreneurship and Development Index;
- *X* is a vector of additional variables, encompassing (logarithm of) GDP per capita, sector variables and their interactions with *REDI* variables;
- *Z* is a vector of control variables, encompassing, among others, balance sheet items, profit and loss account items, current, monthly and annual market capitalization figures and ownership variables;
- *country* and *region* are the random effect regressors;
- ψ_k^2 are the variances and $\psi_{kk'}$ the covariances among the random effects, assumed to be constant across groups;
- ϵ_{ij} is the random error component;
- $\sigma^2 \lambda_{ijj'}$ are the covariances between errors (*j* and *j'*) in group *i*.

3 Results

The main results of this paper are presented in the following tables. Table 3 shows the results of linear mixed modelling of the influence of REDI and other main independent variables on the performance measures of the firms. First, we can observe that the main relevant variable is at the country-level, namely GDP per capita. Its higher value is related to the lower instability of revenues, to higher employment and to lower capital financing. For the level of capital we also find a relationship with the REDI index: the mixed oriented firms have, in general, a higher level of capital than the related/partly cultural activities (the reference group). However, those with a higher level of regional entrepreneurial development tend to have an additional negative effect. On the basis of the financial theory previously mentioned,³ we would assume that debt financing is preferred to capital financing, at least to a certain extent. Therefore, this can be interpreted as a sign of sound financial policy of the firms related to higher regional entrepreneurial development.

Furthermore, the market oriented firms tend to have a lower extent of debt financing than partly cultural firms in general, while the market oriented firms in higher REDI countries tend to have a higher extent. Interestingly, the REDI itself is in general associated with a higher level of debt financing, confirming the previously explained findings of other literature.

Table 4 displays the results obtained by including the individual and institutional dimensions of the REDI. Again, one of the main predictors is the level of GDP per capita, which is related to the performance measures in the same manner as in Table 3. Noticeably, there is a difference between the two dimensions of the REDI index as related to the level of employment. The market oriented firms with a better institutional REDI index have slightly higher employment than the partly cultural ones, while the opposite holds for the market oriented firms with a higher individual REDI index. In a previous work, the authors attributed higher levels of employment of cultural firms to their overall inefficiency (see Vecco and Srakar 2017). In this manner, the findings can be explained by the market firms' exploitation of the institutional environment for enhancing their "productive" employment while the individual-related factors in market oriented firms are associated to more lean firms and more efficiency in production. Additionally, the results show that the mixed oriented firms have a propensity for—on average—higher capital. Finally, there is a strong (positive) relationship of the REDI to debt financing, as the market and mixed oriented firms have lower levels than the partly cultural ones.

³Related to the topic we could also mention works of DeAngelo and Masulis (1980), Taggart (1985), Ashton (1989), Adedeji (1998), Klapper et al. (2002), Graham (2003), Frank and Goyal (2005).

Table 3 Results of the linear mixed models, total REDI

	Instability of revenues			Employment			Capital			Firm debt						
	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.				
Market oriented	0.0433 [0.37]		0.2906 [0.14]		0.0040 [0.09]		-0.3063 [-0.44]		-0.0782 [-0.57]		1.1234 [0.56]		-0.2228 [-3.62]	***	-2.2312 [-2.44]	**
Mixed oriented	0.4249 [1.50]		2.0317 [0.30]		0.0406 [0.37]		0.3887 [0.28]	***	-0.8260 [-2.67]	***	10.2229 [2.57]	**	-0.7878 [-5.66]	***	-1.9442 [-1.08]	
Log GDP pc	-5.1493 [-2.74]	***	-5.1575 [-2.74]	***	3.0694 [2.20]	***	3.0546 [2.20]	**	-2.1626 [-2.16]	**	-2.1715 [-2.19]	**	-0.4547 [-0.93]		-0.4844 [-1.00]	
Log REDI	0.6511 [1.61]		0.6775 [1.58]		-0.1620 [-0.98]		-0.1817 [-1.03]		-0.2617 [-0.48]		-0.0681 [-0.12]		0.5744 [2.37]	**	0.4160 [1.67]	*
Market × IREDI			-0.0599 [-0.12]				0.0756 [0.44]				-0.2949 [-0.60]				0.4900 [2.20]	**
Mixed × IREDI			-0.3816 [-0.24]				-0.0847 [-0.25]				-2.6886 [-2.79]	***			0.2834 [0.65]	
Nr. Obs.	1513		1513		1513		1513		1513		1513		1513		1513	
Wald chi2	491.44	***	489.91	***	940.36	***	939.45	***	641.41	***	651.97	***	2362.95	***	2372.10	***
Log restr.likelih.	-1059.8		-1058.1		-1937.8		-1938.7		-3504.2		-3499.2		-2316.6		-2314.7	
Var country	0.6314		0.6344		1.3574		1.3504		0.6660		0.6582		0.3484		0.3489	
Var region	0.1196		0.1185		0.0000		0.0000		0.5364		0.5353		0.2061		0.1910	
Var residual	1.2555		1.2576		0.8323		0.8328		2.3451		2.3407		1.0662		1.0668	
LR vs. lin. regr.	12.58	***	12.42	***	282.19	***	277.94	***	102.16	***	96.91	***	97.38	***	97.84	***

Notes: In all models all controls are included. Statistical significance: ***1%, **5%, *10%. In parentheses are the z statistics
Source: Own calculations

Table 4 Results of linear mixed models, individual and institutional REDI

	Instability of revenues			Employment			Capital			Firm debt					
	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.	Coef. [z]	Sig.			
Market oriented	0.0407 [0.35]		0.4875 [0.11]		0.0051 [0.11]		2.0966 [1.01]		-0.0804 [-0.59]		4.1191 [0.70]		-0.2245 [-3.65]	***	-2.5566 [-0.96]
Mixed oriented	0.4226 [1.49]		4.9324 [0.34]		0.0451 [0.41]		4.7330 [0.99]	***	-0.8426 [-2.72]	***	30.1434 [2.22]	**	-0.8066 [-5.80]	***	-8.9742 [-1.45]
Log GDP pc	-5.7044 [-2.80]	***	-5.8228 [-2.83]	***	2.9278 [2.13]	**	2.8583 [2.17]	**	-1.7746 [-1.67]	*	-1.7439 [-1.65]	*	-0.2145 [-0.49]		-0.2957 [-0.65]
Log REDI Individ	-0.5260 [-0.37]		-0.4741 [-0.29]		-0.4716 [-1.05]		0.0072 [0.01]		0.9382 [0.64]		1.7129 [1.04]		2.3491 [3.76]	***	2.1977 [3.07]
Log REDI Inst	1.2292 [1.41]		1.2547 [1.25]		0.0933 [0.30]		-0.1495 [-0.46]		-1.1367 [-1.19]		-1.3438 [-1.34]		-0.5350 [-1.33]		-0.5960 [-1.39]
Market × IREDInd			-0.3308 [-0.18]				-1.1629 [-1.73]				-1.5509 [-0.80]				-0.0879 [-0.10]
Market × IREDInst			0.2216 [0.18]				0.6519 [1.96]	**			0.5408 [0.57]				0.6280 [1.47]
Mixed × IREDInd			4.7596 [0.84]				-1.9212 [-1.26]				-6.1933 [-1.42]				2.7813 [1.41]
Mixed × IREDInst			-5.6688 [-1.12]				0.7993 [1.16]				-1.1169 [-0.56]				-0.8390 [-0.94]
Nr. Obs.	1513		1513		1513		1513		1513		1513		1513		1513
Wald chi2	489.38	***	487.91	***	939.43	***	944.28	***	643.51	***	653.63	***	2412.88	***	2415.51
Log restr.likelih.	-1058.0		-1050.6		-1937.1		-1933.0		-3501.9		-3492.3		-2311.3		-2305.9
Var country	0.6694		0.6756		1.3235		1.2677		0.6387		0.6275		0.2550		0.2709
Var region	0.1094		0.1148		0.0000		0.0000		0.5475		0.5407		0.2044		0.1967
Var residual	1.2567		1.2591		0.8326		0.8325		2.3440		2.3419		1.0647		1.0647
LR vs. lin. regr.	7.70	**	7.67	**	275.57	***	270.88	***	89.16	***	80.28	***	33.62	***	35.48

Notes: In all models all controls are included. Statistical significance: ***1%; **5%; *10%. In parentheses are the z statistics
Source: Own calculations

4 Discussion and Conclusion

In this section, findings of the study were presented and discussed according to our hypotheses. We did not find strong evidence to support the sub-hypothesis H1a. It seems that country-level and general welfare factors, such as GDP per capita, are more related to the (in)stability of revenues. Likewise, no strong evidence for H1b has been identified. GDP per capita was significantly more related to this performance measure. This was interpreted in light of previous findings (e.g. Vecco and Srakar 2017). Nevertheless, we found evidence indicating that the market oriented firms with a better institutional REDI have higher employment than the partly cultural ones, while the opposite holds for the market oriented firms with a higher individual REDI index. On the other hand, we found positive evidence for H1c and H2, specifically for the level of capital (the mixed oriented firms have, in general, a higher level of capital than the partly cultural activities, while the ones with a higher level of regional entrepreneurial development tend to have an additional negative effect) and debt financing (the market oriented firms tend to towards lower values than partly cultural firms in general, while the market oriented firms in higher REDI countries tend to have a higher level of debt). Moreover, there is some evidence that market oriented firms with a better institutional REDI have higher employment than the partly cultural ones, while the opposite holds for the market oriented firms with a higher individual REDI. To corroborate these results, some robustness checks have been performed' they are not presented here due to limited space. First, we performed the basic correlations and linear (OLS) regressions using the same variables as in Tables 3 and 4. We found significantly more relationships between the REDI and the performance criteria, although fully in line with the above findings (and the initial two hypotheses). The REDI is, on the one hand, strongly and negatively related to the instability of revenues and to the level of capital; and on the other, strongly and positively related to the levels of employment and debt of firms. This observation would go in line with the above findings, but it provides some evidence that it is country level variation (included as the top hierarchical level in the linear mixed models) in the REDI that changes the significance of the findings. Only when including both levels do the coefficients in the models change in their statistical significance. Future research could implement the findings of this study on an EU-wide scale in order to gain further insight into these observations.

We performed the analysis using many different combinations of independent variables, employing a superior hierarchical level of an entrepreneurial regime (following e.g. Dilli and Elert 2016) and a more common welfare regime, following Esping-Andersen (1990). Not many varying results were found. The analysis through the use of this additional level is under-researched and as there is no consensus on the specific classification of individual countries (e.g. whether Germany belongs to the

Mediterranean or Continental regime, see Dilli and Elert 2016⁴), we decided against presenting these findings. More research is needed to clarify these regime classifications. Furthermore, some policy recommendations could be mentioned. Through this analysis, we were unable to confirm that the regional dimension is very strongly related to the performance of cultural firms. Nevertheless, the relationship to the type of financing has been confirmed. To stimulate cultural entrepreneurship at the European level, policymakers should focus on the regional dimension in terms of the modes of firm financing. Better measures of performance success may need to be identified first.

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⁴In the robustness checks we included both the Dilli and Elert (2016) classification, as well as the more common welfare regime and capitalism systems' typologies; no significant differences in the main results were observed.

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When Culture Meets Economy

The Role of Art, Culture and the Creative Industries in Regional Innovation Systems

Harald Pechlaner and Elisa Innerhofer

Abstract Art and culture stand for themselves, but are also key factors for corporate and entrepreneurial, as well as for social and economic, development. Regional and tourism research recognize art, culture and the creative industries as potential resources for the competitiveness of regions and destinations and as valuable factors in attracting businesses, residents and guests. Considering regional innovativeness generated within regional innovation systems, art and culture are essential components stimulating the innovative potential of individuals, entrepreneurs and organizations. However, the location or region must provide conditions and location factors that attract creative industries. Additionally, regional innovation systems require the establishment of platforms and networks in which art, culture, creative industries, and companies from other branches can mutually enrich and reinforce each other.

In order to create a platform and to approach and analyze different questions and aspects related to the interconnections of economy and culture, Eurac Research, in cooperation with the Free University of Bozen-Bolzano, initiated the conference format “Culture meets Economy.” Out of this conference format, a case study analysis arose, focusing on the regional innovation system in South Tyrol and the role of art, culture and the creative industries within this innovation system. The following paper presents selected results of the conferences and of the study carried out in this context.

Keywords Culture • Economy • Regional innovation system • Creative industries

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1 Introduction

Whether in science or in practice, there is a general agreement that art, culture and the creative industries¹ are key factors for development and growth (e.g. Bertram 2012; Pechlaner et al. 2009). There is growing interest in the role of art, culture and the creative industries in generating wealth, creating jobs and innovational developments, and raising competitiveness. From the perspective of regional development, the importance of art, culture and the creative industries for the economic success of a location, destination, or region and their influence on the quality of life are not questioned. Both politics and economy have recognized art and culture as territorial and regional factors affecting the level of attractiveness (Pechlaner and Lange 2009).

Florida (2004) describes diversity and creativity as basic drivers of innovation and regional and national growth. He showed that places with a high concentration of creative classes tend to rank highly as centers of innovation and high-tech industry. One of the central arguments of his studies concerns the decline of physical constraints on cities in recent decades, thereby allowing creativity to become the principal driving force in the growth and development of cities, regions, and nations (Florida 2005).

Thus, creative industries can significantly contribute to the revitalization and stimulation of a city, district or region. Therefore, the settlement and establishment of the creative industries as well as the attempt to provide places and spaces for artists and cultural players are central concerns in economic and regional development. Creativity and economy belong together; they influence each other. Creativity is an essential, intangible resource for successful entrepreneurs and for an innovative and revolutionary entrepreneurship (Lange et al. 2009; Bertram 2012). Even though it is not the primary mission and task of art and culture to serve the economy, they are important location and competition factors and essential parts of innovation systems. They can transform places to points of attraction for guests and regions to attractive living spaces for residents or attractive locations for companies and they essentially influence the image and the reputation of regions, destinations and locations (e.g. Simma 2009; Innerhofer et al. 2016). In this context, the following questions arise: Which influences do art, culture and the creative industries have on the economy as a whole and how are they connected to other sectors? Which role do they play in the context of regional innovation and development?

The authors want to point out that art and culture certainly stand on their own, but the focus of interest is the link between art, culture and creativity to central business and economy-related questions, which is also increasingly discussed by the scientific community.

¹The authors refer to a very general definition of creative industries, which includes those with a commercial focus and those with a non-profit focus. Creative industries are industries which have their origin in individual creativity skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property (DCMS 1998).

In order to approach and analyze different questions and aspects related to the interconnections between economy and the creative industries in South Tyrol, Eurac Research initiated, in cooperation with the Free University of Bozen-Bolzano, the conference format “Culture meets Economy.” Out of this yearly conference, which was established as a networking platform, several scientific studies arose. On the following pages, selected results of the conferences and research results of a study analyzing the regional innovation system in South Tyrol and the role of the creative industries are presented. The main aim of the paper is to deepen understanding of how art, culture, and the creative industries can affect a region’s innovation performance and which role they play in a regional innovation system.

2 Regional Innovation Systems and Creative Industries

Over the last years, researchers have emphasized the local character of innovation processes and have perceived the region as a locus of innovation (Isaksen 2001). Different innovation theories with a territorial focus arose, which perceive spatial proximity as a competitive advantage. Such a territorial approach is the result of regional innovation system theory, which emphasizes the role of local environment as well as face-to-face relations and cooperation in the innovation process. Spatial proximity is perceived as facilitating knowledge exchange and is as such perceived as crucial for innovative creation (Gust-Bardon 2012).

A regional innovation system is defined by the interplay of institutions, policies, and agents and their cooperation to create innovative results. Scientific approaches of regional innovation systems focus on an analysis of this interplay and on an explanation of how innovation is generated in a certain regional area (Sleuwaegen and Boiardi 2014). Following the definition of Doloreux and Saeed (2005), a regional innovation system is a social system that involves systematic interactions between different (public and private) actors, whereby their patterns are able to increase the learning capabilities of a region.

Regional innovation systems are mainly characterized according to their geographical origin. In analyzing innovation and its processes, great emphasis must be placed on the interactions between public and private actors and entrepreneurs and institutions in guiding and sustaining innovation (Carlsson et al. 2002). Their interactions are influenced by locally and culturally shaped behavioral patterns, values, attitudes, and skills as well as cultural and traditional artifacts. Interaction between players and agents also includes knowledge sharing. Sharing knowledge demands common social and cultural comprehensions, otherwise relations between actors involved in the innovation process can be blocked (Doloreux 2002). Important roles in knowledge sharing and knowledge diffusion are played by proximity, local synergies, and the presence of trust-based personal contacts (Vaz and Nijkamp 2009; Storper 1997). Spatial proximity enhances trust-based contacts, which encourages knowledge sharing. Due to their importance for regional innovation and regional growth, spatial proximity and knowledge sharing can be defined as the

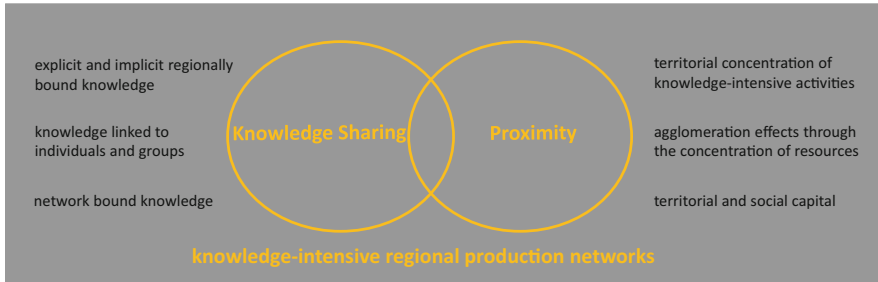


Fig. 1 Two central features of regional innovation systems. *Source: based on Pechlaner and Innerhofer (2016)*

two central features of regional innovation systems (Fig. 1) (Koschatzky 2001; Pechlaner et al. 2012). Several authors (Cooke et al. 1997; Benz 2007; Bachinger 2012) emphasize the role of trust, social capital, and coordination in such a system, as these factors help to avoid only a select few of players having the possibility to access resources and to benefit from the network.

The actors and players in a regional innovation system are different in nature. Players include individuals with organizational backgrounds, such as firms, associations, or public entities. Associations and clusters or entrepreneurial networks, however, also play an important role in innovation systems. All have different backgrounds, interests and objectives, but strive for a common goal and join forces in order to reach it (Koschatzky et al. 2014). Other important actors of regional innovation and development include regional institutions of research and locations of education and technology transfer, such as universities. Collectively, universities act as a powerful creative hub in regional development (Florida et al. 2006). Last but not least, the creative class plays an important role as a driver of regional innovation (Florida 2002) (Fig. 2).

Due to the impacts of creative industries on regional development and competitiveness, attracting the creative class is one of the major concerns of regional development. In order to attract members of the creative class, public and private actors responsible for regional development put emphasis on the characteristics of places that seem to appeal to the creative class, because they do not decide where to live based on traditional considerations, such as access to natural resources, shopping centers, or attraction points. They choose places based on the availability of quality experiences, the openness to diversity, and the opportunity to validate their identities as creative people (Florida 2002). According these studies, diversity is a central characteristic of places that attract the creative class. They prefer a regional environment in which a certain openness to new ideas and diversity exists, where people with different racial and ethnic backgrounds, economic statuses, sexual orientations, and national origins live.

Within a regional innovation system, creative industries play different roles. They are a major source of innovative ideas and thus contribute to the respective region's innovative potential. They offer services that may serve as innovative

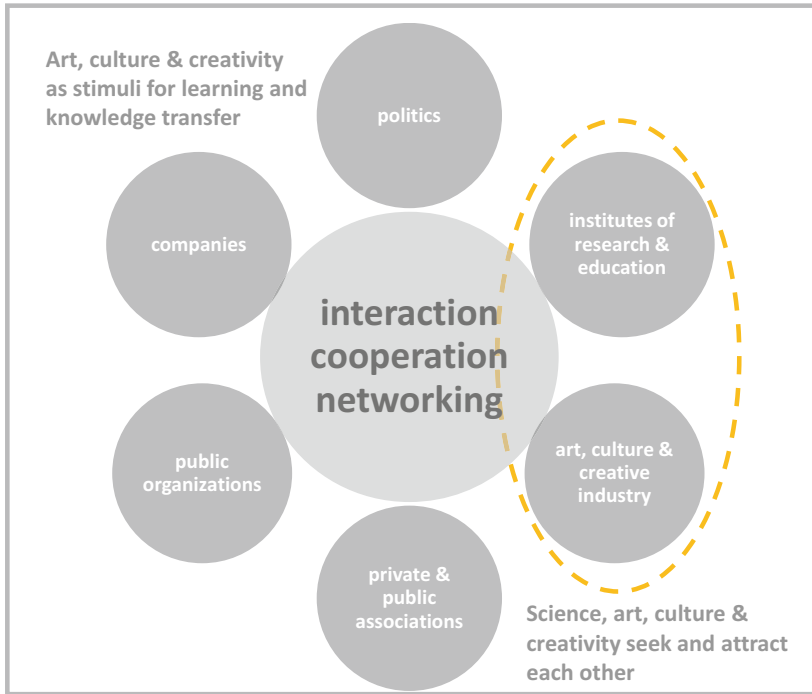


Fig. 2 Actors and players within a regional innovation system. *Source: based on Pechlaner and Innerhofer (2016)*

inputs to other sectors and companies. In addition, they intensively use technology and often demand new technological developments, thereby putting pressure on technological producers to invent (Müller et al. 2009). Creative industries are among the most innovative sectors supporting other industries in the generation of ideas, marketing and product development. This is partly due to the fact that creative industries are often engaged in networks and networking clearly helps to support innovation (Georgieff et al. 2008; Bachinger 2012). Furthermore, creative industries are often in cooperation with the scientific sector, and, because of the heterogeneity of the sector, often have to develop cross-sector networking abilities (Kimpeler and Georgieff 2009). However, due to the high percentage of small- and medium-sized businesses (SMEs) engaged in the creative industries, the less formalized innovation processes, and the importance of intangible goods, it is very difficult to measure innovation and traditional indicators often fail (Hill 1999).

Thus, in a regional innovation system, art, culture, and the creative industries serve as sources of inspiration for regional innovation. They can provide stimuli for learning and knowledge transfer (knowledge sharing) and contribute significantly to the regional knowledge base. Therefore, art, culture, and the creative industries promote and enhance regional innovation systems (Schleich 2005; Etzkowitz and Leydesdorff 2000).

In order to describe the role of the creative industries in regional innovation systems, Kimpeler and Georgieff (2009) propose the definition, that creative industries can be described as a sectoral innovation system characterized by local and regional features. The companies and entrepreneurs belonging to one creative industry develop a specific and unique knowledge base and organizational structure, enabling them to cooperate with companies from other branches and sectors. They develop sector-specific competences, learning processes, goals, and business models, which they develop further by location-based cooperation and high cross-sector mobility of experts in the region. The generation and sharing of knowledge through cooperation occurs not only with companies from the same branch, but also with those from other sectors. This characteristic makes them important players in a regional innovation system.

3 Case Study South Tyrol

Bolzano, a city in the autonomous province of South Tyrol (Italy) is a region in the European Alps, at the Northern border of Italy, with a population of 520,891 people (ASTAT 2016a, b). The region is characterized by German- and Italian-speaking people in specific cultural contexts. Due to its geographic position between Austria and Italy, it can be referred to as the bridge between the North and the South, or between German- and Italian-influenced culture. South Tyrol's location as a meeting point between two cultures and its bilingual reality are important aspects for regional innovation and competitiveness as well as for product development in tourism and the image of the region as a tourist destination.

The economic context is characterized by small- and medium-sized businesses (SMEs), necessitating cooperation in regional and destination marketing and development and innovation [92.4% of the companies are SMEs with less than nine employees (ASTAT 2016a)]. Due to its economic structure and parameters, such as the regional competitiveness index of the European Commission, according to which South Tyrol is placed at position 160 (European Commission 2017), or the expenditures in Research & Development, which are very low (ASTAT 2016b), Kofler et al. (2017) defined South Tyrol as a special case in terms of the regional innovation system and as such deemed it worthy of being analyzed.

South Tyrol is also a location for research and science. With the Free University of Bozen/Bolzano, South Tyrol is home to a university. In addition, research institutes, such as Eurac Research Bozen/Bolzano, the Fraunhofer Institute, and the research center for agriculture Laimburg are located in the region.

However, in order to generate innovation and prosperity on a regional level, actors and players must be integrated into the region's broader creative system. In the next paragraph, the regional innovation system in South Tyrol, a result of the integration of various players, will be presented. Special focus will be placed on the role of art, culture, and the creative industries as important players within the regional innovation system in South Tyrol.

The following results stem from a research study conducted by the authors in 2015. The qualitative study “Kreativ-Hotspot Bolzano Sud—the role of art and culture in the development of urban spaces” aimed to analyze and discuss the roles of art, culture, and the creative industries in the development of the industrial area Bolzano Sud. Besides a comprehensive literature research, interviews with entrepreneurs and artists and representatives of the creative industries were conducted. The Interviews were analyzed and evaluated with GABEK, a qualitative analysis software (Zelger 1994; Zelger et al. 2008).

3.1 Regional Innovation System in South Tyrol

Due to the fact that the economy in South Tyrol is characterized by small- and medium-sized businesses working in cooperation with each other, networking, cooperative development, and marketing are important competences and strategies for competitiveness in global markets. In a network analysis on SMEs in South Tyrol, Kofler et al. (2017) analyzed the role innovation plays in inter-firm linkages. Their study shows that, in the field of innovation, relations are not purely based on market logic and linkages between firms, institutions and research institutes are not enough to be innovative. It is the social system and the relational and social aspect of embedment and trust which are of foremost significance.

There is one regional public management organization responsible for innovation, development, and marketing: IDM Südtirol—Alto Adige (IDM Südtirol—Alto Adige 2017). This public management and local development agency might be described as the focal point or the heart of the regional innovation system. The organization aims to increase the competitiveness of local companies via the more efficient management of destination and location. The common goal of the players represented by the agency is to make South Tyrol “the most desirable place to live in Europe” (IDM Südtirol—Alto Adige 2017). One integrating element for the region is the common brand. Brand management is one of the core responsibilities of the public management agency IDM.

IDM tries to promote export and trade, advertise South Tyrolean products on international markets, and increase and improve the awareness and reputation of the region. The agency is engaged in tourism marketing, encourages the establishment and foundation of new firms (start-ups), and supports existing companies in innovation development (IDM Südtirol—Alto Adige 2017).

Additionally, there are several networks of private organizations, enterprises, tourism businesses, and farmers, which are central parts of the regional innovation system (Pechlaner et al. 2012). Cooperation in the field of innovation is particularly important for SMEs, which often lack financial and human resources necessary for investment. Cooperation based on relations between enterprises is embedded in a local social structure and enterprises’ economic actions depend on the social context (Kofler et al. 2017). Figure 3 shows some of the representative players of the regional innovation system in South Tyrol.

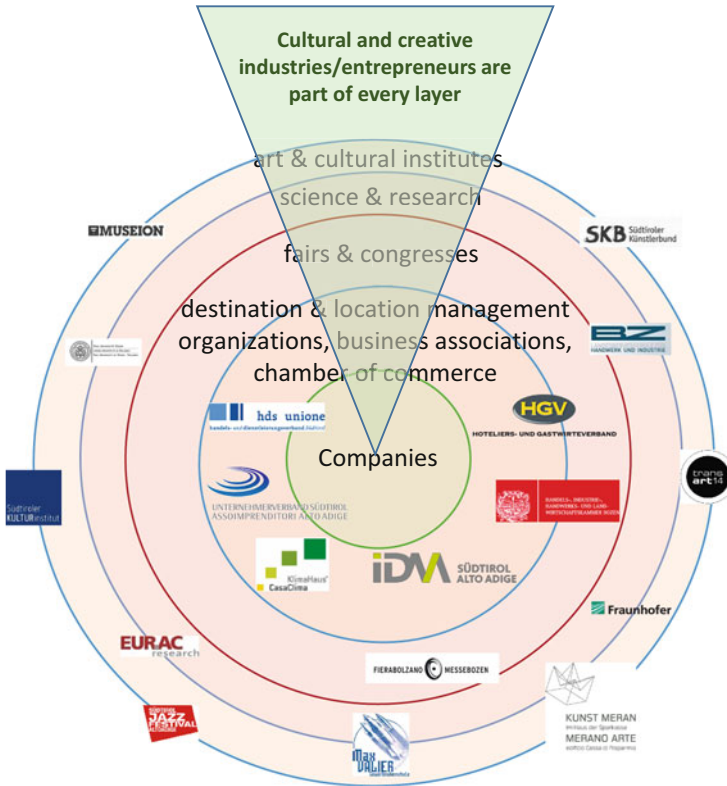


Fig. 3 Selected actors and players of the regional innovation system in South Tyrol. *Source: based on Pechlaner and Innerhofer (2016)*

As can be seen in Fig. 3, the cultural and creative industries as well as the cultural and creative entrepreneurs are part of every layer, and as such it can be said that various private and public players influence the innovation system.

Public institutions and the agency IDM in particular play central roles in the system and have broker positions, especially when it comes to forming networks between the players (Kofler et al. 2017).

The discussion around the study “Kreativ-Hotspot Bozen Süd” conducted by the authors has shown that the local center, or in other words the locus of the regional innovation system, is the industrial area of Bolzano, the capital of South Tyrol. The local population calls this industrial area “Bolzano Sud.” In addition to the 2500 companies and industrial firms in the area, public institutions, regional institutions of research, education and technology, and the fair are located in this district. Eurac Research Bozen/Bolzano and the university have branch offices in Bolzano Sud; additionally, the Fraunhofer Institute has an office there and IDM its headquarter in this quarter of Bolzano. Around 20,000 employees are working in the district and they commute daily from their villages and cities to Bolzano Sud.

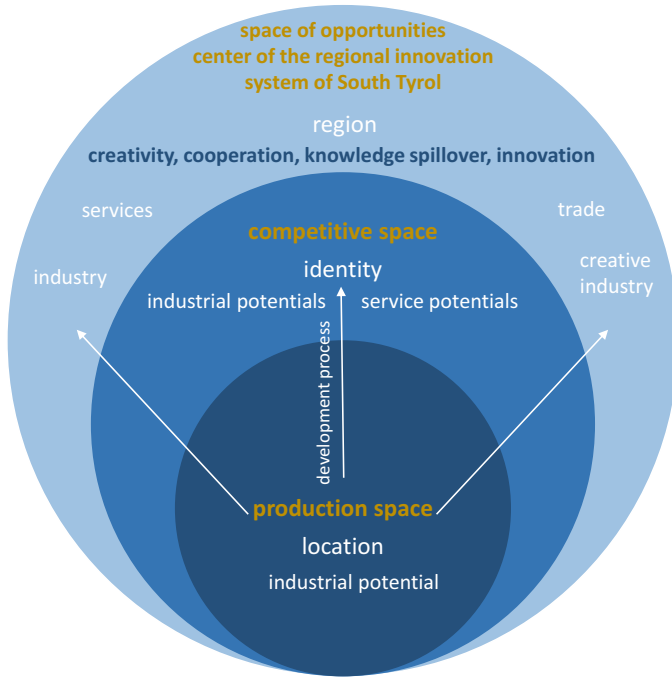


Fig. 4 The transformation of Bolzano Sud. *Source: based on Pechlaner and Innerhofer (2016)*

The industrial zone Bolzano Sud is a place full of history and is fundamental for the social and economic development of the region. The zone is the most important industrial zone and commercial area of South Tyrol. The construction of the industrial area began in the 1930s when fascists arrived to Bolzano and occupied the city. In Bolzano Sud, Italian large-scale industry and a number of new jobs for Italian workers were created (Pixner 1983). In the 1960s and 1970s, the first local companies settled in Bolzano Sud. During the last decades until present day, Bolzano Sud developed a number of innovative and internationally linked companies in a dynamic way and small- and medium-sized entrepreneurs settled in the area.

In the 1930s, the industrial area was a space of pure production. The zone developed into a competitive space, where service companies operated next to manufacturing companies. Today, Bolzano Sud can be described as a space of opportunity for manufacturing and service companies as well as for trade, research, science, and for the creative industries (Fig. 4) (Pechlaner and Innerhofer 2016).

Another very important aspect for the further development of the regional innovation system is the construction of the NOI Techpark Südtirol/Alto Adige. The techpark will be built on a 12-hectare property in the industrial zone of Bolzano Sud. The building will host labs, offices for public institutions and private companies, restaurants, event locations, and cultural and leisure facilities. NOI will offer services for innovation. The park is to become the new knowledge center of

South Tyrol, providing a working environment to attract skilled professionals, not the least of which professionals from the creative industries. Operations will start in 2017 (NOI Techpark Südtirol/Alto Adige 2017). The NOI will be the infrastructural symbol for the fertile context necessary to cooperate and to create networks. It is a place where a mix of public institutions, research institutes, companies, and the creative industries come together.

3.2 Conclusions Regarding the Role of the Creative Industries in the District Bolzano Sud

One part of the research study on the role of art, culture and the creative industries in the industrial area of Bolzano Sud, conducted by the authors, focused on the locational conditions deemed important by the creative class in its settlement in Bolzano Sud. According to the research findings, in addition to a good digital infrastructure, the accessibility of the district, a fast connection to the center of Bolzano, and the mobility within the area are important for the creative industries. In addition, another fundamental location factor is the availability of space, which should be flexible with regard to content and available at favorable conditions and prices. While Bolzano Sud has significant vacancy rates, other aspects are still defective, such as the connection of the district to the center of the city and mobility within the zone. However, the creative industries are showing interest in this location, especially due to its history. The historical contents of the district provide an interesting backdrop for artistic work.

The study has illustrated that Bolzano Sud is already a place where artists and other members of the creative class work. Old industrial sites, for example, are revitalized and used as concert locations, including the old business park Alumix. Several local companies of international standing have their headquarters in the industrial area of Bolzano Sud. The interviews and discussions with the entrepreneurs have shown that some entrepreneurs have a high affinity for art and culture. They recognize art and culture as important sources of innovation and creative industries as important members of a regional innovation system. They are convinced that an innovative area has to give room to industrial production, service companies, and to art and culture. The proximity to, and cooperation with, creative industries is as important as the proximity to the scientific community.

Due to the competitiveness and high impact of creative industries on the regional knowledge base, mixed districts and city quarters that allow industries, service companies, and artists and diverse creative industries to settle down and do business, are important. Another important characteristic of creative industries is that they obtain new ideas through the mobility of freelance employees (Kimpeler and Georgieff 2009). The study showed that in order to improve the framework conditions for the creative industries, political and public institutions are temporarily asked to provide available offices and spaces, such as coworking spaces,

where creative industries and other sector companies can meet and share and exchange ideas.

Even though art and culture are already present in the district, it is clear that there is still a substantial need for action in order to bring more artists and people from the creative class to the area. Political and public administrations are called to provide the necessary framework and environment to encourage and stimulate creative, artistic, and cultural works.

The study has shown the importance of the creative industries for innovation within a company and within a region. As such, a fundamental objective of regional governance is to attract the creative industries. Public and private actors responsible for regional development emphasize the characteristics of places that seem to appeal to the creative class.

In the case of South Tyrol, the creative industries could gain importance in an area mainly used as an industrial zone. However, results have also demonstrated that there is still a lot of unused potential. Locational factors, such as digital infrastructure and the accessibility and availability of spaces for favorable prices have to be monitored on a political level. Clear legal regulations are an important precondition for art, culture, and creativity to develop.

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Part III
Creative Industries in the Context of
Regional and Destination Development

Cultural Entrepreneurship and Rural Development: Case Study of Pirot, Serbia

Hristina Mikić

Abstract The objective of this chapter is to provide an analysis and a better understanding of the characteristics, determinants, specific needs and business models of cultural entrepreneurs, as well as their impact on rural development. The chapter is primarily based on data collected during a mapping exercise and investigation of cultural entrepreneurs in Pirot (Serbia) during 2015. An assessment of the main characteristics of rural cultural entrepreneurship as well the impact thereof on rural development has been analyzed through an economic anthropological perspective. The aim of the chapter is to enable an insight into the attitudes and habits of rural cultural entrepreneurs in Pirot, to identify the characteristics and key obstacles of doing business in cultural industries, and to identify typical business models. Classification of cultural entrepreneurs was based on the customized UNESCO model. The material for the analysis includes answers from 187 survey respondents, workshops documentation, and results of group and individual consultations with cultural entrepreneurs and other stakeholders.

Keywords Cultural entrepreneurship • Pirot • Rural development • Cultural industries entrepreneurs • Business models • Cultural economy

1 Introduction

Theoretical bases of regional and rural development are related to models of economic growth and development. There are several theories on their development: classical theory on economic growth, non-classical model of growth, endogenous theories of growth, and new economic geography. The classical theory of economic growth treats territorial development mainly through a polarization model, testing the relations between the center and periphery and causes of the periphery's lagging behind regional development (see: Péroux 1955; Myrdal 1957;

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Hirschman 1958). Regional development inequalities are conditioned by the migration of economic activities and an educated labor force. Neoclassical theory (Solow 1956; Swan 1956) explains economic growth as the productivity of the production factors (labor and capital) and technology. Differences in regional growth rates also exist due to discrepancies in technological development and an increase of capital and the labor force in regions. This theoretical framework is known as an exogenous theory of economic growth because of the way it treats technological progress. Its main idea is that regions will be in convergence in the long run. Territories with lower levels of development will attract those factors of production with greater returns to scale and vice versa, thus leading to the convergence of territorial development. Theories of endogenous development are based on the idea that knowledge and mechanisms of its transfer determine the level of economic growth. Territorial differences in economic growth exist due to the fact that certain territories are not attractive for the accumulation of human capital, which leads to lower level of innovations and growth (see: Romer 1986, 1990; Lucas 1988; Grossman and Helpman 1991). New economic geography explains differences in regional growth by centrifugal and centripetal forces, as well as by spill-over effects (see: Krugman 1995; Fujita and Mori 2005). Historically important in matters of territorial development is the location and agglomeration theory and urban-rural differences in economic well-being (see for more: Fisher and Nijkamp 2013).

Over the past decade, investigation of creativity, innovations, knowledge and culture, and their impacts on shaping territory development pathways, has been the focus of a large number of researchers and policymakers. During the 1980s, several researches showed that creative industries generated high employment and economic growth and that they could provide spillover effects for the economy, attracting high-quality workforces and businesses and spurring creativity and innovation. The growing interest in cultural industries and their impact on the economy contributed to introducing a new concept of economic growth and development. These trends are considered as the “culturalization” of economy (Ellmeier 2003) or the “creativisation” of economy (Mikić 2012, 2017a). In the existing literature, there are different scientific approaches and beliefs regarding the examination of the creative industries concept: those who consider the role of creative industries as a sociological phenomenon (e.g. Gouldner 1979; Horkheimer and Adorno 1979; Jensen 1999), than those who believe creative industries to be an urban phenomenon (e.g. Zukin 1989; Landry and Bianchini 1995; Evans 2001), and those who view creative industries as an economic phenomenon (Throsby 1999; Caves 2000; Potts 2007).

Growing interest in culture and the creative industries influenced the endogenous theories of growth at the end of the 1980s, which resulted in the emergence of a new approach in territorial development. It was based on the assumption that local resources, such as geographical and anthropological specificities, local cultural resources, heritage and natural uniqueness, and identity and symbols, among others, are driving forces for sustainable development. Their rediscovery and valorization, accumulation, and interaction with, and harnessing of, exogenous factors (Ray 2001) are known as neo-endogenous local development.

The vast majority of researches on neo-endogenous cultural-oriented development have focused on urban cultural activities, investment and workforce (e.g. Bianchini et al. 1988; Landry et al. 1996; Pratt 1997; Lloyd 2002; Scott 2000; Markusen and King 2003; Florida 2002; Markusen and Schrock 2010). The main understanding is that an urban environment is more favorable for the agglomerations of cultural business and creative classes than are rural areas, and is consequently more favorable to the development of a city's cultural economy.

At the same time, some authors emphasize that the valorization and exploitation of local cultural assets can drive the revitalization of rural places and sustainable rural development (Ray 1998, 2001; Vanclay 2011). However, the role of the cultural sector in fostering rural development remains on the margins of most research agendas. In the small number of investigations that have been produced, two parallel pathways researching cultural economy can be observed that both consider rural development. The first, known as the "mapping approach," paid attention to mapping and exploring cultural economy on a rural territory to show its size, concentration and dynamics, characteristics, and rate of cultural entrepreneurship and to provide evidence on how it contributes to rural development (e.g. Gibson 2002; Paulsen and Staggs 2005; Sutari et al. 2010; Collins 2004; Bell and Jayne 2010; Lazzeroni et al. 2013; McAuley and Fillis 2005; Bunting and Mitchell 2001; Craft Council 2005; BOP 2012; Brown 2014). The second one focuses on cultural amenities-based rural development. This approach argues that rural territories have many cultural amenities—a cultural landscape, creative capital, a creative class, artists, entrepreneurship milieu (e.g. Wojan 2000; Wojan and McGranahan 2007; Wojan et al. 2007a, b; McGranahan and Wojan 2007; McGranahan et al. 2011), cultural values, a social network, and traditional knowledge and skills (Akgün et al. 2010) that have positive impacts on their growth and development.

Cultural economy's approach to rural development also involves concepts of cultural entrepreneurship and cultural entrepreneurs. In academic literature, there are different descriptive definitions of cultural entrepreneurship and cultural entrepreneurs (see for more Katre 2015). This term appeared for the first time in academic research on the Boston high culture (Dimaggio 1982), but at the time was not specifically defined. In many cases, a definition of cultural entrepreneurship is still in its early stage and is mostly observed from a management perspective—as a process or activity in which entrepreneurs combine different resources in an innovative way to create cultural and economic values (Hagoort et al. 2012; Hausmann 2010). There is also no consensus on an academic definition of a cultural entrepreneur. Various definitions of authors on this term include: a person who is a risk-taker and change agent "who generate[s] revenue from innovative and sustainable cultural enterprises" (Aageson 2008), an artist or creative individual working in the cultural sector (Hagoort et al. 2012; Hausmann 2010; Ellmeier 2003), a person focused on the realization of cultural values (Klamer 2011), or a person producing cultural values and exploiting revenue potentials (Blaug and Towse 2011).

From the policy perspective and evidence-based researches, the term cultural entrepreneurship is used to describe entrepreneurial activities in the cultural sector, where cultural entrepreneurs play a key role. Cultural and creative activities are the source of entrepreneurial actions (Cowen 1998) and pathways through which it can work (Potts 2009).

In this chapter, cultural entrepreneurship has been defined from the perspective of protection and promotion of the diversity of cultural expressions. Cultural entrepreneurship, in this sense, can be seen as a set of activities, knowledge, skills and capacities that create cultural goods or services embodying or conveying cultural expressions. It can be conditionally divided into cultural entrepreneurship, which conveys, creates and preserves traditional or contemporary cultural expressions. Cultural entrepreneurship based on traditional cultural expressions is a combination of traditional knowledge, processes, skills, ways of work, and expressions of the cultural and social identity of certain groups and their heritage. It is predominantly characterized by the continuity in transmission of cultural patterns from one generation to another, a cultural and social importance for the community, a high share of family entrepreneurship, and productive creative capital (a high degree of specialization of techniques and skills). On the other hand, cultural entrepreneurship based on contemporary cultural expressions includes a variety of activities creating new and original solutions, products, services and creative content in modern cultural sector activities, such as design, architecture, home decor, fashion, video production and multimedia, IT, press, and advertising, among others. This type of entrepreneurship is characterized by wittiness in combining techniques, methods, and knowledge and by the application of different degrees of technological, production, organizational, and aesthetic innovations.

This paper is focused on the potential of socio-economic development in the rural part of Serbia, in Pirot, through creative entrepreneurship. It aims at contributing to fill the existing gap in the literature by enabling an insight into the attitudes, determinants, specific needs and habits, and typical business models of rural cultural entrepreneurs in Pirot. The main questions to be validated are: What are the potential benefits of cultural entrepreneurship in the improvement of the social and economic position of rural communities in Pirot? What kind of typical business models of rural cultural entrepreneurship have been developed in Pirot? Are there differences in the characteristics and business patterns of rural creative entrepreneurship compared with non-rural creative entrepreneurship? What are the impacts of economic, social, and structural changes on cultural entrepreneurship development in Pirot?

The research offers conceptual and practical novelties. The paper considers the implications of cultural entrepreneurship from the perspective of rural development and an improvement of the socio-economic position of rural communities. In that sense, it highlights methodological understanding responsive to characteristics of rural creative industries. Empirically, the research could be useful to better understand the determinants of rural creative industries and to support the creation of governmental policies towards rural development based on entrepreneurship within the creative industries.

The chapter is organized as follows: the introduction, where we give an overview of the relevant literature and empirical evidence on creative entrepreneurship and rural development, is followed by an historic overview of cultural entrepreneurship development in Pirot. In the third section, the methodology of research and the method of data collection are explained. The fourth section provides the main findings of research and discussion of results. The last part of the paper presents the conclusions, concrete recommendations for rural development practices, and suggestions for further research.

2 Historical Overview of Cultural Entrepreneurship Development in Pirot

Pirot is a municipality in the south of Serbia, on the border of Bulgaria. The initial settlement was established near *Via Militaris*, called the Tsargrad road. The area, according to OECD rurality criteria (density < 150 inhabitants/km²), stands for a dominantly rural region with an average population density of 47 inhabitants/km². The municipality is characterized by a high share of processing industry in total employment, extensive agriculture with low income of agricultural households, and a low degree of economic structural diversification, but is also characterized by rich biodiversity.

Pirot has always been well known as a crafts and trading community, and according to data covering the period between its liberation from the Ottoman Empire and the Second World War, a total of 3641 crafts were located there (Jovanović 2012). Many cultural entrepreneurship activities that made Pirot famous have vanished or are now practiced as hobbies due to industrialization and a modern way of life. Today, one can, however, still find rare crafts, such as carpet making, pottery, basketry, and traditional food production in Pirot, unlike in many other places in Serbia.

In the second half of the nineteenth century, a very important branch of cultural entrepreneurship was the home-based production of carpets (known as a *ćilim*). In 1872, a small factory for wool processing was established in Pirot. Its founder and owner was a Turkish man, Ali-Beg (Palare 2010). At the time, Pirot enjoyed the reputation of a trading center. Yet, after the liberation, production of carpets had decreased and was continued as a home-based activity, which in 1890 employed around 1000 women in the town (10% of the total population). State-owned production of carpets was established in 1888. At the beginning, the factory functioned as a carpet-making society and later as an association of Pirot carpet makers, which used to provide its members with considerable quantities of wool, under the interest rate of 5%. Members of this association were mainly poor women (Palare 2010). The association had changed its organizational forms during the course of time and the privatization thereof denoted the appearance of the first private cultural enterprises in this field (e.g. *Komodora*, *Limaplas*, *Pirotex*, etc.)

During this century, important entrepreneurial cultural activities also included pottery. Pottery is amongst the oldest crafts in this region. Its development was a result of the intensive movement of military and trade caravans along the Tsargrad road. Pottery craft had primarily risen in the town, but later it expanded to rural areas of Pirot. The pottery guild was amongst one of the first guilds founded in the region in 1840 and had a total of 40 members. It is well known that the potters of Pirot were the main cultural entrepreneurs that expanded this craft in Serbia and in Bulgaria.

This rural area has always been known for its gastronomic products. The preserved nature in the region of Stara planina, its agricultural production, and its cattle breeding created conditions for the development of a dairy industry and the production of cheese and meat. Today, two famous traditional food products from the area are hard Pirot cheese (*kashkaval*) and Pirot pressed sausages (the so-called “ironed sausages”). Both of these products are inseparably linked to cultural entrepreneurship, since the production thereof is based on traditional cultural expressions, knowledge, and processes of production. They have also been inscribed in the National List of Intangible Heritage of Serbia. Certain sources say that Pirot *kashkaval* was one of the most important export products of this region in the past, and that it was served as a specialty in the White House (Mikić 2017a, b). The Pirot cow milk *kashkaval* has been a product with protected geographic indication (PGI) since 2014. Today, it is produced by Pirot Milk High School and by other dairies in Pirot and Dimitrovgrad.

Gastronomic products also include a well-known Pirot pressed sausage, as well as various products known collectively as “Stara planina food.” It is estimated that tradition and knowledge in preparation of this specialty have been transferred from one generation to another for around 100 years. There is no written data about the recipe for the preparation of pressed sausages, but it is believed that it was a result of a meat conservation process implemented by Nomadic shepherds in order to ensure the long durability of the product.

Contemporary cultural expressions of the Pirot region are cherished by younger generations of cultural entrepreneurs. They make modern accessories, souvenirs, and various artifacts. The material primarily used is wool, with beads and decorative artificial stones, rope, paper and the like. Colors, forms and a combination of materials are very modern and tailored to market demands. Cultural products blend personal feelings with aesthetics, including preferred colors and shapes, as well as identity elements of the region. Cultural entrepreneurs of this region mostly use patterns from the Pirot carpet in the design of many useful objects, but also make use of ornaments, colors and different shades of style. Many cultural entrepreneurs started their business experimenting with patterns from the Pirot carpet and creating new products.

3 Data and Methodology

Data on cultural entrepreneurs has been collected through a surveying method and through interviews, focus groups and group discussions. The database of cultural entrepreneurs was compiled from the local business register, nongovernmental directories, and documentation found in local municipalities, such as project documentation, lists of vendors at local fairs, and municipal open calls for grants. The questionnaire survey has been distributed to 217 registered entrepreneurs who do business in the cultural sector, either individually or through social cooperatives, and are residents of the Municipality of Pirot. The response rate was 86.6%. The framework for the classification of cultural entrepreneurs was based on the UNESCO model (UNESCO 2009) adjusted to the local context (for more, see: Mikić 2015a, b). Three criteria were applied to determine cultural entrepreneurs: legal status (sole proprietorship, micro and small cultural enterprises, cooperatives, social enterprises and associations), economic orientation (market as the main source of income) and cultural (symbolic) function (creation, protection and promotion of local cultural expressions). The list of activities covered by this research is presented in Appendix. The survey was conducted in the period July, August, September, and November 2015. It consisted of 32 questions of a predominantly closed-ended type inspired by the Global Entrepreneurship Monitor Methodology (Bosma et al. 2012) and the OECD Framework for Addressing and Measuring Entrepreneurship (Ahmad and Hoffmann 2008), supplemented with questions to gain insights into the characteristics of cultural entrepreneurship in Pirot. The questionnaire had several main sections, including: the attitudes and habits of cultural entrepreneurs; the background of business and family tradition as well as employment issues; production, financing and selling, as well networking issues; barriers for doing entrepreneurship business within the cultural industries; and socio-demographic characteristics of cultural entrepreneurs. The scales adopted were mixed. For some questions, a nominal scale (Yes/No) was used, for others a ranking scale was used, and for yet other questions the assessment was made through a series of statements according to the Likert scale of measuring the strength of respondents' agreement or disagreement. Respondents were offered to select one of the appropriate marks on a scale of 1–5 (5—"strongly agree" 4—"agree", 3—"neutral" 2—"disagree" and 1—"strongly disagree"). Data was analyzed using the Statistical Package for the Social Sciences (SPSS), and descriptive and cross-section statistics were generated. The statistical importance of entrepreneurial determinants and the success of cultural entrepreneurs was tested by a Chi-squared test.

In addition to these sociometric methods, several methods and research principles from the anthropological discipline were employed. Material for the anthropological analysis of cultural entrepreneurship was collected through non-structural in-depth interviews, individual consultation, focus groups and group discussions with 88 entrepreneurs and practitioners of the cultural industries, and from information from local authorities and agencies for regional development. Invited

representatives of the creative industries were recruited via the questionnaire. Selection of participants was aimed at securing sectoral representativeness.

In the period between May and November 2015, 17 consultations and 21 meetings were held with representatives of the entrepreneurial creative industries and local municipality organizations in Pirot. The interview was semi-structural and was supposed to help in generalizing certain findings of the survey, as well as in achieving a better understanding thereof. Group discussions and focus groups were implemented through four workshops. The first workshop addressed the issue of the labor market and employment in rural creative industries. The workshop was attended by 20 participants. The second workshop addressed the issue of financing rural cultural industries and was attended by 23 participants. The third workshop discussed the institutional framework for the development of rural cultural entrepreneurship in Pirot and the protection of cultural expressions and was attended by 23 participants. The last workshop was dedicated to the issue of the promotion of rural cultural expressions and product placement and was attended by 22 participants.

Limitations in research design and data collection mainly refer to the lack of longitudinal data for comparison and the lack of the reliable identification of specific trends within rural creative industries. Furthermore, the survey did not include people working in an informal economy, and it is well known that one of the main features of rural creative industries their work in an informal sector. Moreover, the generated data could not have been checked and compared to a formal source of data, since entrepreneurs are usually statistically “invisible” in official statistics on creative industries (limitations related to the revenue level, registration, submission of financial reports, etc.). The sample based on the data collected referred to only one rural area, and characteristics of rural cultural entrepreneurs could differ depending on the rural context, historic circumstances, and the cultural patterns dominant in one territory. However, the findings suggest that future research should focus on the analysis of the national sample and its stratification on urban and rural areas. This would provide a base for more detailed findings about the differences existing in creative entrepreneurship with regard to criteria on rural areas and would generate detailed conclusions in terms of formulating public policy measures for cultural entrepreneurship at the local level.

4 State and Characteristics of Cultural Entrepreneurship in Pirot

In the municipality of Pirot, there are 217 entities in the sector of creative industries. Creative entrepreneurship data indicates that for every 1000 inhabitants there are three people involved in some economic activity in the creative sector (which is more than the national average of around 1.4 in 1000 inhabitants). This indicates a diversity of local creative entrepreneurship and its development dynamics.

Table 1 Cultural entrepreneurs and cultural employment in Pirot by sectors, 2015

Domains	No of business	Percent	Number of person	Percent	Female	Man
Cultural and natural heritage	52	24.4	650	43.6	320	330
Audiovisual and multimedia	18	8.3	133	8.9	98	35
Visual arts and crafts	58	26.7	235	15.7	161	74
Design and creative services	43	20.3	133	8.9	96	37
Publishing and press	12	5.5	144	9.6	97	47
Performing arts and celebration	3	1.3	58	3.9	44	14
Transversal domains	31	12.1	137	9.2	80	57

The structure of entrepreneurial cultural activities by domains indicates that entrepreneurship based on traditional cultural expressions prevails, with a share of 72%, while contemporary creative entrepreneurship accounts for about 28% of the total number of registered cultural businesses. Table 1 shows that visual arts and crafts (26%) and cultural and natural heritage (24%) have the largest number of cultural entrepreneurs. These are followed by design and creative services (20.3%). The lowest number of cultural entrepreneurs is found among the performing arts and celebration domain.

The structure of cultural entrepreneurs mainly corresponds to the findings of other studies (e.g. Collins 2004; Bell and Jayne 2010; Crafts Council 2005), where the presence of traditional cultural entrepreneurship also dominates.

Gender differentiation in entrepreneurial cultural activities is notable. Men account for around 62% of entrepreneurs; women's participation is much lower and amounts to around 38%. These characteristics are still opposite to the usual gender differentiation in the creative industries, where traditional cultural entrepreneurship (related to handicrafts and artisan cultural products) is mainly dominated by women. A study of crafts conducted by McAuley and Fillis (2005), for example, found that the share of women contributed to 57% of all cultural entrepreneurship, while other studies demonstrated a female share of 65% (BOP 2012; Brown 2014). The domination of women can be related to the flexible production of traditional hand-made products, as well as to the advanced skills and hand precision required in the making of such products (especially in the case of decorative handicrafts).

However, the findings from the Pirot cultural entrepreneurship research fit into general traditional cultural patterns of life in rural areas in Serbia, according to which women mainly take care of children and households. Rural norms restrict women's mobility and employment outside their homes. In many rural places in Serbia, women's entrepreneurship is not accepted well. Even though they are active in cultural entrepreneurship, women do not recognize their participation as a kind of occupation or job. Social norms about appropriate work for rural women causes

many to become housewives. However, based on conducted interviews, most women in Pirot think that cultural entrepreneurship enables them to work at home and to accomplish other household-related tasks. This is why cultural entrepreneurship is observed as very important for the inclusion of women from rural areas in overall **entrepreneurial** activities and for the improvement of their socio-economic position.

Predominance of micro entities has been well documented in several studies (BOP 2012; McAuley and Fillis 2005; Brown 2014; Bell and Jayne 2004). Distribution of cultural businesses per size class in Pirot indicates a dominant participation of micro businesses with up to five employees. Comparing this finding to the average size class of the entire Pirot economy, cultural activities demonstrate a higher level of sectoral and market fragmentation and low capacity for growth. This can be due to cultural entrepreneurship's, small market, the low level of value chain cooperation between cultural entrepreneurs and those in other sectors and the poor networking thereof (e.g. only 32% of cultural entrepreneurs belong to some association, alliance or network), or it could be due to the fact that cultural entrepreneurship is mainly based on traditional cultural expressions with dominating handmade and labor-intensive processes of work. Cultural entrepreneurs mainly do their business as sole traders (68%) and such organization and type of work does not necessarily require networking. The domination of this legal status of business was also recorded in other research as well as the low level of rural entrepreneurs networking (e.g. Bell and Jayne 2010; McAuley and Fillis 2005; Bell and Jayne 2004; BOP 2012). If there is a need for networking, it is most commonly realized in the form of joint production and as a consequence of the complexity of production of cultural goods or services.

When it comes to employment, around 1490 persons are employed in **entrepreneurial** cultural activities on a yearly basis. Full-time employment constitutes 35%, which is around 3% of the total number of full time employees in Pirot. Flexible forms of employment cover around 65% of workforce, out of which the greatest share (72%) includes assisting family members. There are other notable forms of flexibility of entrepreneurial cultural work in rural areas. Unlike urban cultural entrepreneurship, where flexibility is conditioned by project-oriented activities (HKU 2010; Mikić 2015a), rural cultural entrepreneurship is a season-oriented business. The seasonal nature is conditioned by a strong relation between an abundance of natural resources (wool, clay, cattle breeding, etc.), a market for the placement of cultural products (bazaars, fairs, open markets), and the development of the supply chain. To a great extent, the supply chains are simple, with 1–2 entrepreneurs maximum, and rely on local resources. Cultural entrepreneurs play a central role therein, while assisting family members are involved in marketing and the sale of products. Bearing these findings in mind, cultural entrepreneurs do not have a huge supply chain impact on the Pirot economy, but are related to local tourism. The number of tourists visiting several fairs and manifestations promoting cultural entrepreneurship, for example, amounts to 80%, while only 20% visit Pirot for other reasons. The connection between tourism and rural cultural entrepreneurs is confirmed by other studies of rural creative entrepreneurs as a growing

opportunity for rural economic development, opening new markets and producing multiplying effects for other rural businesses (e.g. Bell and Jayne 2010; McAuley and Fillis 2005; Bell and Jayne 2004; Collins 2004; Brown 2014).

The HKU research (2010) identified that more than 80% of creative entrepreneurs hold multiple jobs. Our research shows that the holding of multiple jobs is not a common feature of rural cultural entrepreneurs. Most cultural entrepreneurs (74%) conduct cultural activities as a main job and major source of income for their households, while 28% deal with cultural business as a kind of additional job. These findings are a result of the fact that working culture in this area does not imply diversification of knowledge and skills or frequent job changes. Actually, it is very rare that one competent cultural entrepreneur knows or deals with more than one job. The entrepreneurial model used usually originates from the far past, in which the practice and specialization of a job and its mastery was affiliated to only one guild that evaluated the quality of artisan work.

The tradition of cultural entrepreneurship was reported by 45% of respondents. The continuity of such tradition within the family ranges around 50 years for 2/5 of the respondents, while 35% of respondents reported their family tradition going back as far as around 100 years. From the interviews it was concluded that answers of “around 100 years” actually referred to a time period for which respondents remembered their ancestors, by name, dealing with the same entrepreneurial cultural activities, although the family tales said that their family had dealt with the same entrepreneurship far before. Intergenerational transfer of cultural skills and knowledge and entrepreneurial affinities are very much emphasized. This enables a high level of social capital and insight into market conditions and the recognition of good economic opportunities and identification with positive role models in families.

This is confirmed by results of research on the motives for getting into entrepreneurship activities. Sixty-five percent of respondents stated that they got involved in the job due to business opportunities, while 35% started a cultural business out of necessity and opted for that job in order to solve their existential needs. This group of entrepreneurs mainly includes entrepreneurs that previously worked in other professions before getting into cultural entrepreneurship. Most of the opportunity-motivated entrepreneurs are those with a history of entrepreneurial family tradition. Additionally, the greatest number of opportunity-motivated entrepreneurs belongs to the group of rural tourism households (93%); 82% of those performing entrepreneurial cultural activities do so as a kind of additional job, complementary to the touristic services they offer.

Entrepreneurial cultural activities in Pirot are currently based on the model specific to crafts and home-based production. As we stressed in the previous section, this working model has had two phases throughout history. Characteristics of the first phase included associating into guilds and then into cooperatives. The second phase, present even today, implied working at home, which was coordinated by a commercial company. This business model also included the division of the municipal territory into quarters. Each quarter had a specific number of houses, labeled production units, with heads of production. They controlled the quality of

work, supplied raw materials, and took care of productivity and deadlines. Most cultural products were made against orders. Working within the home was the most common way to work on the loom and to produce other hand-made products, as relevant workforce was mainly composed of women. Social entrepreneurship is specific within other areas as well. Associating into social cooperatives is specific for cultural entrepreneurship based on contemporary cultural expressions and presents the business strategies of new entrepreneurs entering the local market and exploring business opportunities. The interviews with Pirot cultural entrepreneurs have shown that some local entrepreneurs had started with cultural activities as hobbies. After achieving success in their hobbies and finding regular costumers, a lot of them decided to become entrepreneurs. Some creative entrepreneurs indicated that they had worked in social or informal economies some 2 to 3 years before they officially registered their cultural firms. The motives to enter into social entrepreneurial activities were mostly led by economic necessity, while a high level of tax, economic uncertainty and business risks were the main barriers for legal registration.

Significant determinants of continuity in creative entrepreneurship include business opportunities. Causes for the fading of nascent-stage cultural entrepreneurs include the conditions to enter the market and the promotion and placement of products. The fading of cultural entrepreneurs in later phases of business development are caused by the life cycle of products and their maturity, insufficient development of innovations, and a low level of market externalization (e.g. only 32% of cultural entrepreneurs have placed their products in markets outside their local communities), which is recognized as key for the sale of cultural goods and services. Only 15% of respondents sell their products through local stores, 69% sell their products/services directly in their art and crafts workshops or in sales fairs and craft markets, based on the recommendation of friends or satisfied clients (*word of mouth*), while 13% sell their products through intermediaries.

The financing of cultural entrepreneurs mainly relies on two financial sources: market and informal investors (loans from friends and relatives). Market share as a source of financing entrepreneurial cultural activities ranges between 85% and 90% of the total yearly income. The most diversified sources of financing belong to associations and cooperatives: up to 10% from the market, up to 10% from ministries, up to 20% from embassies, up to 20% from the Municipality of Pirot, up to 10% from companies, and up to 20% from EU funds and donors. Cultural entrepreneurs have assessed the financing conditions of their activities as poor (60% of respondents) and moderate (36%).

In terms of respondents' perceptions about the barriers for individual business start-ups, three dominant problems were noticed: an insufficient demand on the local market (50%), a lack of seed funding (47%), and non-transparent conditions for the award of public grants (46%). The distribution of answers about the main barriers between genders is similar, with the remark that more women estimated access to funds as a major barrier to the start of a business. These findings are compatible to cultural patterns of women in rural areas and the levels of their emancipation. There were very few cases where women were owners of

entrepreneurial cultural businesses or possessed property or start-up capital registered in their name. Moreover, they were burdened by gender pressures, such as the neglect of their families on the account of entrepreneurship.

At the end, we tested the statistical importance of entrepreneurial determinants and the success of cultural entrepreneurs. We defined successful entrepreneurs as those who had been in business for more than 4 years, who had more than five employees in total, had not had any interruptions in their business, implemented certain innovation in business, and gained income from selling cultural products/services in markets outside of their local markets. The test demonstrated that several factors had statistical significance on the success of cultural entrepreneurship: the organizational form (χ^2 (df = 3) = 17.005, $p = 0.001$, $C = 0.315$, $V = 0.301$), the presence of entrepreneurial tradition in the family (χ^2 (df = 1) = 10.927, $p = 0.001$, $fi = 0.262$), the investment into innovations (χ^2 (df=1) = 4.058, $p = 0.044$, $fi = 0.164$), and networking and cooperation with other cultural entrepreneurs (χ^2 (df = 1) = 4.191, $p = 0.041$, $fi = 0.168$).

5 Conclusions

The efforts of our research are hereby focused on providing a better understanding of the characteristics, determinants, specific needs and business models of rural cultural entrepreneurship and its impact on rural development. The analysis showed that cultural entrepreneurship can encourage rural community-based development. The dominant home-based business model in cultural entrepreneurship turned out to be very important for the inclusion of women from rural areas into entrepreneurship and for the improvement of their socio-economic position. Although the supply chain in Pirot is simple and cultural entrepreneurs do not have a huge supply chain impact on the Pirot economy, it is still the main source of household income for more than three-fourths of entrepreneurs. Rural cultural entrepreneurship is characterized by specific patterns; they are mainly conditioned by their culture in the rural area and their orientation to traditional cultural expressions. The development of rural cultural entrepreneurship is based on cultural tradition and the inter-generation transfer of skills, knowledge and entrepreneurial affinities. Long tradition enabled the creation of positive role models amongst entrepreneurs, with which younger entrepreneurs are able to identify. The presence of entrepreneurial tradition turned out to be a significant factor influencing the success of entrepreneurial cultural activities. In addition to the aforementioned, the success of entrepreneurial cultural business in Pirot is also influenced by the investment into innovations and the networking and cooperation with other cultural entrepreneurs and entrepreneurs in other sectors of the Pirot economy.

Recognition of the economic aspects of the protection and promotion of rural cultural expressions and cultural entrepreneurship is a pre-condition for their wider inclusion into development processes. Public policies that entirely or individually integrate creative industries must be based on evidence and driven by results. This

requires the mapping of rural cultural entrepreneurship and an adequate statistical-analytical basis for monitoring its development. It is necessary to establish a system to regular monitor rural cultural entrepreneurship at regional and local levels. Baseline indicators should include entrepreneurship demographical statistics, structural business indicators, and characteristics of cultural entrepreneurship. In creating development policies, specific attention should be paid to measures empowering rural cultural entrepreneurship. The identification of unused resources for rural development, the improved valorization of cultural expressions, and the connection of various sectors of rural economies should be put on the top of the rural development agenda. Economic measures of support should be tailored to the specificities of rural creative entrepreneurship, with a specific focus on business cooperation, linking value chains and support to innovations. The rural development agendas should ensure systematic gender mainstreaming. Specific attention should be paid to strengthening female entrepreneurship and creating conditions for the improvement of the position of women living in rural areas as well the improved access to finance for female entrepreneurs.

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Appendix

SIC codes 2010	Activity
<i>Cultural heritage</i>	
9000	Art and entertainment activity
9102/2	Museum, gallery, collection and protection of cultural heritage activity
9104	Botanical and zoo centers and protection of natural values
4779	Antiquities in specialized shops vend
<i>Performing arts and manifestations</i>	
9000	Art and entertainment activity
3220	Musical instruments vend
5920	Publishing of music works and reproduction
4763	Vend of music and video releases
<i>Visual arts and handcrafts</i>	
9003	Labour of art institutions
7220	Research and development
7420	Photographic activity
5819	Other publishing activities
<i>Publishing and press</i>	
9001	Library and Archive practice
5811	Book publishing
5813/14	Newspaper, magazine publishing

(continued)

SIC codes 2010	Activity
5819	Other publishing activities
6391	News agency practice
6399	Service-informational practice
4761	Book and press vend
<i>Audiovisual and multimedia</i>	
9000	Art and entertainment practice
582, 620	Publishing of software and other computer programs
5911	Production of cinematographic works, audiovisual products and TV programmes
5912	Post-production of cinematographic works, TV programmes and other activities
5913	Distribution of cinematographic works, audiovisual products and TV programmes
5920	Reproduction of produced works
5914	Presentation of cinematographic works
6010	Radio programme broadcast
6020	Production and broadcast of TV programme
6312	Data processing, hosting
6391	Web portals
7722	Renting video tapes and discs
4763	Renting of video and music discs
4791	Renting via internet or post office
<i>Design and creative services</i>	
7410	Specialized design activities
731,732	Marketing
7110	Architectural and engineering services
	<i>Transversal fields</i>
85	Education
	<i>Associated areas</i>
	Tourism
	Sport and recreation

Activity	SIC codes 2010
Craft	Cultural heritage
Traditionally prepared and produced meat products	Production of meat product
Traditionally prepared milk products	Milk processing and cheese production
Traditionally prepared herbal products	Production of mill products (flour)
Production of bread, cakes and pastries	Production of baked products
Sweet candy production	Production of cacao powder, chocolate and sweets
Soda production	Production of refreshing drinks
Leather manufacture	Production of leather clothes
Old clothes, garments manufacture	Production of other clothes
Production of national clothes	Production of clothes and garments

(continued)

Activity		SIC codes 2010
Craft	Cultural heritage	
Fur manufacture	Production of fur products	1420
Traditional shoes (<i>opanak</i>) production	Shoe production	1520
<i>Visual arts and handicrafts</i>		
Manufacturing of objects made of leather fragments and textile (patchwork)	Production of normal and travelling bags and leather products	1512
Pottery production	Production of pottery and decorative objects	2341
Blacksmith	Minting, pressing and rolling of metal; dust metallurgy	2550
Artistic treatment of metal (jeweller), silversmith	Production of jewellery and other products	3212
Manufacture production of engravings and seals	Production of other objects	3299
Textile production	Production of textile materials	1320
Loom weaving of kilims, rugs, fabric, silk	Production of kilims, carpets and rugs	1393
Knitting	Production of knitted products	1439
<i>Design and creative services</i>		
Production and restoration of stylized furniture and other wooden objects	Production of home and office furniture	3101
Production and restoration of artistic photographs	Photographic services	7420

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Case Study: Don't Say Street Art, Just Say Fanzara

Rosa Currás and Maria Escriva

Abstract The aim of this work is to present the case study of Fanzara, a small village in the inner province of Castellón (Valencian Community, Spain). This rural locality (323 inhabitants) is home to an aging population and receives many tourists in the summer. In 2014, the inhabitants of Fanzara decided to start a social entrepreneurship project in which urban street art-related artists, painters and entrepreneurs were invited to decorate the walls of the village houses, which would be given up freely by their inhabitants.

The objective was to provide real added value to the village so that its inhabitants could enjoy these cultural initiatives. The initial idea of creating beauty developed into the creation of an “unfinished urban art museum,” where top national and international graffiti artists have participated.

Our work seeks to analyze how the entrepreneurial drive of the people involved in this cultural initiative has placed Fanzara on the world's street art map, revitalizing the village and at the same time creating a sense of community.

Keywords Rural tourism • Street art • Creative industries • Cultural management • Rural development • Entrepreneurship

1 Introduction

In recent years, rural communities have witnessed their economic opportunities reduced due to changes in economic restructuring. The reduction in opportunities results in limited development options; as such, they are forced to look for other ways to sustain themselves, such as through tourism and its associated entrepreneurship opportunities. Thus, tourism can help to create jobs and to raise the living standards (Fleischer and Felsenstein 2000). In particular, the expansion of rural tourism has

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been revealed as one of the strategies that these rural communities adopt in order to revitalize the area (Shaw and Williams 1994).

As in most European countries, Fanzara experienced strong emigration in the late nineteenth and early twentieth centuries from the countryside to urban areas. Cavaco (1995) and Yagiie (2002) highlighted the existence of an opposite trend. During the holiday season, family groups move temporarily to the countryside to spend their summer holidays.

This paper seeks to analyze the case study of Fanzara, a village in the inner area of Castellón, in the province of Valencia, in the East of Spain. The area covers 34.5 square meters, most of which is forested with pine trees and holm oaks. Although the main economic activity consists of rain-fed agriculture, crop yields have been reduced and today less than 100 hectares are being harvested in the whole area of Fanzara (2017).

Until 2014, Fanzara was just like any other village in the inner area of Castellón. It was devoted to agriculture and looking forward to vacation travellers wishing to spend their holidays with their families. Beginning in September 2014, Fanzara became internationally renowned due to its graffiti and the entrepreneurship project carried out by its inhabitants. The project, called MIAU, consists of a festival with a set of activities involving different kinds of art; street art is the most important and well known of all the art performances that have taken place in the village.

Graffiti is probably mostly associated with urban areas, vandalism, and street art, concepts completely foreign for natural and rural spaces with population features such as those of Fanzara. However, today it is not possible to speak about street art without mentioning this small village, as will be demonstrated in this paper.

The mix of graffiti with a rural environment as devised through MIAU made art the connecting link between the urban and the rural, supporting the cohesion and integration of the villagers via cultural entrepreneurship as a rural development tool.

Although the festival is not a priority for the inhabitants of Fanzara, it has allowed the village to be known as displaying the best graffiti in the world.^{1, 2, 3}

2 Literature Review

This literature review starts with rural tourism and its different aspects and moves towards a discussion of cultural entrepreneurship as a rural development tool before ending with the ideas behind street art and graffiti and their relationship to culture.

¹Deih, best graffiti 2014 según. http://www.isupportstreetart.com/issa_media/best-walls-of-2014-special/

²Performance BTOY and Animalitoland best Street Art Performance 2015. http://www.isupportstreetart.com/issa_media/best-walls-of-2015-special/

³Trashformaciones Best World Performance 2016. http://www.isupportstreetart.com/issa_media/best-street-art-2016-special/

The concept of rural tourism is broad and has many different interpretations (Page and Getz 1997). Kumra (2008) considers it a subset of tourism, involving any form of tourism that displays rural life, art, culture and heritage at rural locations, thereby benefitting the community economically and socially, as well as enabling interaction between tourists and the local inhabitants. Essentially, it has been described as “an activity taking place in the countryside” (Turncock 1999).

Rural tourism takes many forms and may consist of farm or agricultural tourism, cultural tourism, nature tourism, adventure, or ecotourism. The impact of rural tourism on the community where it is taken advantage of has been analyzed with great interest in the literature. In their study about the evolution of rural tourism, Cánoves et al. (2004) identified benefits for the host community, for the land, and for the tourist, implying a sequence of inter-related benefits. Moreover, it helps to diversify the local economy due to the creation of new business and presents social benefits as a result of the contact established between the local population and the tourists. Finally, at an environmental level, it may bring additional support for the preservation of landscapes and stimulus for the conservation, protection and improvement of the natural environment (Kuvan and Akan 2005).

Today, rural areas enjoy great external interest as a result of a combination of factors within our post-industrial societies. New trends of leisure have appeared, in attempts to attract city-dwellers in search of what Bunce (1994) and Cánoves et al. (2004) described as the “country ideal,” a social construct that emerged and evolved along industrial societies. Rural tourism is constructed upon a collective imagery of naturophilia, the idea that the rural environment provides quality and authenticity and offers a romantic outlook, as opposed to the life within a bustling city (Pearce 1990). The return to nature as a way to escape from the pressure of city life is a widespread idea present in our societies.

This concept fits perfectly with the necessity to economically exploit the resources in some rural areas. Nevertheless, any area willing to use the rural as an economic tool needs to meet some basic criteria. The region should have a population density of less than 6000, its land use should fall mostly under primary industry, and its economic and traditional social structures should be part of a self-sufficient community whose residents mainly work in the area (Bramwell and Lane 1994; Lewis 1998).

Moreover, for the successful development of tourism in a rural community, attractions, promotion, tourism infrastructure, services and hospitality should be present (Gunn 1980). Studies have shown that two motivating factors play essential roles in the success of the development of a rural project. On the one hand, entrepreneurship is essential. Tourism entrepreneurs' active participation and contribution can ensure a broad-based foundation for successful tourism development (Wilson et al. 2001). Community leaders and developers need to view tourism as a “community industry” (Murphy 2013) that enables residents to be actively involved in determining and planning future tourism development (Fridgen 1990). Despite the importance assigned to the meaning of entrepreneurship in general, efforts to define rural entrepreneurship and specify its influential factors remain a difficult task, due to issues mostly related to the differential forces and impacts exercised by

rurality within an entrepreneurial milieu (Stathopoulou et al. 2004). Wortman (1990) defines a rural entrepreneur as one who creates a new organization that introduces a new product, serves or creates a new market or utilizes a new technology in a rural environment.

On the other hand, the residents represent the other key factor in achieving success (Diedrich and García Buades 2009). In this vein, the Social Exchange Theory analyzes the residents' perceptions and attitudes towards tourism and suggests that individuals are more likely to participate in supporting a development plan if they believe the costs to not exceed benefits (Ap 1992). This view considers tourism development in rural areas a complex and difficult process encompassing a wide range of factors, including the entrepreneurial skills of the stakeholders and the existence of tourist businesses. In their study of the evidence of cultural rural tourism in Canada, MacDonald and Jolliffe (2003) indicated that participants especially valued good leadership from people in the local government, community groups, and the business community, and the close work achieved through coordination and cooperation.

Within rural tourism, one of the activities gaining worldwide momentum in recent years is the organization of local festivals (Felsenstein and Fleischer 2003). Festivals draw visitors to the area and can recreate the image of a place or contribute toward the exposure of a location by placing it on the tourism map (Kotler et al. 1993). These events point towards economic benefits, but the so-called "signalling effect" of the festival (Felsenstein and Fleischer 2003) has too often been "neglected;" the presence of the local festival can signalize the location's rich cultural amenities to prospective visitors, migrants and businesses.

Although there are many different options for festivals, two trends have been observed. On the one hand, the local cultural or religious festivals have been revived and repackaged as tourism events; in other cases, new festivals have been invented and promoted for the singular purpose of drawing new visitors to a city or region (Felsenstein and Fleischer 2003).

Street art is also a broad term that responds to people's traditional interest in expressing themselves in public ways (Smith 2007). Street decorations and inscriptions have largely dominated Western towns throughout history (Quintavalle 2007), fuelled by political and aesthetic ideologies in constant cross-cultural hybridization (Gastman et al. 2006; Rose and Strike 2004). Street art mainly entails aesthetically transforming any public setting (Visconti et al. 2010). Within street art, graffiti and mural decorations are two of the different manifestations that may be found, adopting different kinds of expressions across diverse geographic and chronological contexts (Merrill 2015).

While criminology studies have traditionally viewed it as an ideological form of vandalism (Wilson 1987), graffiti does not always have this illegal status. In the 1980s, graffiti started to receive increasing attention, fuelled by academic interest, books and documentaries. Thus, the original ideas associated with this art practice changed, leading to its "legalization" through the commission of art works or murals performed in a legal way by a new figure—the legal graffiti artist (MacDonalds 2001). This involves a great shift—from the underground culture

and its associated clandestine nature to the commercialization of graffiti via the artists' possibility to profit from their graffiti skills. This calls for a revision of traditional definitions of heritage and vandalism in view of the dangers that the continued integration of street art and subcultural graffiti into official heritage frameworks may pose for the authenticity of their traditions, including issues of illegality, illegibility, anti-commercialism and transience (Merrill 2015). However, some research can be found (Ulmer 2016; Costa and Lopes 2015; McAuliffe and Iveson 2011) dealing with the use of street art as a tool to support artistic interventions in order to revitalize the neighborhood in big cities such as Detroit, Lisbon and Sydney. Despite not finding any evidence in the literature addressing the topic of street art in the countryside, some examples in the media were found: Tyrone⁴ (Ireland) and Sagra della Street Art⁵ (Italy). On the whole, the case studies on the use of street art provided in the literature have highlighted the fact that city council actions regarding the use of art interventions are never neutral to the place and have important consequences, including impacts on the area's life and organization, the construction of symbolic values and reputation, the enhancement of inclusion and participation, or even the reinforcement of conflict mechanisms (Costa and Lopes 2015).

3 Description of Fanzara

The quiet village of Fanzara is a small village in the Alto Mijares area, surrounded by forests near the waters of the river Mijares. Fanzara is located in the Province of Castellón, 35 km away from the city of Castellón, in the Valencian Community, in the East of Spain (Fanzara 2017).

Castellón is a province located on the Mediterranean coast and has 135 villages and a total of 579,245 inhabitants. The most densely populated areas are on the coastline, as shown in Fig. 1.

Figure 2 shows a closer approximation to the population structure in the area, with the corresponding percentages.

In Table 1, 65.19% of the municipalities have 500 or fewer inhabitants and only two municipalities have more than 50,000 inhabitants. As seen in Fig. 3 and Table 1, there are 11 municipalities with around 75% of the population; the capital of the province accumulates 29.52% of the population, and the remaining 45.54% is divided into the most important villages.

Fanzara, with its 323 inhabitants, belongs to the 34.07% of the municipalities in the Province of Castellón, with between 100 and 500 inhabitants. The population distribution can be seen in Table 2.

⁴<http://www.irishnews.com/news/northernirelandnews/2016/07/11/news/rural-graffiti-brings-street-art-colour-to-countryside-599818/>

⁵<https://www.facebook.com/Sagradellastreetart/>

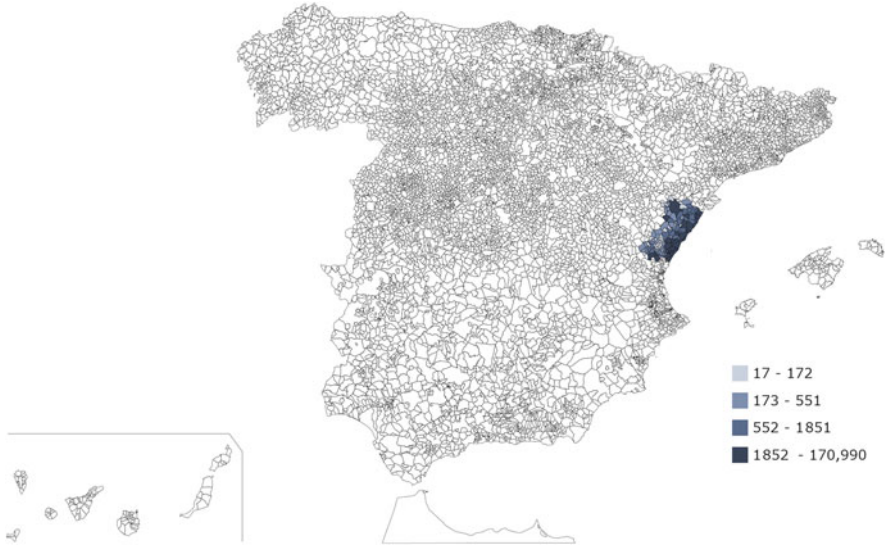


Fig. 1 Population distribution in the province of Castellón (Spain). Source: www.ine.es (accessed 21 February 2017)

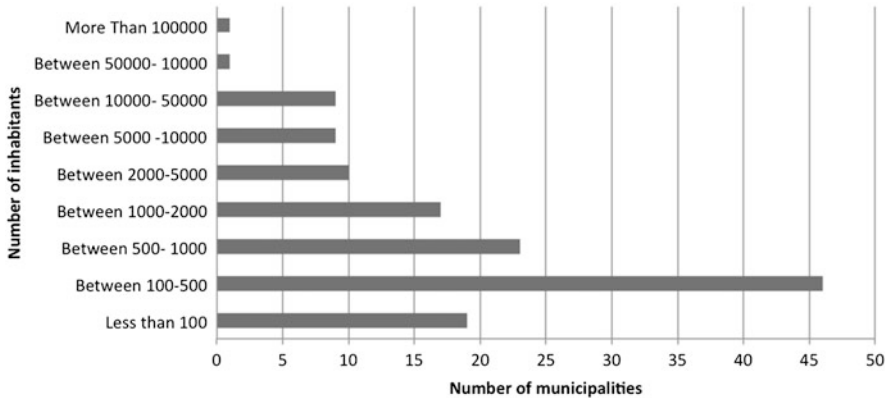


Fig. 2 Number of inhabitants per village in the Province of Castellón. Source: www.ine.es (accessed 21 February 2017)

The geographical areas of the inner part of Castellón are strongly affected by the crisis in the agricultural sector. The area has a lot of natural resources lacking organizational structure in the tourism framework, which makes them less competitive (López 2001).

Fanzara is located in the middle of the Natural Park of Sierra de Espadán, a natural park protected by the local authorities due to its high ecological, geological

Table 1 Distribution of municipalities of Castellon depending on number of inhabitants

	Less than 100	Between 100 and 500	Between 500 and 1000	Between 1000 and 2000	Between 2000 and 5000	Between 5000 and 10000	Between 10000 and 50000	Between 50000 and 100000	More than 100000	Total
Number of municipalities	19	46	23	17	10	9	9	1	1	135
% rate	14.07	34.07	17.04	12.59	7.41	6.67	6.67	0.74	0.74	100
Number of inhabitants	1265	11,148	16,924	24,384	29,700	61,059	213,523	50,252	170,990	579,245
% rate	0.22	1.92	2.92	4.21	5.13	10.54	36.86	8.68	29.52	100

Source: www.ine.es (accessed 21 February 2017)

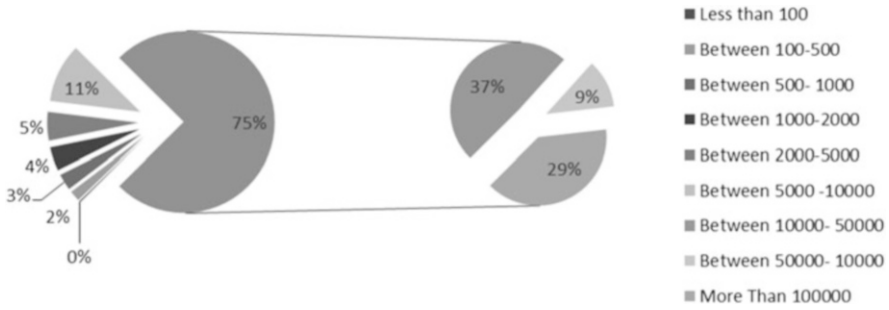


Fig. 3 Distribution of number of inhabitants per municipality. Source: www.ine.es (accessed 21 February 2017)

Table 2 The population distribution of Fanzara

	Less than 20	Between 20 and 40	Between 40 and 60	Between 60 and 80	More than 80	Total
Total	37	88	110	79	33	347
Male	19	52	30	41	13	175
Female	18	36	60	38	20	172

Source: www.ine.es (accessed 21 February 2017)

and heritage value for the province of Castellón. The building of a waste disposal site within this natural environment was proposed and led to some confrontation among the villagers until the year 2011. It was in this year that the local authorities definitely eschewed the project in response to the pressure by the citizen platforms set up both in Fanzara and in neighboring villages.

Once the idea of the waste disposal site project was abandoned, the inhabitants of Fanzara were divided, confronted and exhausted. In this atmosphere, members of the local council decided to devise a project that could improve the relations among the people living in the area and encourage a spirit of togetherness, dialogue and sense of unity through art and culture.

4 How the Idea of MIAU Was Implemented

The objective of the project was to make a performance in the village and come up with a project to restore the well-being among the villagers. The first idea was to invite an artist who wanted to paint a wall; as Pastor (2016) summarized, in 2014, after looking for the right way to put this project into practice for three years, the entrepreneurial drive of a group of residents headed by Javier López and Rafael Gascó succeeded in



Fig. 4 An artist painting during MIAU 2016. Photo: Sanchez, A. (2016) (ACF Fotografía)

contacting Miguel Abellán “El Pincho,”⁶ a reputed Spanish artist who soon, out of love and support, engaged some of his colleagues (Fig. 4).

The project had to go through several stages involving all the stakeholders. The first draft was submitted to the Town Hall for approval, and then some meetings with the local people were held so that they could express their views on the project. At first, the villagers did not bet openly for the project, since they did not understand it and had negative views on graffiti, believing it to be “dirty” and “for modern and young people.” In the end, only five citizens bet for the project and gave their homes’ walls for the paintings; the Council gave another five.

The organization, under the motto “Adopt an artist,” wanted the invited artist to be able to lodge at the villagers’ homes in order to promote coexistence and make art accessible to the people in the village (Fig. 5).

Finally, twenty-three artists came to the village to participate in the festival. As there were not enough walls, the organization proposed the artists to work together. It was during the festival that the rest of the citizens became involved in the project and wanted to collaborate.

Such was the origin of MIAU, the Spanish acronym for “Museo Inacabado de Arte Moderno” (Unfinished Museum of Urban Art), which has just celebrated its third anniversary.

⁶Miguel Abellán ‘Pincho’. <https://www.facebook.com/miguel.pincho>



Fig. 5 Visitors in Fanzara during MIAU 2016. Photo: Sanchez, A. (2016) (ACF Fotografía)

One of the particularities of the museum is that it does not have any particular premises—it is located within the streets of the village. There is no entrance fee and amusing facts can be found behind every aspect of the project: there are two associations, the aforementioned MIAU and GUAU (the acronym in Spanish for Universal Managers of Urban Art). The former is the onomatopoeic word for “meow” (a cat appears in the logo of the project) and the latter for “woof.” These associations were set up with the aim of preserving and managing the artworks after their completion.

5 Organization During the MIAU

In order to promote a spirit of coexistence and participation, during the final weeks before the festival, tasks were distributed among groups of people in Fanzara. The citizens freely registered for some of the tasks, all of which were necessary for the event’s success. The inhabitants had to act as hosts for the artists and the visitors and were engaged in activities ranging from cooking to helping the artists with their needs. An important aspect concerning the cooperation between the villagers and the artists is that the former donated their walls without knowing about the outcome of the final artwork and without the ability to influence the creative process of the artists; the latter, on the other hand, had to commit themselves to explaining the whole creative process.

6 Selection of Artists

Once again, the infrastructure was non-existent and it was the disinterested aid by the participants, -since they joined the project without receiving any financial compensation- and the hospitality of the residents underpinning the whole project. For this second edition, the previous year's artists were asked to invite their peers to engage in the new festival, so a double selection system was applied, involving both the managers and the artists. MIAU was not only searching for quality and variety, but rather artists who fit the criteria of "being a nice guy, having the ability to adapt to the environment and being able to draw," according to Javier López. As for the content of the works, no censorship or prohibition exists; the villagers make the final decision on the final drawing to ornate their walls.

7 Three Years of Success

The first edition was held in September 2014 and was mainly carried out thanks to the support and the goodwill of the managers and the local people. It was a total success, not only for the quality of the artists and their works, but also for the atmosphere between the hosts and the guest artists, all of them coming from different backgrounds and generations. After the first edition, word spread and tourists started to visit the area.

During the following months after the first MIAU, different cultural actors invited the Fanzara managers to participate in a wide range of art-related activities, such as MARTE,⁷ the contemporary art fair of Castellón, where they were asked to explain their experience during a series of seminars entitled "Being a Martian in Fanzara."

The second edition in 2015 had a wider art scope—in addition to the murals, other artistic manifestations were also held, including eight photographic exhibitions, film screenings, workshops, and music concerts (Table 3). The latest edition in 2016 sought to improve the previous editions by hosting different kinds of artists and exhibitions.

The success of the MIAU festival is reflected in the wide media coverage received all over the world, which has echoed the particularities of the event. National newspapers such as "El País"⁸ or "El Mundo"⁹ or television programs such as "La Aventura del Saber" (RTVE 2015) have covered the event. On an international level, the newspaper "The Guardian"¹⁰ and French television

⁷<http://feriamarte.com/>

⁸http://cultura.elpais.com/cultura/2015/04/06/actualidad/1428333236_730276.html

⁹<http://www.elmundo.es/comunidad-valenciana/castellon/2016/08/19/57b6e5fee5fdea4d7e8b45ee.html>

¹⁰<https://www.theguardian.com/artanddesign/2015/apr/14/street-art-fanzara-spain-graffiti-artists>

Table 3 Distribution of activities in MIAU by years

MIAU activity	2014	2015	2016	Total
Cinema		2		2
Landart	1			1
Muralists	22	10	7	39
Music		6	5	11
Other disciplines			5	5
Photographic exhibition		8	4	12
Sculpture		1		1
Workshop	1	6	3	10
Total	24	33	24	81

Source: MIAU Organization

channels, such as France 1 (LCI, TF1 2016), together with hordes of worldwide journalists, have also commented on MIAU. It has also been awarded some prizes, including that of “Premios Arte Blanco Pilares de la Cultura.”¹¹

A turning point in the history of MIAU occurred at the end of 2015 when Martin Firrell,¹² one of the most influential public artists and cultural activists, contacted the association to join the project. Firrell, who uses text in public spaces to promote debate, held a performance in May 2016.

8 Conclusion

Rural areas have had to come up with alternative options in order to face depopulation, and tourism is often the tool helping to raise the standards of living. The surge of rural tourism may be explained within the context of modern societies, in which urbanites are desperate for escape from the city and look for relaxing experiences and environments.

In parallel to this, entrepreneurs try to offer new events to meet the needs of these city-dwellers. Organizing new kinds of festivals may be an interesting way to attract visitors and contribute toward the exposure of a location (Felsenstein and Fleischer 2003).

Street art, on the other hand, has alleviated itself of its negative externalities and its urban spirit of transgression in order to convert and exploit its positive externalities and move into the rural environment not by invading it, but rather by becoming part of the cultural and traditional fabric and acting as a connecting vehicle and social integrator.

The primary objective of the project devised by the Fanzara people was to bring peace back to the inhabitants of the village. Initial hesitance was superseded by the great involvement by the artists, who selflessly joined the project, and in turn, by the

¹¹<http://www.arteblanco.org/arte-blanco-entrega-sus-cuartos-premios-pilares-de-la-cultura/>

¹²<http://www.martinfirrell.com/>

local people, who started to shift their views on MIAU and got progressively engaged in the project, thus supporting the idea that the involvement and contribution of local residents are key factors that improve the tourists' experiences (Fridgen 1990). Furthermore, the spirit of community and corporativism by the participating artists was met by the good leadership skills from the organizers and the goodwill of the villagers, in an atmosphere where close work was done in cooperation, following the findings by MacDonald and Jolliffe (2003).

The challenges that the inhabitants of Fanzara face are twofold. On the one hand, they would like to keep their museum unfinished, but at the same time, they wish to keep it in constant change and development for the future. Unintentionally, MIAU and its cultural managers have put the Fanzara on the tourist map, in a rural, natural and landmark area on the banks of the River Mijares.

Given the fact that the villagers and managers of the festival were not aware of the global repercussions of the project they were launching, there is no official record of the real visitors going to Fanzara to see the festival in its three editions. This is consequently posing extra difficulties for the calculation of the economic and cultural impact of MIAU in the area.

MIAU and its surrounding area are increasingly attracting more visitors, so the challenge for the community and the municipality of the Alto Mijares is not only to be able to support it economically and culturally, but also to be able to turn it into a generator of economic growth in the area, while keeping its initial spirit and attracting people who respect the area and are involved in the project.

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Relevant Locational Factors for Creative Industries Startups

Selected Findings from an Empirical Study on Stakeholder Perspectives in the Greater Region of Stuttgart

Uwe Eisenbeis

Abstract Creative industries startups are considered to have a positive impact on economic wealth and to ensure continuous innovation. Hence, countries, regions and cities start initiatives and support programs in order to create suitable framework conditions and a favorable entrepreneurial ecosystem to foster startups and entrepreneurs. In this light, this study is focusing on the special challenge, that Stuttgart and the surrounding area are facing: How to best prepare the region for the future and how to become less dependent on the automotive sector and the mechanical industry? Empirical findings demonstrate the relevant locational factors for entrepreneurs and startups within the creative industries. Another finding is that stakeholders' perspectives (entrepreneurs versus external experts) differ on the relevance of particular locational factors. A main challenge for regions is to overcome the dilemma between a general positive economic situation and the development of a flourishing startup ecosystem. The study provides recommendations for destination management and regional development.

Keywords Creative industries • Startups • Locational factors • Entrepreneurial ecosystem • Destination management • Regional development

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1 Starting Point and Objectives: The Attractiveness of Startups from the Creative Industries and Related Research Questions for the Study

Startups today are seen as guaranteeing future jobs and driving innovation in business (Sipola et al. 2013), and often also contribute to the attractiveness of, and atmosphere within, cities and regions. At the same time, established sectors, such as banking, insurance, retail and traditional industry, including the automotive sector, are facing increasing challenges: in the context of digital transformation and Industry 4.0, their products and services as well as their internal value creation processes are changing or will have to change. The importance of startups from the creative industries (defined here as the TIME sector: Telecommunications, Information technology, Media and Entertainment) for the economy and the regions is therefore clear—the people behind startups in these segments are, after all, considered pioneers and trailblazers.

States, regions and cities are therefore seeking to become attractive places for startups and position themselves accordingly, offering a range of initiatives and funding programs.

The challenge for a region, such as Stuttgart, dominated by one sector or industry (the automotive industry, automotive suppliers and special-purpose machinery manufacturing) is to attract startups from the creative industries and TIME sector, prepare for the future, and reduce its dependence on individual sectors.

There are therefore three research questions which this study seeks to answer: (1) What locational factors are relevant for startups in the creative industries? (2) How strong are these locational factors in the region of Stuttgart? (3) Provided the relevant stakeholders are on board, how can the existing conditions in the region be harnessed together for Stuttgart to become a location for creative industries?

The study aims to offer a resource for developing recommendations to help representatives and decision-makers in centers of business to create a startup ecosystem that will offer added value in the long term, both for the economy of the region and for the industries and businesses that are already based there.

2 Basis and State of the Art: Locational Factors in Startup Literature and in the Creative Industries

There has been research into, and literature published on, businesses' choices and decisions concerning location for more than 40 years (for example Fulton 1971; Schemenner 1979, 1982; Blair and Premus 1987). Locational factors have, for the most part, been evaluated in the context of the three classic economic factors of production (for example De Noble and Galbraith 1992; Fulton 1971; Galbraith and DeNoble 1988; Galbraith 1985, 1990; Hack 1984; Hekman 1982; Schemenner 1979, 1982; Schemenner et al. 1987; Neck et al. 2004): (1) The availability and quality of labor, (2) the availability of land, together with the necessary infrastructure and raw materials, and (3) the availability of capital. The focus and emphasis of locational factor research therefore varies depending on the research perspective.

According to Holt (1987), for example, the wage and salary structure, networks and tax benefits are all relevant locational factors. Harris and Hopkins (1972) focus on costs as the basis for decisions on location. Later studies by Prevezer (2001) and Neck et al. (2004) highlight the issue of the availability of start-up capital.

Birley (1985) and later Neck et al. (2004) stress the significance of formal and informal networks for the development of a sustainable startup ecosystem. Neck et al. (2004) also mention the relevance of a large number of available employees and comprehensive professional support and consultancy services—startup consultancy—at the startup stage.

Myers and Hobbs (1985), Bull and Winter (1991), Neck et al. (2004) and Harrison and Leitch (2010) view culture and direct proximity to universities and research-intensive environments as factors helping to ensure a stable basis for business startups.

Baumol's research (Baumol 1996) is the first to postulate that startups and businesses will become less tied to a specific place.

Gatfield and Yang (2006) find that although there are a whole range of studies on locational factors, in particular on the manufacturing industry (for example Fulton 1971; Schemenner 1979; Hack 1984; Schemenner et al. 1987), few works of theory or analysis have been published on locational factors in new, emerging industries (such as the IT, telecommunications/electronics and creative sectors).

Working on the assumption that there are key differences between traditional industry and newly emerging sectors and within individual sub-sectors of the newer industries, Gatfield and Yang (2006) find in their empirical study on the relevance of locational factors that the cost aspect and the availability of a very well developed telecommunications infrastructure are the two most important locational factors for the IT and the telecommunications/electronics sectors. For the creative industries, apart from factors related to cost, they identify direct proximity to cities' key centers of business and to customers as the most important locational factors.

Apart from Neck et al. (2004) in their study mentioned above, Cohen (2005) and Galbraith and DeNoble (1988) have also examined high-tech businesses and their location decisions. While Cohen (2005), like Neck et al. (2004), focuses on the relevance of formal and informal networks and of infrastructure (and in part of cultural aspects), Galbraith and DeNoble (1988) emphasize the relevance of the availability of specific specialists and of softer factors, such as the general atmosphere and lifestyle in a region.

The fact that sectoral clusters at the location can also play a significant role in the creative industries was first highlighted in 1987 in a study on the film industry in America by Storper and Christopherson (1987).

Another important study relevant to the underlying focus of this study on the creative industries and thus also on the TIME sector is that by Scholz et al. (2005) on the SaarLorLux media location. The authors use a model with five categories (land, atmosphere, labor, capital and information). This model was subsequently used as a framework for analyzing the publishing industry in the region of Stuttgart by Engstler et al. (2012) and is also the basis for this study.

3 Methodology and Approach: Quantitative and Qualitative Research and a Model with 28 Locational Factors

A number of different methods were used to respond to the three research questions. Both quantitative and qualitative methods were used to identify the relevant locational factors for startups in the creative industries in the TIME sector and determine the strength of these factors in the region of Stuttgart. Three hundred and twenty people were invited to take part in an online survey on the relevance and strength of locational factors and 75 stakeholders, including 48 entrepreneurs and 27 external experts (economic policy players, start-up consultants, researchers from the field of business start-ups and investors) were asked for their assessment. Over the same survey period, from November to December 2015, qualitative interviews were held with 21 of these experts.

Startups were classified as belonging to the creative industries or TIME sector according to NACE Rev. 2 (Eurostat 2008), the full sections J (information and communication), and section R (arts, entertainment and recreation), plus division 18 (printing and reproduction of recorded media), as part of section C and division 73 (advertising and market research) and section 74 (other professional, scientific and technical activities), as part of section M).

The basis for this study, and therefore for both research questions, is the already mentioned location model that was developed by Scholz et al. (2005) for the analysis of media locations, and which has already been used in a number of other studies (e.g. Engstler et al. 2012).

The study was conducted on the basis of a list of 28 locational factors (Table 1). The data collected was analyzed using the standard range of statistical tools. The expert interviews were conducted and analyzed using systematic summarizable content analysis.

4 Results and Findings: Relevant Locational Factors for Startups in the Creative Industries and the Situation in the Region of Stuttgart

4.1 Locational Factors and Relevance Assessments for Startups in the Creative Industries

All respondents rated the locational factors “availability of specific specialists” and “technology infrastructure” as the most important for startups in the creative industries. A “positive atmosphere and mentality” and the “proximity to higher education institutions, innovation and research centers” are also seen as relevant factors.

Table 1 Ranking of relevance ratings for the 28 locational factors

	N	Mean	Standard deviation
Technology infrastructure	69	4.22	0.745
Availability of specific specialists	75	4.19	1.009
Positive atmosphere and mentality	69	4.00	0.939
Proximity to higher education/innovation and research centers	69	3.97	0.907
Proximity to markets and customers	69	3.93	1.048
Availability of informal networks	69	3.87	1.013
Positive general economic situation and business conditions	68	3.84	0.891
Positive general quality of life and recreational opportunities	69	3.80	0.948
Availability of investors	75	3.79	1.142
Availability of grants/subsidies	75	3.79	1.177
Positive general image	69	3.74	0.918
Availability of staff (quantitative)	75	3.67	1.018
Level of qualification within the labor market	75	3.67	1.018
Reasonable rental/energy prices	75	3.63	1.063
Proximity to partners and suppliers	69	3.61	1.003
Transport infrastructure	69	3.58	1.130
Reasonable wage/salary level	75	3.53	1.031
Existing clusters and agglomeration	68	3.40	1.081
Specific, beneficial legal conditions	67	3.30	1.045
Availability of sources of information and advice	69	3.20	1.092
Availability of specific industry/knowledge forums	69	3.20	1.023
Availability of formal cooperation platforms	69	3.09	1.095
Availability of trade fairs, industry events and conferences	69	3.07	1.167
Availability of training and professional development opportunities	75	3.05	1.262
Reasonable level of taxation/charges	75	2.93	1.201
Established TIME sector-specific tradition	68	2.78	1.131
Proximity to competitors	69	2.52	1.145
Availability of land	69	2.16	1.146

Assessment by stakeholders surveyed (1 = of no importance, 5 = very important)

A perhaps unexpected finding is the importance given to “proximity to markets and customers.” This factor could have been assumed to no longer be rated as relevant in the age of Internet and e-commerce.

Of the 28 locational factors in the survey, the “availability of land” is rated as the least important. Unlike “proximity to markets and customers,” “proximity to competitors” is not considered particularly significant. The same is true for an “established TIME sector-specific tradition.” According to the respondents, traditional media and IT locations do not, therefore, automatically have an edge over other regions purely on account of their traditions. A “reasonable level of taxation/charges” is also rated as a less important locational factor.

Although the “availability of specific specialists” and “proximity to higher education institutions, innovation and research centers” are seen as particularly relevant locational factors, this does not apply to the “availability of training and professional development opportunities.” This last locational factor is generally rated as less important. This could indicate that proximity to institutions of higher education is more important in terms of (research) partnerships and access to innovation. Whether or not the specific specialists required are trained at institutions of higher education in the region is, on the other hand, apparently not a decisive issue.

All mean relevance ratings for the individual locational factors given by the experts are set out in Table 1.

Splitting the respondents into entrepreneurs and external experts (economic policy players, start-up consultants, researchers from the field of business start-ups and investors) gives a more nuanced picture. Although the two groups agree on the key relevant locational factors “availability of specific specialists” and “technology infrastructure,” the entrepreneurs place a particular value on the soft locational factor “positive general atmosphere and mentality” in the choice of location. The external experts, on the other hand, rate the factor “availability of investors” as particularly important.

An analysis of variance (Table 2) statistically shows very to highly significant differences between the two groups in their assessment of the relevance of four locational factors: i.e., experts rate an “established TIME sector-specific tradition,” and “existing cluster and agglomeration,” “proximity to competitors” and “proximity to partners and suppliers” as significantly more important. These are all factors that depend on a high number of businesses in the same industry or in upstream or downstream stages in the value chain operating in the same area.

Table 2 Differences between groups in relevance ratings for individual locational factors

	Stakeholder group	N	Mean	F	Significance
Established TIME sector-specific tradition	Entrepreneurs	27	3.56	30.322	0.000
	External experts	41	2.27		
	All	68	2.78		
Existing cluster and agglomeration	Entrepreneurs	26	3.96	13.648	0.000
	External experts	42	3.05		
	All	68	3.40		
Proximity to competitors	Entrepreneurs	26	3.08	11.284	0.001
	External experts	43	2.19		
	All	69	2.52		
Proximity to partners and suppliers	Entrepreneurs	26	4.08	10.337	0.002
	External experts	43	3.33		
	All	69	3.61		

Entrepreneurs versus external experts (≤ 0.01 = very significant, ≤ 0.001 = highly significant)

4.2 Changes Expected in the Importance of Individual Locational Factors in the Future

The experts surveyed predicted that the locational factors “positive image,” “positive general atmosphere and mentality” and “positive general quality of life and recreational opportunities” would become much more significant in the future. The availability of staff, in particular specialists, is a factor that the experts believe will become increasingly important. Respondents also stressed the importance of the “availability of grants/subsidies” and in particular the “availability of investors.” Additionally, a change in the mentality of investors towards a greater acceptance of risk is to become more important in the future. In the experts’ view, informal networks are becoming ever more relevant as links, communication and cooperation between all key parties improve. They believe that a network linking established businesses, the political sphere and educational and advisory institutions can also promote a positive, start-up-friendly atmosphere.

The locational factor “availability of land” is set to become less important in the future: most of the experts agree on this point. Startups are very flexible in terms of site and area during the start-up stage and in the first few years of operations. Larger operational and office spaces are not required until the growth stage. Above all in businesses in the creative industries, both the “availability of land” and geographical proximity to customers will become less and less relevant, as business activities can increasingly be moved online, according to the experts surveyed.

4.3 Assessment of the Strength of Locational Factors in the Region of Stuttgart

For the region of Stuttgart, locational factors are viewed as follows: the factors “proximity to higher education institutions, innovation and research centers,” “positive general economic situation and business conditions,” the existing “technology infrastructure” and “proximity to markets and customers” are all particularly strong, according to the respondents based in the area (both entrepreneurs and external experts).

The ratings for “availability of land” and “reasonable rental/energy prices” for the region tended to be negative—perhaps unsurprisingly.

To put it positively, the locational factors that respondents rated as the most important (as set out in the previous chapter) are considered to be strong in the region of Stuttgart; the location apparently only has weaknesses in the areas rated as less important. This is an initially positive finding for the location in terms of the requirements for startups in the creative industries.

At first glance, however, it is hard to understand why respondents consider the region to have shortcomings in terms of the “availability of staff” and the “availability

Table 3 Assessment of the strength of the 28 locational factors in the Stuttgart region

	N	Mean	Standard deviation
Proximity to higher education/innovation and research centers	44	4.39	0.722
Positive general economic situation and business conditions	44	4.25	0.866
Proximity to markets and customers	44	4.00	0.863
Technology infrastructure	44	3.91	0.830
Level of qualification on the labor market	45	3.76	0.933
Positive general quality of life and recreational opportunities	44	3.73	1.020
Proximity to partners and suppliers	44	3.73	1.020
Availability of sources of information and advice	44	3.64	1.102
Availability of training and professional development opportunities	45	3.53	0.991
Availability of trade fairs, industry events and conferences	44	3.48	0.976
Availability of informal networks	43	3.33	1.063
Availability of grants/subsidies	45	3.27	1.009
Transport infrastructure	44	3.14	1.193
Positive atmosphere and mentality	44	3.09	1.074
Proximity to competitors	44	3.05	1.120
Positive general image	44	3.05	1.033
Availability of specific industry/knowledge forums	44	3.05	1.033
Established TIME sector-specific tradition	44	3.00	1.220
Availability of specific specialists	45	2.98	1.138
Existing clusters and agglomeration	44	2.95	0.987
Specific, beneficial legal conditions	43	2.95	1.022
Reasonable wage/salary level	45	2.91	1.145
Reasonable level of taxation/charges	45	2.89	0.775
Availability of formal cooperation platforms	44	2.77	0.985
Availability of investors	45	2.73	1.053
Availability of staff (quantitative)	45	2.69	1.019
Availability of land	44	2.09	1.030
Reasonable rental/energy prices	45	2.09	0.793

Rating by stakeholders surveyed (1 = very weak, 5 = very strong)

of investors.” This finding will be investigated in the following chapter in the analysis of the expert interviews.

All mean ratings of the strength of the individual locational factors for the region of Stuttgart are set out in Table 3.

Unlike with the relevance ratings for the individual locational factors, no significant differences between entrepreneurs and external experts could be established in relation to the strength of those locational factors in the region of Stuttgart.

5 Discussion and Recommendations: Opportunities and Challenges for the Stuttgart Region as Seen by Stakeholders

The expert interviews covered a range of questions relating to the strength and development of locational factors in the region of Stuttgart. Links between the various locational factors were also discussed. An evaluation of statements by the experts identified four areas of particular relevance or on which there should be a focus in the Stuttgart region: (1) the positive general economic situation, (2) the necessary network of relevant stakeholders, (3) support for startups above and beyond financial considerations and (4) the right startup culture.

5.1 Sustainable Startups in a Positive Economic Situation: Smart Selection

On the one hand, the locational factor “positive general economic situation” was considered highly relevant to the development of a startup ecosystem, and all experts surveyed rated the Stuttgart region as excellent on this point. On the other hand, the experts also saw a positive economic situation negatively affecting the number of startups. This might seem paradoxical: the expert interviews clearly showed that a positive economic situation is both a curse and a blessing for the development of a startup ecosystem in the region.

A positive economic situation usually means that there is a large amount of money available in the region, including for investments. This is indeed the case in and around Stuttgart. Moreover, an existing, flourishing economy means potential customers, in particular for startups operating in the B2B segment. Stuttgart is an industrial region, its key sectors being the automotive industry, automotive supply and special-purpose machinery manufacturing. In the areas of industry mentioned, Stuttgart offers both “proximity to suppliers and partners” and “proximity to markets and customers.” In the light of the challenges of “Industry 4.0” in particular, partnerships between these sectors and startups in the creative industries seem logical.

A positive economic situation also means that the region has low unemployment and that wages are high. Low unemployment, high wages and attractive job opportunities in leading, established companies are, however, an obstacle for startups on a number of levels. Firstly, in such an environment, startups have to offer potential staff large salaries in order to compete with major companies. Secondly, staff procurement in general is a great challenge because of the many alternative job opportunities.

In terms of the availability of staff in the region, the experts believe that the discrepancy in attractiveness between employment in a medium-sized enterprise or corporate group and the establishment of a startup or work at a startup is primarily a

result of the differences in pay and job security. Many companies in the Stuttgart region are too attractive for graduates to take the risk of self-employment. The experts thus take a critical view of the situation: qualified graduates are going to the major companies, leaving small businesses and startups with reduced access to potential staff. Initially, therefore, the high overall qualifications of the region's working population are of only limited use to startups.

The alternatives mentioned above result in many potential entrepreneurs not even trying to start out on their own. The region has, therefore, a low proportion of startups (fewer startups are launched overall), and those who do make the decision to set up their own business are faced with a particularly challenging situation.

A decision to launch a startup in the Stuttgart region is therefore usually based on a very strong desire for independence and a very good business idea. Startups here are not the result of necessity or unemployment, and this is where the experts see a key advantage of the positive economic situation. They agree that the decision to launch a startup must be considered well and demands considerable motivation. Motivated entrepreneurs with good business ideas are not distracted by attractive alternatives to a startup. The positive economic situation thus results in a natural or automatic selection even before a new business is launched. Only those less suited to starting their own business and with poorly conceived ideas will be deterred from launching a startup in a positive economic situation. This "smart selection" may lead to fewer startups overall, but those that are launched will be viable and more sustainable and successful.

5.2 Network of All Stakeholders Combined with Local Patriotism: Smart Connection

Considering networks in the context of the Stuttgart startup scene, it is immediately clear that the experts see a considerable need for improvement. Many of the experts interviewed talked about the lack of a network to bring together the different players in the region's startup scene. In the experts' view, it is currently still difficult to get all stakeholders together. Representatives from all areas need to cooperate here: the City of Stuttgart, the State of Baden-Württemberg, investors, consultants, educational institutions and many other stakeholders.

The experts are looking for improvements in structuring and combining competences and would like a central contact point for entrepreneurs to provide assistance and advice on all challenges related to business startups.

Many experts also expressed a desire to see (even) closer cooperation between institutions of higher education and startups through both formal and informal networks.

Experts rate startup networks that include established companies as particularly useful. Such partnerships offer advantages for both sides. The startups benefit from established companies' experience and contacts and potentially also contracts. The

established companies can benefit from the flexibility and innovation of the startups. Successful businesses or people with the necessary expertise must be ready here to open up to the newcomers on the market and to share their knowledge.

Even if the experts still see much need for work on networks in the Stuttgart region, the area does also offer a number of networking advantages. One of these advantages is the very large network of major, established businesses in and around the state capital. Experts rate this as particularly attractive for startups with a B2B business model.

They view the fact that the startup community in Stuttgart is smaller than that of, for example, Berlin as positive: they believe it makes the players in Stuttgart work together much more closely.

Another expert believes that local patriotism also offers potential network advantages and that Stuttgart startups have a better chance with large local businesses because they have people who feel a connection with, and loyalty to, the region. Greater use needs to be made of this regional strength and network advantage, for this is another benefit that the startup capital Berlin cannot offer, according to one expert.

Ultimately, therefore, the key point is smart connection: bringing together startups with: institutions of higher education, established industry, other startups, and all stakeholders in the startup scene through formal and informal networks—combined with local patriotism, a Swabian networking advantage.

5.3 Intelligently Linking Support Options: Smart Capital

Even if the “availability of grants/subsidies” and the “availability of investors” are not rated as the most important locational factors, a key issue for startups is the procurement of capital. The question is whether a startup needs to be based in the immediate geographical vicinity of potential investors or whether investors can support the project equally effectively from a different location.

Representatives of the investment sector in particular clearly advocate proximity, assessing this aspect as a key factor contributing to the success of the early stage of the startup in particular. The less advanced the development of the business, the more fundamental is the aspect of personal contacts. At this stage, there are frequently issues that cannot be resolved by e-mail or telephone and which require face-to-face meetings. A relationship of trust, to be built up from person to person, is also important. Startups need investors with whom they can develop such a relationship and who can rapidly provide help and advice in critical situations. Such requirements can only be met by the geographical proximity of the startup to its investor, according to the representatives of the finance sector.

Investors’ and funding bodies’ regional links to startups in the region were also raised in another context. According to the experts, many local investors decide to invest in startups in towns with a large number of startups. As the number of startups is not, however, an indicator of quality, investors would in fact be well

advised to start by approaching startups seeking funding in their immediate vicinity. It was also noted that although the region has many potential investors, they are not always willing to invest. The experts see a need to engage with and encourage rethinking on the part of potential investors, raising awareness and providing more information, in order to convince this financially strong section of the population of the merits of new business ideas.

Focused work should be at the center of investor networks, say the experts. There is still work to be done in terms of sector-specific investor networks in the Stuttgart region. The area needs to develop a system based on “smart capital” investor involvement that is not limited to financial support but also includes expertise. Ultimately, what is required in the Stuttgart region is an intelligent combination of the various options for support. Networks formed on this basis are also useful after start-up stage funding in helping startups to engage in larger rounds of financing and attract global stakeholders.

5.4 Startups, Art, Media and Strong Business Partners for a Unique Profile: Smart Culture

Descriptions such as “open and extroverted,” “cool and hip,” “poor but sexy,” and “urban and creative” are often associated with startups. The experts interviewed were, however, in broad agreement that the typical Swabian entrepreneur is often different: he or she spends years in the basement working on an idea. Swabians tend to stay at home and, even if they have money, do not show off what they have achieved. However, this certainly does not mean that they are not successful. On the contrary: the region of Stuttgart is home to many businesses that were launched here and have now been successfully operating for decades.

Nevertheless, the mentality of the people and the image of the region are important aspects for the development of a startup ecosystem. Young people in particular who come to Stuttgart to study usually return home or move to another major German city when they finish their degree. Those who remain in the region join established companies. But where do the entrepreneurs go? Some of the experts believe that entrepreneurs are attracted to “cool” cities and that Stuttgart is often not considered as such.

Many experts attribute this to the lack of a subculture and urban life: Stuttgart does not have a significant startup scene or culture. According to some of the experts, part of such a scene and such a culture is that the arts and cultural scene work and are interconnected with the technology scene.

The move to involve art and the media and young people at institutions of higher education in startup initiatives is an opportunity for the region to develop its own startup scene and startup culture—and quite possibly a unique one, embedded as it would be in a flourishing economy. After all, it is worth remembering that Stuttgart has much to offer in terms of “quality of life and recreational opportunities.” In the view of the experts, Stuttgart is in this area better than its reputation.

6 Conclusions and Limitations: Implications for Research and Practice and the Stuttgart Region

6.1 General Implications for Research and Practice

In terms of the relevance of specific locational factors for startups within the creative industries, the study found (unsurprisingly) that specific specialists and the availability of technology infrastructures are of particular relevance. Both factors must be available as enablers for a technology-intensive and knowledge-intensive sector. The factor “availability of land” was found to be less important. This finding can be explained in terms of the specific sector: businesses in the creative industries need less physical space (they operate virtually) and are therefore less bound to a specific place. This trend towards virtualization is set to intensify in the future.

In terms of location design, the above findings can be expressed in the following, admittedly simple, formula: investment in research and education, attraction of specific specialists and development of modern infrastructures. In the future, a region with a positive image, general atmosphere and mentality and an excellent recreational scene and quality of life will become an ideal location for startups in the creative industries.

For research in the field of entrepreneurship, the question is how far these findings can be broken down and applied in practice for the many, very different sub-sectors within the creative industries.

Another question is the extent to which the findings can be applied to other regions, including regions outside of Germany.

It is clear from the differences between the relevance assessments by the two groups, entrepreneurs and external experts, that there are differing views on the needs of businesses in the creative industries during the start-up stage. More research is required on this point.

As regards a successful startup ecosystem, all forms of exchange and measures to promote communication between stakeholders are to be recommended, both to avoid errors in the allocation of funding and to enable mutual learning. An interesting aspect here is that external experts consider factors relating to the concept of sector-specific clusters as much more relevant than do the startups.

6.2 Implications for Stuttgart

As expected, stakeholders from the startup segment gave a positive assessment of the Stuttgart region for its institutions of higher education and research environment, the positive general economic situation and the advanced technology infrastructure. According to the stakeholders surveyed, there also appear to be sufficient (potential) customers and therefore market potential for businesses in the creative

sector, due to the economic structure and strength of the region in areas of the economy outside of the creative industries.

Similarly unsurprisingly, the stakeholders from the Stuttgart region surveyed generally gave a poor assessment of the locational factor “availability of land” and the rental prices. This will not and cannot change in the foreseeable future.

Just how far an (targeted) improvement can be achieved for the locational factor “availability of grants/subsidies” for the Stuttgart region should be at least discussed. In this area, cooperation between, and mutual input from, the industries established in the region and startups in the creative industries or the startup scene overall would appear a useful development.

Some of the experts see the diverse and high-level qualification opportunities in Stuttgart as offering great potential. There is no shortage of young specialists. In fact, Stuttgart’s education sector is very well equipped for the future, in particular in terms of the creative industries. This potential can be harnessed.

Overall, in light of the changes in all areas of the economy (digitalization and Industry 4.0), a diverse startup ecosystem in the creative industries could perfectly complement existing industries and the industrial location, currently centered around the automotive industry, automotive supply and special-purpose machine manufacture—not least considering the potential offered by connecting these industries to businesses in the creative industries.

According to the experts, the B2B segment offers particular opportunities for the future of Stuttgart. Proximity to (major) customers and an existing network of established companies increase the area’s attractiveness for startups in B2B. Partnerships with existing companies need to be developed strategically to enable partners to harness the potential for growth, above all in the context of Industry 4.0. There is a wide range of promising business models and potential partnerships in this area for entrepreneurs in the creative industries. Established companies can also benefit enormously from innovative startups.

The experts believe that Stuttgart is well-equipped for the future as an attractive location for startups (in the creative industries). Time is in the region’s favor. A strong business center with an excellent technology infrastructure, a good quality of life and an excellent education and research environment, the Stuttgart region has strong foundations on which to build. Following the principles of smart selection, smart connection, smart capital and smart culture, a startup ecosystem in the region has every chance of success.

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Managing a World Heritage Site in Italy as Janus Bifrons: A “Decentralized Centralization” Between Effectiveness and Efficiency

Francesco Crisci, Marika Gon, and Lucia Cicero

Abstract Managing an archaeological, historical and cultural heritage is a challenging task, due to the outstanding universal value of such sites and the involvement of several organizations and multiple stakeholders in their management. The aim of the chapter is to carry out an analysis of the different challenges surrounding the managing of a cultural and historical World Heritage Site (WHS) and the difficulties stakeholders face in developing a coherent, integrated and pluralistic policy of governance. The authors present the case of Aquileia WHS to examine its complex governance and discuss practices to resolve conflicts in order to achieve a homogeneous and coherent management of the site and its universally recognized beauties. This study is based on field research (2009–2011 and 2012–2014), with data collected through participant observation, in-depth interviews, and analysis of official documents. The chapter provides readers with some of the challenges within the management of the cultural industry sector, especially in relation to a multidimensional cultural heritage WHS, thereby enriching academic discussion and providing practical implications for management within the cultural sector and within other industries.

Keywords Cultural artifacts • Institutional change • Professional control • Accountability • Italian cultural system

1 Introduction and Theoretical Background

The Italian tradition on cultural heritage management is centered on the concept of “cultural good” and has its roots in the Renaissance, spreading between 1725 and 1755 from Florence to Naples, from the Venetian Republic to the Vatican State (Settis 2002; Casini 2016). Did this original inclination for the “materiality of

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things” produce a public regulatory system, institutional regulations and professional standards related to modern organizational forms and consistent management models?

Within archaeological studies, Olsen (2013) points out: “how systems of ideas and the exercise of regulatory power can never become effective without a material disciplinary and normalizing technology that ontologizes and fixes the desired categories and norms [*à la* Foucault]” (p. 46; for a discussion: Miller and Rose 2008). This chapter investigates the difficulties stakeholders face in developing a coherent, integrated and pluralistic governance within a cultural and historical World Heritage Site (WHS).

The purpose of this work is to contribute to the literature on cultural heritage management through a “critical perspective” (Alvesson et al. 2009), introducing “a family of orientations that take orderly *materially mediated doing and saying* (*‘practices’*) and their aggregations as central for the understanding of organizational and social phenomena” (p. 110; Nicolini and Monteiro 2016).

“Practice-based theories” (Gherardi 2012; Nicolini 2012), the research strategy of the Actor-Network Theory (ANT, Latour 2005), allows us to consider the “archaeological objects” (Olsen 2013): (1) in terms of relational materialism: elements (i.e., archaeological sites, museum collections, historic monuments) whose features become visible through the relations in which they are located; and (2) in their performative dimension (of “social ordering” and “social organizing:” Czarniawska 1997; Callon 1998). These relations fuel collaboration between subjects, professions, traditions, tools, and people, making it possible to observe the creation of “socialized practices” rather than having to investigate the adoption of management models and standardized organizational forms (Nicolini et al. 2012; Carlile et al. 2013).

Within this theoretical framework, the study was able to problematize some common dimensions of analysis at the international level (i.e., in China, Italy, Turkey, Perù: see Zan et al. 2015), which are often neglected in the studies of cultural heritage management (Bonini Baraldi 2007), including the following:

1. cultural organizations (outside the Anglo-American common law tradition) are linked to the processes of transformation of the public sector they belong to (Zan 2006; Zan et al. 2015);
2. institutional change/innovation can be traced back to the rhetoric of “reforms,” “transparency” and “accountability” typical of the New Public Management (Zan 2006; Chapman et al. 2012);
3. transformation processes should have effects on the functioning of business models and organizational designs at a micro level (Miller and Power 2013);
4. management tools should be built, understood and “practiced” in a conscious way within their contexts of use (Miller and Rose 2008; Zan et al. 2015).

The case study is based on the conceptualization of “cross-disciplinary collaboration” proposed by Nicolini et al. (2012), combining the role of “archaeological objects” with the organizational evolution and operational dynamics of a UNESCO site in Italy. Inspired by the works of Zan et al. (2015), we propose a combination of management processes and tools with two organizational dimensions: “professional

control” and “administrative fragmentation” (Bonini Baraldi 2007). This allows us to understand the complexity of introducing discourse about managing: (1) cultural organizations always struggling due to institutional change; and (2) a cultural heritage management system where such changes are simply “not managed.” The absence of organizational design and management control at the micro level also feeds “institutional contradictions” (Seo and Creed 2002).

2 Research Context

2.1 *Public Reforms and Italian Cultural Heritage System: From 1939 to 2007*

According to the Italian system, cultural assets are legal constructs, recognized and regulated by a specific set of public laws. The preservation of cultural heritage is inscribed in the Italian Constitution as a duty of the State (Casini 2016) and since both public and private cultural goods are of public interest, they are subject to public law and control. From 1939 till 1998, the most important aim of the Italian legislation was the preservation of cultural heritage (Law 1089/1939). A top-down and centralized organizational model characterized the Italian cultural heritage tradition, with a key role played by the Ministry for Heritage and Cultural Activities and its peripheral local departments (*Superintendence*). Within the public reforms of the 1990s, for the first time, the functions of management and enhancement were separated from the preservation of cultural heritage (Decree 112/1998). A shift toward a more decentralized system of cultural heritage took place, inspired by Anglo-Saxon practices and international tradition (UNESCO). The outsourcing of specific activities towards foundations or institutions increased the role of the private sector. Competences were redistributed between State and Local Authorities in a process of devolution, while the local branches of the Ministry adopted made use of more managerial tools and increased privatization. The Code of Cultural and Landscape Heritage (Decreets 42/2004 and 156/2006) implemented the changes mentioned above, differentiating protection and conservation from enhancement, management and enjoyment and formalizing the involvement of new actors in several activities.

The efforts and results of the public reforms fragmented resources among centralized and peripheral actors and increased the number of bureaucratic requirements. According to relevant literature, the Italian cultural heritage system has been characterized by a “general confusion over distribution of competences” and a “significant [. . .] fragmentation of unity among professionals” involved in cultural heritage (p. 111; Zan 2006).

2.2 *The Archaeological and Historical Site of Aquileia: An Institutional History and Three Steps Towards Its Current Story—1988, 1998, 2008*

Aquileia, located in the northeastern part of Italy, is a reckoned archaeological site declared a WHS in 1998. Aquileia is the largest and most complete example of an Early Roman City in the Mediterranean world; most of the site lies intact and unexcavated beneath the ground (MPC, AV, APU, FA_#02, see *infra* Table 2).

The Aquileia archaeological site is the result of a long-lasting process that has continuously redefined itself between preservation, conservation, enhancement and promotion of the vast territory over the past two centuries. The stewardship of the Aquileia site overlaps with the Italian cultural heritage tradition and has developed with the help of key professional actors, universities, and research centers. Problems surrounding its maintenance have been described in relation to the complex distribution of competencies and resources between the centralized organizational model and the fragmented public administrations involved.

With the aim of providing insights into managing complex heritage sites, we will focus on the period from 1988 to 2008. Today, the archaeological site is internally divided and managed by several organizations (Table 1), all of which claimed partial control of management at different times, with specific institutional belongings and diverse aims.

The multiple governance in Aquileia is partially the result of cultural heritage reforms. Three specific moments in Aquileia's recent past stand out as particularly important in this context. The first period can be identified around the year 1988, during a period of institutional stability; in this year, the law for Aquileia (L.R. FVG 47/1988) and the Archaeological Park project were implemented. The inscription of the site in the UNESCO World Heritage List in 1998 marks the second phase. For the first time, an "outside" player took part in the management of the Aquileia archaeological site, calling for the protection of assets, stronger managerial implementations, and public access to the site. The third and last phase is characterized by the settlement of the Fondazione Aquileia (FA) in 2008; the FA represented a new internal actor entering the governance of the site with promotional aims, according to the public reforms.

3 Methodology

This work is an interpretive case study (Marcus and Fischer 1999; Alvesson and Sköldbberg 2009). The approach led us to collect different types of data and materials from different sources, including (Table 2): (a) archives, documents within both the scientific and the popular press, and local newspapers; and (b) interviews and observations.

Table 1 Actors, activities, and cultural artifacts

Actors		Activities	Cultural artifacts
• Italian Ministry for Heritage and Cultural Activities (MiBAC)		• Preservation • Regulation (of uses of historical finds; inscription of art works/architectures)	• National museums • Archaeological sites • Historical buildings
• Archaeological Superintendence of Friuli Venezia Giulia Region (SBA FVG)	Since 2002	• Preservation • Conservation • Research • Museum presentation	• National museums • Archaeological sites • Historical buildings • Exhibitions
• SoCoBa (Society for Conservation of Aquileia Episcopal Basilica)	Since 1906	• Preservation • Conservation	• Episcopal Basilica • Baptistery and “South Hall”
• National Association for Aquileia (ANA)	Since 1929	• Conservation • Research • Archaeological excavation	• Archaeological sites • Exhibitions • Research (i.e.: <i>Aquileia Nostra</i> , scientific journal; annual conferences)
• UNESCO	Since 1998	• Preservation	• Archaeological site • Episcopal Basilica
• Fondazione Aquileia (FA)	Since 2008	• Conservation • Archaeological excavation	• Archaeological site • Exhibitions
• University/Research Centres		• Archaeological excavation • Research	• examples: “ex-Cossar, private domus”, University of Padua); “Great public buildings” (University of Udine)

Source: authors' elaboration

Data Sources Scientific research on Aquileia allowed us to recombine the archaeological history and excavations of the site (since 1720). The documents from local administrations, MiBAC, SBA FVG, FA and UNESCO (Table 1) allowed for the reconstruction of the decision-making processes and organizational logics (Czarniawska 1997) of scientific projects and the latest conservation and enhancement interventions since the 1960s. Press reviews from local newspapers were used to contextualize and problematize the main events and prepare the fieldwork.

The ethnographic part of the research (Garfinkel 1967; Van Maanen 1988) directly involved one of the authors in the approval of the regional law on the creation of the FA (2006–2008), the establishment of the FA, and in the workgroups established to compile the WHS Master Plan (2009–2012). The parties involved in the drafting of the various planning documents were interviewed to identify underlying organizational goals and managerial practices in action.

Data Analysis By comparing the institutional history of the Aquileia archaeological site and the evolution of the Italian reforms on the cultural heritage management system, we defined the organizational boundary of the phenomenon (i.e., the

Table 2 Data sources

<i>Primary sources</i>	
<i>MPC</i>	Ghedini, F., Bueno, M. & Novello, M. (eds.) (2009). <i>Moenibus et portu celeberrima. Aquileia: storia di una città</i> . Istituto Poligrafico e Zecca dello Stato
<i>AV</i>	Forlati Tamaro, B., Bertacchi, L., Beschi L., Calvi, M.C., Bosio, L., Rosada, G. & Gorini, G. (eds.) (1980). <i>Da Aquileia a Venezia. Una mediazione tra l'Europa e l'Oriente dal II secolo a.C. al VI secolo d.C.</i> Firenze: Garzanti-Scheiwiller
<i>APU</i>	Fozzati, L. (ed.) (2010). <i>Aquileia Patrimonio dell'Umanità. Magnus Edizioni</i>
<i>PerAQ</i>	Benedetti, A. & Fozzati, L. (eds.) (2011). <i>Per Aquileia. Realtà e programmazione di una grande area archeologica</i> . Marsilio
<i>SudHalle</i>	Fozzati, L. (ed.) (2015). <i>L'aula meridionale del battistero di Aquileia. Contesto, scoperta, valorizzazione</i> . Mondadori Electa
<i>Archival data</i>	
<i>AQ_Ns-year</i>	<i>Aquileia Nostra: rivista dell'Associazione nazionale per Aquileia</i> , Scientific Journal, National Association for Aquileia, since 1930
<i>FA_#01</i>	Progetto Tortelli (2008). <i>Studio di fattibilità preordinato all'elaborazione del piano strategico di sviluppo culturale di Aquileia</i> (June)
<i>FA_#02</i>	AA.VV. (2010). <i>Piano di valorizzazione per Aquileia. Progetto Scientifico</i> . University of Padua & SBA FVG (first draft: July; final draft: November)
<i>FA_#03</i>	AA.VV. (2010). <i>Aquileia. Un nuovo mosaico del paesaggio. Linee guida del piano strategico e di valorizzazione dei siti archeologici di Aquileia</i> (July)
<i>FA_#04</i>	AA.VV. (2011). <i>Piano di Comunicazione del Parco Archeologico di Aquileia</i> .
<i>FA_#05</i>	AA.VV. (2011). <i>Management Plan pluriennale-WHS Aquileia</i> . University of Udine & Fondazione Aquileia (Consultation draft/Preliminary draft, June)
<i>FA_#06</i>	Bonetto, J. & Ghiotto, A.R. (eds.) (2012). <i>Aquileia – Fondi ex Cossar. Missione Archeologica 2012</i> . University of Padua
<i>FA_#07</i>	Bonetto, J. & Ghiotto, A.R. (eds.) (2013). <i>Aquileia – Fondi ex Cossar. Missione Archeologica 2013</i> . University of Padua
<i>MiBAC_01</i>	AA.VV. (2005). <i>Progetto di definizione di un modello per la realizzazione dei Piani di Gestione dei siti UNESCO</i> (January)
<i>MiBAC_02</i>	AA.VV. (2010). <i>Individuazione linee guida per la costituzione e la gestione dei parchi archeologici</i> (Relazione Gruppo di lavoro MiBAC)
<i>MiBAC_03</i>	AA.VV. (2010). <i>Piano di comunicazione – Direzione Generale per la Valorizzazione del Patrimonio Culturale</i> (Comunicazione e Promozione del Patrimonio Culturale Nazionale)
<i>Park_#01</i>	AA.VV. (1993). <i>Relazione “Piano del Parco Archeologico e Monumentale di Aquileia”</i>
<i>Park_#02</i>	Cherici, A. (2013). <i>Aquileia. Quadri da un Parco Archeologico</i> . La Panarie-Monografie

Source: authors' elaboration

current UNESCO WHS). As such, we identified sequences of “events” that resulted in continuous overlapping between individual roles, facilities and organizational tasks. Seo and Creed (2002) defined these dynamics as “institutional contradictions,” critical episodes that, in this case, prevent the socialization of “practices” (professional values and administrative processes) around the “archaeological objects.” These events focused on the years 1988, 1998 and 2008, during which

problems related to the efficient planning of resources were discovered; these problems included the lack of *accountability* or the failure to share methods to define scientific priorities and cultural projects. The scheme proposed by Zan (2006) was used as an outline concerning the multi-dimensionality of the WHS management.

4 Findings

4.1 *A Variety of Discourses: Managing the Aquileia WHS*

Table 3 describes the complexity of the Aquileia WHS vis-à-vis the dimensions of the problems (i.e., historical, artistic and archaeological value, users' relations, and the use of resources), according to both effectiveness and efficiency of either substantive or procedural aspects, as per Zan (2006).

4.2 *Effectiveness*

Problematically, cultural heritage management poses a trade-off between efficiency and effectiveness (Zan 2006).

Effectiveness is defined in terms of the achievement of goals with respect to the stakeholders involved. In terms of substantive aspects, new museum projects have been realized for recent excavations (i.e., South Hall of the Baptistery: *SudHalle*, *FA_#01*, Table 2) together with temporary exhibitions (e.g., pieces from the Bardo museum of Tunis and the exhibition "Lions and Bulls from Ancient Persia"). At present, the modus operandi and management of the Aquileia WHS archaeological site and its museums, collection and excavation projects lack a long-lasting strategy grounded in scientific priorities (*FA_#02*, *FA_#03*, *FA_#04*, Table 2). The multiple actors do not have a shared management plan or a clear definition of priorities. Moreover (*MPC*, *APU*, *PerAQ*, Table 2), they often compete for resource distribution, and for new projects, excavations, exhibitions, and existing collections (e.g., the mosaics, glass art crafts, sculptures and reliquaries housed in the museums and in the Basilica) and findings, some of which are potentially compromised (e.g., the roman Forum and the port). Regarding relations with users, the "Archaeological Park project" declined over time with regard to its relations with users, as did the level of services (e.g., joint ticket, bookshops) and the cooperation with the regional DMO for cultural tourism development (*Park_#01*, *Park_#02*, Table 2). No audience segmentation, analysis of the demand and limited attention to didactics affect the evaluation of the efficacy on the Aquileia WHS. The absence of reporting and self-evaluation of procedural aspects is remarked within the implementation of museum standards (*FA_#05*, Table 2).

Table 3 Multidimensional nature of management in the Aquileia WHS

	EFFECTIVENESS		EFFICIENCY
	<i>Historical-Aesthetic value (BACK OFFICE)</i>	<i>Relation with users (DEMAND-SIDE)</i>	<i>Acquisition and use of resources (SUPPLY-SIDE)</i>
SUBSTANTIVE ASPECTS	Sites/Buildings/Monuments: - "The Great Aquileia" Project: no "Museum of the City" - The "South Hall of the Baptistery" Project	- no audience segmentation (Scientific Community; Local community; general audience); - partial attention to Didactics (young people, school) - New Exhibitions relatively attractive	- No Master Plan WHS UNESCO - extraordinary founding as routine; - lack of internal human resources (in terms of type and higher professional positions) (FA, SBA) - Strong turning towards externalization (FA) - "relevance lost" and "fragmentation of work" in the allocation of funds between National Museums and Archaeological Sites
	Excavations/Archaeological Sites: - excavation "ex-Cossar" Area - excavation "Great Public Buildings" - Archaeological/Historical Research without a Scientific Plan	- Long-term decline in the level of service (no "Archaeological Park") - Level of service in the National Museums will soon be overcome (Programs of investments and museology exposition evolution for National Museums)	
	Collections: - evolution of museums' collections without priority	- Digital/Virtual Reconstruction	
PROCEDURAL ASPECTS	- Loss opportunities (systematic restoration plan) for National Museums (SBA) - New Exhibitions without strategic coherence (FA)	Partial improvements in the characteristics of the service: - joint ticket in a part of the WHS area; - no systematic analysis of demand - partial attention in the added services (bookshop, restaurant, merchandising) - some difficulties in the systematic reporting of the exhibition activity	- Selective externalization process, turning to external general contractor, without managerial control (FA, SBA) - Need to develop a control systems for WHS, introducing the reporting in an "integrated" way between internal (FA, SBA) and external systems (activities in outsourcing) Organizational problems: - overall design of coordination of the system of the National Museums, the Archaeological Areas, Universities/Research Institutes, FA and SBA; - obstacles in the sizing and management of human resources; - risk of a marginal position of professional competencies in the overall National administration of Cultural Heritage - impossible to define trend towards the reform of institutional setting (a decentralized centralization of accountability)

Source: elaboration of Zan (p. 17; 2006)

4.3 Efficiency

Efficiency evaluation is based on economic and human resource employment among the various partners involved in the governance process. With respect to the substantive aspects, the absence of a Master Plan within WHS UNESCO, the extraordinary funding system as routine, and the lack of internal resources with respect to higher professional positions are all representative of the complex management situation. A relevant loss and fragmentation of funds among actors and between the National Museums and the Archaeological Sites worsen the efficacy of the overall Aquileia WHS (FA_#02, FA_#05, Table 2). An externalization process toward general contractors without managerial control can be noted in the efficiency of procedural practices and managerial logic. This calls for a WHS control system based on reporting among internal actors (the FA and SBA) and external outsourcing. Procedural problems are linked to the coordination of the actors, the management of human resources, and the risk of marginalizing

professional competencies in the overall cultural heritage administration (e.g., *MiBAC_01*, *MiBAC_02*, *MiBAC_03*, Table 2).

4.4 A Summary: Dynamics Between Substantive and Procedural Aspects

Table 3 shows that Aquileia management and governance focus largely on substantive aspects and neglect procedural aspects. More specifically, substantive aspects are connected with both the default of the Archaeological Park of Aquileia (dated 1998) and the feasibility evaluation of the Great Aquileia proposal with the Museum of the City of Aquileia. Several new museum projects (i.e., South Hall) and excavations (i.e., ex-Cossar, Great Public Buildings) took place based on vague research priorities and scientific plans and on a fragmented distribution of funds among partners (*FA_#05*, *FA_#06*, *FA_#07*, Table 2). No Master Plan for WHS UNESCO has been clearly defined and a lack of internal competencies and professional characterizes the current situation.

With regards to procedural aspects, a general loss of opportunities for restoration can be identified in the collections of the national museums (for the SBA), together with an undefined coherence to specific strategies in the last exhibitions organized by the FA. Limited improvements in the quality of the service can be attributed to difficulties in reporting and evaluating internal and external activities and the limited human resources and managerial control over the internal and external system and actors (*Park_#02*, Table 2).

5 Discussion and Concluding Remarks

5.1 Materiality, Sources of Conflict and Cross-Disciplinary Collaboration

To investigate the evolution of the cultural heritage management in the case of the Aquileia WHS with the ANT research strategy, we gave priority to actions that produce and reproduce themselves as socialized practices around the role of *cultural artifacts* (i.e., archaeological sites, museum collections, and historic buildings), rather than focusing on “structures” and “actors” characterized by the function they play in the cultural heritage (i.e., *conservation* versus *enhancement* from the legislative point of view).

Table 4 describes the role of objects in bringing about conflicts and institutional contradictions produced by the evolution of the WHS Management System of Aquileia and compares this evolution with the Italian reforms.

Table 4 Objects, cross-disciplinary collaboration, and WHS

	Theoretical approach	Main function of the objects	Examples from the WHS Aquileia
Tertiary objects of collaboration	<ul style="list-style-type: none"> • <i>Infrastructure theory</i> (Provide the basic “mundane” infrastructural support of collaboration) 	<ul style="list-style-type: none"> • “the work oriented infrastructure” • “the service infrastructure” 	<ul style="list-style-type: none"> • Historical/institutional evolution of museums’ collections • Managing Archaeological and Paleo-Christian State Museums
Secondary objects of collaboration	<ul style="list-style-type: none"> • <i>Boundary Objects</i> (Facilitate work across different types of boundaries) 	<ul style="list-style-type: none"> • “containing and fostering learning across boundaries” • “sense making around and interpretatively flexible artifact” 	<ul style="list-style-type: none"> • Excavations “ex Cossar Area” and monumentalization of the “domus” area • Master Plan WHS UNESCO
Primary objects of collaboration	<ul style="list-style-type: none"> • <i>Epistemic Objects</i> • <i>Activity Objects</i> (Trigger/sustain/motivate the cross-disciplinary collaboration) 	<ul style="list-style-type: none"> • “how working in something that may never exist acts as a source of motivation” • “how the nature of the objects induces different ways of working” • “the emergent nature of the object of work” • “community without unity” 	<ul style="list-style-type: none"> • The “Great Aquileia” Project • The “Archaeological Park” Project • Digital/Virtual Reconstruction Projects • Project “South-Hall of the Baptistery” and mosaics musealization

Source: elaboration of Nicolini et al. (2012)

The conflicts in WHS collaborative dynamics are apparent within the “material infrastructures” of museum collections and historic buildings (*tertiary objects and artifacts*), the basic socio-material infrastructure that should be subject to professional practices (protection and preservation) within undisputed organizational boundaries (collections in Aquileia state museums). As underlined by Nicolini et al. (2012), “objects can resolve the tension between local practices within large-scale technologies by creating assemblages of objects” (p. 622). In fact, no official planning document mentions (Table 4): (a) the creation of the “Museum of the City” (as a “work-oriented infrastructure”), as called for by the SBA (*APU, PerAQ*, Table 2); (b) the problem of preserving the scientific standards of the two existing museums and ensuring the development of the collections (as “service infrastructure”).

Secondary objects exemplify the difficult process of formation of stable organizational boundaries within a WHS that does not have a master plan (Table 4). On the one hand, the planning documents should act “as translation and transformation devices across various thought worlds” (Star and Griesemer 1989; Nicolini et al. 2012); on the other, excavations and archaeological discoveries should encourage forms of collaboration between “professional groups” in the various institutions working in the WHS, thereby highlighting the risks associated with the lack of a

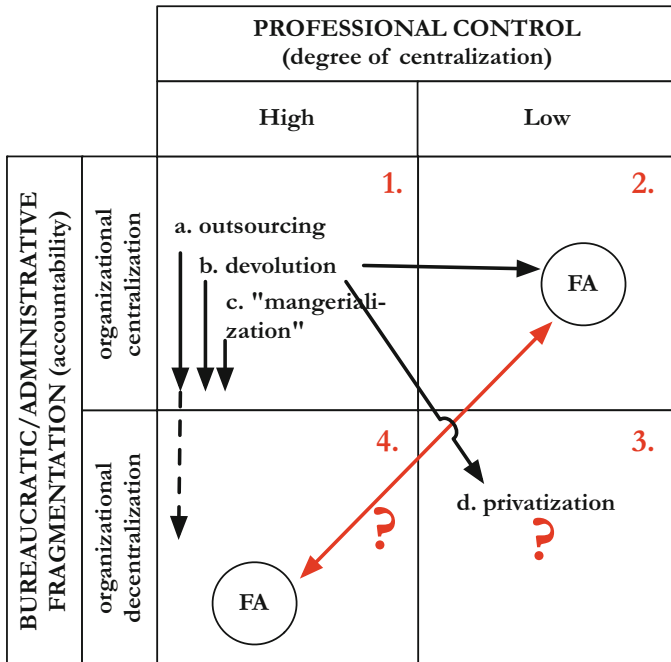
pragmatic approach when they meet “different forms of knowing” (Knorr-Cetina 1997) at different administrative levels (Zan 2006). The sudden “scientific centrality” and “organizational focus” of the ex-Cossar Area and the “musealization” of the *domus* (FA_#02, FA_#06, FA_#07, Table 2) in the absence of stable funding and a management plan (extraordinary funding and procedures as routine, Zan et al. 2015), stand out as examples of such.

The *primary objects* in the context of WHS should bring out “both the why and the how of the collaboration, whereas boundary objects mostly shed light on the how” (p. 625; Nicolini et al. 2012). The expression “Great Aquileia” (unlike the “Museum of the City”) should have a “motivational” connotation. Beyond the feasibility of the project, the expression could be a “common vision” and an idea to which all actors could refer, were it not only fuelled by the SBA (*PerAQ*, Table 2). By contrast, the incompleteness of the Archaeological Park project, linked to the difficult dialogue between local authorities and the MiBAC (*Park_#01*, *Park_#02*, Table 2), questions the very idea that “a structure of wanting generated by the object is partially reflected in the organization of the scientific practices that emerge around it” (p. 618; Nicolini et al. 2012).

The digital reconstruction projects of the city stand out the greatness of the past, which the institutions and local communities are called to “preserve and enhance” within the organizational boundaries of the WHS. These types of objects “provide the direction, motivation, and meaning for the activity” (p. 620; Nicolini et al. 2012). This case recalls the warning of Luisa Bertacchi (Superintendent in Aquileia from 1961 to 1988) about the Park project: “They should start from general criteria and everything else must be tuned with them, rather than starting with partial realizations, only because they have the necessary money” (p. 22; *AQ_Ns-1994*). Finally, the *primary objects* include some artefacts that allow “various skills and conceptual tools to negotiate the object(ive)” (p. 621; Nicolini et al. 2012). The “South Hall” is the first work completed by the FA based on an architectural project developed before the its founding. The time gap has produced a mismatch between what the building could have been, and what it has turned out to be in terms of conflicts and misunderstanding in the local community. The “South Hall” put the “aesthetic” and “collaborative” model of the FA’s future actions within the WHS up for discussion.

5.2 Unmanaged Complexity Between Professional Control and Accountability: Concluding Remarks

Since the 90s, the Italian cultural heritage system has witnessed a managerial system, shifting from a centralized toward a decentralized stewardship according to trajectories of institutional change (outsourcing, devolution, “managerialization” and privatization).



Notes:
 a. outsourcing: e.g., externalization of services;
 b. devolution: e.g., transferring responsibilities;
 c. managerialization: e.g., the modernization of public administration itself;
 d. privatization: e.g., sale of cultural property to private owners.
 FA: Fondazione Aquileia (see Table 1)

Fig. 1 The decentralized centralization in Italian cultural system. Source: elaboration of Zan in Bonini Baraldi (2007)

These dynamics, related to cross-disciplinary collaboration, have been linked to two dimensions, that of “professional values” and that of the logic of “public administration” that characterizes the Italian heritage management system (Zan in Bonini Baraldi 2007).

Contextualized in the Aquileia WHS case study, the matrix in Fig. 1 considers the level of professional control (high or low) and administrative centralization, focusing specifically on the FA “prototype:” an *ad hoc* organizational form for the promotion of cultural heritage, introduced uncritically as an institutional innovation for the entire state system (Casini 2016).

It is particularly important to position the FA in a single quadrant of the former framework. As a matter of fact, the FA does not correspond to an outsourcing form (a), because it could be simultaneously labeled as exercising high professional control over archeological entities, characterized by a low degree of negotiation, and as having a decentralized organizational form (by the local State department) for the enhancement of activities only. Furthermore, the FA could be a form of devolution (b) *de facto*, though it lacks an adequate degree of professional control

on archaeological professional figures. Last but not least, processes of “managerialization” (c), requiring a system of managerial tools and autonomous decisions, are completely absent (i.e., a lack of a WHS master plan or managerial tools based on scientific plans and an unclear definition of objects and resources); as such, it does not depict the FA collocation within the range of possible trajectories of the Italian cultural heritage management system.

To sum up, through the Aquileia WHS case study, we rephrased the analysis of multiple information sources, introducing various conceptualizations relevant for cultural management (e.g., cross-disciplinary collaboration, effectiveness/efficiency) in order to depict the intricacy of governance via multiple actors. The image of Janus Bifrons is a metaphor of the current processes of organizational and management control in the public sector transformations: the double talk of the two-faced Janus synthesizes the introduction of New Public Management rhetoric as part of an effort to modernize the Italian cultural heritage sector (a “decentralized centralization” in search of autonomy and accountability). Indeed, the absence of managerial control of the trade-off between effectiveness and efficiency is linked to a dualism between centralized and decentralized cultural activities (i.e., preservation, conservation, and research) that require organizational design among the multiple actors involved in governance.

Future research should pay particular attention to the management of change processes (i.e., public reforms) and “institutional resistance” (i.e., professional and administrative traditions with symbolic structures, meaning, and vocabularies). To conclude, “cultural entities are professional organizations” (Zan et al. 2015) making up a social world in which practitioners interrogate “their own activity and explore new ways of doing, saying, and being” (p. 124; Nicolini and Monteiro 2016).

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Creative Entrepreneurship in No Man's Land: Challenges and Prospects for a Metropolitan Area and Smaller Communities. Perspectives from the Never-Ending Transition

Milena Stefanovic

Abstract Entrepreneurial thinking is a new concept in the Serbian cultural and creative sector. Although the term entrepreneurship is often used in public discourse, it is usually related to female entrepreneurs and small social enterprises. This is a consequence of traditional perception, which holds that in order to work in culture, one must have a relevant educational background, while social or female entrepreneurship does not require formal education. The second reason is that the cultural field is not seen as economically valued. Therefore, when the term entrepreneurship is used in the context of artistic or cultural organizations, it usually does not have positive connotations. During the communist regime in Yugoslavia, entrepreneurship was associated with entertainment with the single goal of accruing revenue (Dragicevic Sestic and Stojkovic, *Kultura, menadžment, animacija, marketing*. Beograd, Clio, 2011). In the present day, it is linked with the tendency of the state to push cultural workers toward the market and commercial culture. Despite the lack of specific public policies (fiscal, labor) related to the creative sector, a creative class (Florida 2002) is arising, reflecting a post-transitional cultural model. This cultural model can be described as a hybrid of a neoliberal economy and a welfare state and is characterized by a traditional system of cultural institutions inherited from the previous state (Yugoslavia), non-existent market regulations, low budgets for culture and arts, almost non-existent inter-sectoral policy relations, (Compendium of cultural policies and trends in Europe, <http://www.culturalpolicies.net/web/index.php>) and a lack of specific education in the field of creative entrepreneurship. The focus of this research will be to define the main features, issues, challenges, and prospects for creative entrepreneurship in a metropolitan area by using a multiple case study methodology.

Keywords Creative entrepreneurship • Culture • Public policy • Talent

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1 Context

The creative sector in Serbia is mainly composed of small and micro firms; 95% of the firms have less than ten employees on a permanent contract (Mikic 2016: 149). Creative sector services and products are mainly placed in the regional market (ex-Yugoslavian markets, or those in Bulgaria, Romania, and Greece), whereas the analysis of export and import dynamics shows the fastest growth in the field of publishing, audio-visual activities, and handicrafts (Mikic 2016: 149). The policies regarding entrepreneurship in general are the responsibility of the Ministry of Economy, and last year (2016) was promoted as a year of entrepreneurship, supported by a number of financial and non-financial measures and initiatives. However, entrepreneurship in culture was not even mentioned while the creative sector was reduced to the information technology area in this public policy initiative.

The general political and policy attention given to the creative sector is currently rather limited, although many governmental strategy documents list the creative sector as a priority in the action plans. Out of 91 strategy documents, 40 are relevant for the creative sector and 15% of those have a strong focus on it (Strategy for EU accession, Strategy of IT development, Strategy for Tourism development, Strategy for Young, according to Mikic 2016: 294–296). However, most of the stakeholders claim that there is a wide gap between the proposed formal support and the reality in the field. Cultural and creative activists and academics in Serbia are advocating the necessity and importance of cultural and creative initiatives for regional and city development (Devetakovic 2010: 37; Djelov 2010: 142). According to Mikic (2016), there is a number of relevant research on the social, cultural, and political aspects of related to the impact of the creative sector, but the economic valorization of the sector is missing and only few researchers are taking steps in this direction (Rikalović and Mikić 2010: 19; Mikic 2016). This aspect is relevant in times of budget deficit, and if stakeholders claim stronger support from the state, the economic effects of the investment have to be monitored.

Cultural policy is based on Law on Culture (2009), while strategic planning as a relevant policy instrument of cultural development (Djukic 2010) is missing. The Ministry of Culture and Information largely deals with cultural policy instruments focused on public cultural institutions (National Museum, National Theatre, National Library, etc.) while supporting only a limited number of projects from the independent scene or cultural organizations founded by the local authorities. When funding independent cultural projects, cultural policy does not make distinctions between cultural NGOs and private entrepreneurial initiatives in the art field (mainly festivals). This means that NGO projects without strong public support could not exist, while private entrepreneurial initiatives have a chance to survive without public support (although without making any profit), as the sponsors are usually keen on investing in festivals. On the other hand, local municipalities do not have complete autonomy to make decisions regarding urban development, although

there are mechanisms that could be used in order to create a microenvironment that could support creative entrepreneurs.

As the study will show, despite an unfavorable national environment, a number of creative entrepreneurship initiatives and platforms have arisen over the years in the metropolitan area of Belgrade. Therefore, this study will analyze the phenomenon of creative entrepreneurship on the basis of a limited sample of selected case studies all based in a certain location, bearing in mind the theory of creative class that claims the 3Ts (talent, technology, tolerance) concept as a pre-condition for the rise of a creative city (Florida 2007: 37–41). Basically, Florida claims that in order to prosper in a “creative age,” cities must embrace the 3Ts and argues that social inclusion and openness of community are critical factors for success. Thus, the first hypothesis is that the location attracting talent, technology and tolerance with minimal public policy investments or interventions could develop a local environment that supports the development of smaller entrepreneurship platforms. According to the traditional notion of entrepreneurship,¹ it could not exist without the creation of profit. Thus, the second hypothesis is that the creative entrepreneurship initiatives had social and community goals as primary motives, rather than a motive of economic return, although sustainability of the initiatives was essential.

The theory of creative class was highly popular but has been criticized for many of its aspects. For example, among critics, the theory of creative class is found to undervalue the relevance of institutional frameworks and historically rooted social relations, assuming that creative industries can emerge everywhere (D’Ovidio 2016: 31). Therefore, besides looking into the 3Ts factors at a certain location, we will research the role and character of institutional support existing in the setting where our case studies originated. The intent of the paper is to show that despite a non-favorable ecosystem for creativity on a national level, some micro communities managed to develop favorable settings for the rise of creative entrepreneurship initiatives. This means that the problem of creative entrepreneurship is analyzed from the public policy perspective and is seen as a “corrector,” or at least an enabler, that creates favorable conditions for creative entrepreneurs in which they can count on direct or indirect support.

The methodology included in-depth, semi structured interviews with members of the management of three selected organizations. The research used two justifications in choosing the cases. The first justification relates to the fact that the selected cases were the first of their kind, meaning that they created models that were new to certain fields of activities in a certain location. The second reason was that these models were followed by similar initiatives in different communities, and as such, created models or prototypes that were copied and exported. Interviews took place in Belgrade in December 2016, and none of the interviewed asked for anonymity.

The case studies we will explore are as follows: Mikser (cultural and creative networking and educational platform), Nova Iskra (design hub), and Creative

¹<http://www.businessdictionary.com/definition/entrepreneurship.html>

mentorship (personal and professional development platform). Although all three cases originated in Belgrade, the research showed that two of the three started in Belgrade's Savski Venac Municipality, in a district known as Savamala, so we find that location factors played an important role in the development of the platforms. The research questions attempt to answer: what the common features of the creative entrepreneurship initiatives are, whether the 3Ts concept is present in the location, and to what extent the political and policy framework was, and still is, influencing creative platforms in a national setting that is highly unstable and dependant on different political realities.

2 Creative and Cultural Entrepreneurship: Theoretical Background

The term "entrepreneurship" is elastic and is understood differently by various people. Creative entrepreneurship and the creative sector also have many definitions and names (creative industry, cultural industry, creative economy, intellectual property industry), but there is a general tendency to cover wide aspects and fields of creativity (Rikalović and Mikić 2010:15). The concept of a "creative industry" was coined in 1994, when the Australian government named the newly defined cultural policy "Creative Nation," which argued for the possible economic benefits of investing in the cultural field.

Later on, many researchers claimed that the rise and popularity of the creative industry concept was a triumph of the neoliberal policies in culture (Miller 2009) that have been introduced and developed under a global wave of administrative reforms called "New Public Management" (Christensen and Lagreid 2011: 1). Basically, this new paradigm included different fields of creativity in the domain of cultural production, such as design, software, architecture, advertising, and computer games. This led to widening the scope of cultural policy, which was needed by many reformed public administrations for two reasons. First, the cost of traditional cultural production was high and second, the cultural participation was unstable, meaning that the audience of elite culture was declining (Tomka 2014: 97).

Tomka claims that this approach was supported by different groups of stakeholders, including educators, researchers, and media corporations, and also by political administrations across the world. The decision makers had to find alternative ways of financing the cultural sector (2014: 98) during the financial and the economic crisis and also needed a new argument to invest in culture, leading to the rise of instrumental cultural policies (Belfiore 2004: 183). The wave of "creativity" policies produced different concepts and theories about creative class, creative cities, creative businesses, creative management, creative quarters, and creative entrepreneurship. In such a setting, the concept of cultural entrepreneurship was interchangeable with the concept of creative entrepreneurship and only a few researchers were using the term cultural entrepreneurship. Therefore, studies on

cultural entrepreneurship are scarce, but are gaining more visibility in academia in recent years. Hagoort (2003) points out three elements of cultural entrepreneurship: clear cultural vision, market orientation with an emphasis on innovation, and social responsibility. Further, Hagoort and Kooyman (2009) discuss cultural entrepreneurship as the ability of art managers to explore cultural opportunities in their environment and formulate cultural innovations while balancing cultural and economic value. Cultural and creative entrepreneurship entails combining cultural content with economic opportunities, and this presents a base for innovation (Varbanova 2013: 19). The long-term goals of creative entrepreneurship are to achieve economic, creative, and social results (Varbanova 2013: 19).

In this research, we will use the term creative entrepreneurship to encompass both culture and the creative sector, as our case studies include activities belonging to the traditional notion of culture and arts (i.e. theater productions) and to the wider field of creativity (i.e. computer design, fashion, etc.). The creative entrepreneurship we define is an investment in talent through different types of planned and managed projects in order to achieve cultural and social value for the community. The created value concerns intangible assets, such as intellectual property, wellbeing, brand, reputation, network, and knowledge.

3 The Story of Savamala

To understand the specificity of creative entrepreneurship, we have to see to what extent cultural policy stimulates these creative efforts and to what extent urban processes and “genius loci” have been of crucial importance. To sum up, the national- and city-level cultural policies encourage efforts but do not have proper cultural policy instruments. On the other hand, the civil sector wears two hats, private and civil, meaning that all creative entrepreneurship platforms are both private and civil initiatives.

With 1.35 million people living in the urban area, Belgrade is the biggest city in Serbia and the Balkan region. The metropolitan territory is divided into 17 municipalities, and the city is classified as a Beta global city.² Belgrade is also the financial capital of the region, with a strong potential for growth in the IT sector. The city is, however, regionally famous as a party capital, or as one journalist recently described it, as “endless coffees and partying until infinity, or shortly charming mess, polluted Balkan beauty.”³

²<http://www.lboro.ac.uk/gawc/gawcworlds.html>. Accessed 13 December 2016.

³<https://www.theguardian.com/cities/2016/may/30/insider-guide-belgrade-endless-coffees-partying>. Accessed 04 January 2017.

The story about the rise of Savamala starts in 2010 when the cultural center “Grad”⁴ was opened.⁵ The industrial area behind the main train and bus station, close to the Danube, was ruined and polluted for years. The zone was associated with heavy traffic, noise, and vice. KC Grad, the Magacin gallery, and the Stab gallery were some of the first institutions established in the area. In 2012, the Goethe Institute initiated “Urban Incubator” as a project to give opportunity and a voice to artists, architects, and activists in the process of Savamala’s urbanization. During the course of 7 years, Savamala went through different changes and can now be described as a creative hub, presenting a showcase for urban renewal through creative and cultural initiatives. However, a huge public–private partnership project called “Belgrade on Water”⁶ is underway in this area, despite protests from civil society, architects, and urbanists.⁷ Some cultural operators located in Savamala are claiming that it will ruin the essence of Savamala and are already preparing exit strategies.

When we analyze the location factors, we find three aspects that contributed to the initial boost of the area. First, there was a great number of industrial hangars and buildings available, either privatized or under some sort of public ownership, which were mainly obtained through the process of bankruptcy or restitution. This meant that the municipality was managing some of those buildings and had a mandate to rent them to cultural operators for special rates. The second important location factor was related to the labor market and demographics of the Savski Venac Municipality. The centrally located municipality was one of the oldest neighborhoods in the city, with a high number of pensioners and a low number of families and young people, and therefore required a constant influx of a younger crowd. The apartments in the area were expensive, and for years, younger people could not afford housing, so most of the inhabitants were natives that acquired or inherited real estate during the communist regime. The local politicians recognized this need as a threat. The third factor entails the growing number of customers. KC Grad, as the first independent cultural center in the area, attracted new types of young professionals to the area, and clubs, restaurants, and bars started to blossom. Creative professionals, artists and students were paying attention to all the activities happening in Savamala, and the area also became widely popular among tourists and expatriates.

⁴In English, Grad means City.

⁵<https://www.theguardian.com/travel/2015/feb/07/belgrade-savamala-serbia-city-break>

⁶Belgrade on Water is urban renewal development project, headed by the Serbian Government, aimed at improving cityscape by revitalizing stretch of land on the right bank of river Sava. It started in 2014 and around € 3.5 billion will be invested to finish the project that comprises offices, luxury apartment buildings, five star hotels, a mall (source <http://www.eaglehills.com/our-developments/serbia/belgrade-waterfront>).

⁷Serbian Government, City of Belgrade and private investors from the United Arab Emirates.

4 Mikser

The name of the platform itself explains the concept of one of the first creative entrepreneurship in Belgrade. Maja Lalic, one of the two founders of the Mikser organization, describes it in the following manner: "When we started, first as a festival of urban design, we wanted to create a creative mix and to have two-way communication with the world. By consolidating and mixing all forms of creativity, Mikser became a multi-disciplinary roof platform supporting the creative sector." Today, the festival is only one of many Mikser activities and programs that developed over time, and the original idea about a festival of creativity grew and developed into year-round activities, adding value to the initial concept.

The story begins in 2009, when the first Mikser Festival was held in Zitomlin. The idea behind the festival was to promote creativity and innovation, focusing on talent discovery, education, training and the dissemination of knowledge.⁸ Each year, the festival program and its activities had different titles, which related to the content of exhibitions, trainings, workshops, and concerts, among others. For example, the name of the 2016 Festival, "Sensitive Society," emphasized issues of gender equality, open dialogue, social equality and effectiveness of conflict resolution. In 2017, the Festival goes under the term "Migration;" its concept is based among the interconnected topics of migration, education in movement, factory of culture, and nature of the city. The idea is that these four pillars present the most challenging issues and problems that Mikser itself faces. On the other hand, the issues reflect current problems and the state of the affairs in the national context as well.⁹

The Mikser festival attracted significant international and national media coverage in the first year, making the founders realize that the festival alone could not survive unless it offered year-round activities. In 2010, the Mikser House was opened in the Savamala district and the festival itself moved from Dorcol Zitomlin to locations in Savamala in 2012. Thus, Mikser established a unique creative platform for interaction between designers, architects, urban planners, public institutions, civil society organizations, local community, students, and the media. The idea was to have a year-round platform that "encourages the creative economy of the country and the Balkan region, establishing dialog between contemporary global tendencies and local and regional practices."¹⁰ Former industrial garages in Savamala became a symbol of new tendencies, new crowds, and a new metropolitan culture that started to blossom and was created in a dynamic way out of public cultural institutions. A new creative leadership was re-emerging. Over the years, the platform based in the Mikser House widened the types of activities to include theater productions, music concerts, educational workshops, the promotion of local handcrafts or fashion, and the hosting of debates and conferences.

⁸<http://www.naled-serbia.org/upload/CKEditor/The%20story%20of%20Mikser.pdf>

⁹<http://house.mikser.rs/mikser-festival-2017-ponovo-u-silosima/>

¹⁰www.Mikserhouse.rs

However, perhaps the most socially responsible activity happened with the start of the global migrant crisis. With the large number of refugees coming to and through Belgrade on the so-called Balkan route starting from the summer of 2015, Mikser was one of the first civic organizations that mobilized the public by organizing a campaign entitled Refugee Miksaliste Aid¹¹ to help refugees. By establishing a contact point in Savamala, they were the first organized initiative serving as a center for help. This prompt action successfully stimulated the local community and citizens of Belgrade who wanted to volunteer and donate personal contributions to help people in need, promoting a spirit of tolerance and compassion.

The Mikser Festival has not received much help from public officials and subventions from the public budget (such as from the Ministry of Culture and Information or the Belgrade Secretariat for Culture) never exceeded 35% of the total budget.¹² The space upon which the Mikser House is located is commercially rented and, according to the founders of Mikser, struggles to survive and be sustainable. As mentioned, the public–private partnership project Belgrade on Water is underway and, according to urbanization plans, the Savamala district will be affected. That is why the Mikser House management is looking for an exit plan. Mikser’s exit plan is to migrate to a neighboring area called Dorcol (municipality Stari grad)¹³ and relocate all activities, including the Mikser Festival, to the Industry of Metal Construction.¹⁴ For this to happen, Mikser must have strong support not only from the state but also from private donors and the wider community in order to make use of the whole complex, which has the total area of 13,384 m².

Mikser’s leadership has been invited to create similar platforms in different locations in the region. Some municipal authorities have recognized the potential and opportunity provided by the model, and it has been announced that from August 2017, the Mikser House will be present in Sarajevo, the capital of Bosnia and Herzegovina.¹⁵

5 Nova Iskra

Nova Iskra started in 2010 as a concept and was officially opened 2 years later. It was founded by five cultural managers, who were supported by the municipality officials of Savski Venac. According to the testimony of Nemanja Petrovic, adviser

¹¹<http://www.culturalpolicies.net/web/seioc-mig-database.php>

¹²<http://www.politika.rs/scc/clanak/213667/Mikser-i-ove-godine-besplatan>

¹³Old City.

¹⁴Devastated and ruined seven-building factory complex originally founded in 1946.

¹⁵<http://ba.n1info.com/a134301/Vijesti/Kultura/Potvrđeno-za-N1-Mikser-House-od-augusta-i-u-Sarajevu.html>

to the mayor of the Savski Venac Municipality when Nova Iskra started, the municipality was home to a low number of youngsters living and working in the community. Savski Venac was one of the oldest Belgrade neighborhoods and had a high number of pensioners and a low number of young professionals with families. The primary schools and kindergartens were half empty and those with the power to make decisions decided to support different initiatives and introduce new policies, including beneficial rates for the renting of public buildings to cultural initiatives: "By partnering with social and cultural or creative entrepreneurship initiatives, the municipality tried to create wellbeing for the whole community."¹⁶

Nova Iskra started by identifying the gap between formal education and the job market. According to Marko Radenkovic, one of the founders: "After finishing formal studies, many young people did not see themselves fitting in typical advertising or marketing agencies. They wanted to be independent and have freedom as freelancers to create; however, they did not have the skills to initiate their own businesses." Basically, formally educated and talented designers and artists did not have the ability to survive in the administration and business environment, so Nova Iskra was the first platform connecting creative people with the market, which capitalized on the fact that the existing gap between formal education and the job market was (and still is) huge.

Besides the support from the municipality, which provided the space, Nova Iskra had only 15% of the capital needed. The rest was covered by in-kind support from big companies like Ikea to smaller businesses. These supporting partners were also the first clients of Nova Iskra, who were hired for a diverse set of creative projects. Until 2015, the platform was struggling with no long-term stability, covering costs and incomes on a project basis. Then, in the beginning of 2015, the team decided to change from project-based financing to full-time programming by creating a new organizational structure with precise job descriptions for all team members. In 2016, Nova Iskra had nine full-time employees and an annual budget of around 120,000 € (Varbanova 2016: 345–352). After 5 years, the hub is a place of co-creation of value and is based on three pillars: a co-working space (professional working space for young professionals from the fields of design, architecture, and art), a co-creative agency (connecting young creative professionals with private and public clients, helping them through the hiring process), and an educational platform (initiating educational projects that aim at improving the social system, including the support of a green economy, social innovation projects, and crowd funding).

The challenges faced were numerous: "Educating the stakeholders, from creative professionals to the wider public, was the biggest challenge."¹⁷ The management of Nova Iskra was asked to transfer the model to various communities in Serbia and in the surrounding region. However, in smaller communities, they always faced the same problem: a top-down approach. The local politicians and

¹⁶Nemanja Petrovic, interview 21 December 2016.

¹⁷Interview with Marko Radenkovic, the founder and director of Nova Iskra (December 2016).

those in positions of power, and therefore able to make decisions, wanted to create similar hubs, but wanted to by nominate and delegate work to people they have chosen (from their political parties, friends and family). That led to failure, as the creative boost and vision had to come from the talent itself and a sort of grassroots energy and passion toward creative ideas and concepts was needed. According to Radenkovic: “The institutional help is welcomed but only as a facilitator providing space and location as beginning capital. The management and leadership of projects must have independence and liberty to create and develop ideas and recruit talent. Otherwise, it is a waste of time and energy.”

6 Creative Mentorship

In 2011, eleven professionals from the field of culture and education were part of the Swedish Embassy in Serbia’s project “Creative Society.” The project group was given opportunities to learn, meet, and exchange ideas about mentoring and personal development through trainings and study trips. In 2013, the group, with the assistance of the Swedish Embassy, decided to initiate a program called Creative Mentorship, a project that brings together 50 individuals from the education culture and business sector with the mission to create a long-term mentoring program in Serbia. After helping to start the network, project management was transferred to the local partner, led by two members of the group, Dragana Jevtic and Visnja Kistic. The other members of the group stayed serving on the board or as consultants. The program matches 25 mentees with 25 mentors every year, offering various types of programs and meetings and trying to help the personal and professional development of the participants, who are described as the “future leaders in the field of culture.”¹⁸

Among the mentees are also typical creative entrepreneurs, such as the ones creating handicrafts (for example, a fashion brand called Skrabac), but they represent only a small share of the participants. Other members are independent artists, researchers, lecturers, and freelancers, among others.

The platform is financed via fundraising, and the management does not perceive their model as a typical entrepreneurship model, explicitly stating that profit was never a motive for starting the initiative. The investment in talent and self-development was, however, a motive. Encouraging entrepreneurship skills via trainings, Creative Mentorship creates knowledge and instruments that every mentee can use and develop in their own future entrepreneurship model. The know-how of the platform is valuable, as the management has been asked to create a toolbox for possible cultural diplomacy purposes and to create mentorship trainings for companies in the region. This shows the economic potential of the platform and the possibilities to be sustainable and even profitable at some point, if the founders should so decide.

¹⁸<http://www.kreativnomentorstvo.com/km/en/participants/mentees-mentors/>

7 Conclusions

The analysis of the selected case studies identifies several characteristics that determine the flavor of the platforms.

The first characteristic relates to the personalities of those who initiated the ventures. The creative economy in Serbia is driven by young talented individuals between 25 and 45 years old,¹⁹ and the research showed that this set of entrepreneurs is mainly composed of two types of people. On the one hand are creative youngsters who have recently finished formal education in the fields of management, production in arts, design, information technologies, and architecture, among others, and are enthusiastic to create new value for the community. On the other hand, there is a group of leaders called “re-pats.” These individuals have spent some time abroad, studying and/or working, and after receiving relevant professional or educational experience, have come back to their home country to try to create new ventures and models that are, to some extent, imported from abroad. Their personal preferences, education, and passion for certain fields of creativity determine the core activities and concepts of platforms. Both groups embrace tolerance and open-mindedness as *sine qua non*.

The second important feature of the analyzed cases relates to the fact that all interviewed creative entrepreneurs identified a particular social need or need for wellbeing becoming a crucial impetus for starting projects. Non-economic effects or positive externalities are more important than the economic factor in all three cases, and profit itself was never a motivation or cause for the projects. This leads to the conclusion that our creative entrepreneurs can be named social entrepreneurs as well.

At the very beginning, all initiatives were, to an extent, imported models strongly connected to the locally determined factors. The third characteristic refers to the recognition that the export of the platforms is possible and is happening. The Mikser Festival was copied, and in June 2016, the Festival “Nine” was organized in an old brickyard in the workers’ suburbs of Belgrade. Further, in 2016, the Dorcol Platz was opened, a platform that copied the model of the Mikser House, combining gallery, performance, and theater space with a bar and a playroom for kids. The Nova Iskra hub was asked to borrow or copy expertise and skills to create similar hubs in the region. Apparently, creative entrepreneurship initiatives are such that the basic model could be “exported” to different communities or locations with attention and adjustment to the local narrative and setting. In this vein, the particular leadership and personal passion toward creative and cultural initiatives are essential factors. It cannot be delegated from the top and can only be stimulated and non-conventionally supported by the local administration.

The next conclusion relates to the hypothesis regarding the 3Ts concept as a pre-condition for the rise of a creative city. Besides identifying social need as a

¹⁹70% of the employed people in the creative sector are in the 25–45 age group, compared with 45% of those employed in general trade (Mikic 2016).

motive for starting entrepreneurship in the creative sector, all interviewers pointed out that a quantitatively high number of talented individuals “demanded” creating ventures that invest in talent itself through the use of different forms and business models. Most of the talent was based in Belgrade. However, during the interviews, the issue of cultural and creative entrepreneurship education was raised. Two aspects here are relevant: the creativity of education itself and the education of creative individuals (Mikic 2016). Creative individuals are key to community economic growth, and the interviewers said that they recognized the lack of knowledge about specific business topics that must be mastered before entering into entrepreneurship projects. On the one hand, they had extensive and profound knowledge within their field of creativity (design, architecture, production, etc.), but within matters of business, like planning, financial management and accounting, laws on intellectual property, European Union laws, lobbying, and social advocacy, skills are lacking.

The research showed that the tolerance at the Savamala location was higher than in other Belgrade municipalities, while the level of technology did not play an important role, except with regard to the level of personal technology skills of individuals. The level of tolerance can be determined according to the degree of acceptance of migrants and homosexuals (Florida, according to Mikic 2016), and we witnessed a high level of acceptance and sensitivity of the local community toward migrants in and around Savamala. Although the general Serbian public could be described as being more homophobic than tolerant (the issue of organizing LGBT parades without police protection is still open), some local communities are trending in the opposite direction, creating a favourable environment for the creative class to start new entrepreneurial platforms in certain locations.

Regarding the national or municipal policy support, interviewers claimed that, excluding some initial help from the municipality (i.e. Nova Iskra getting the space with preferential rate), there were no significant direct or indirect provision of funds. This means that with minimal public policy interventions during the period when a certain party was governing Savski Venac, a number of smaller creative and cultural initiatives were started at this location, creating non-formal cluster of creative platforms.

8 Challenges and Perspectives

Almost 10 years ago, Dragicevic Sestic and Stojkovic determined the types of entrepreneurial initiatives in the cultural field specific for a domestic setting (2011: 108), which now have to be supplemented by some new categories. In addition to the six types suggested by the authors, we add and name at least three types that emerged in recent years in the Belgrade metropolitan area: design or creative hubs (connecting different types of designers and creative professionals with the market), multi-disciplinary platforms encouraging creativity and arts (spaces serving as art venues, cultural and educational centers, and showrooms

for local creativity and artisanal products), and networks for supporting entrepreneurship and personal development in culture and creativity. All models use a multi-level and multi-disciplinary approach as an entrepreneurial answer to the complex outside world of players and issues.

As we have seen, the role of creative and cultural entrepreneurship in ensuring the vitality and health of the economy is not yet recognized in post-transition societies like Serbia. Some small steps have been taken, but systematic and wider support is still missing, including transparent support for public-private partnerships and a wider definition of the creative sector. Public policies that could encourage and set a favorable stage for such multi-disciplinary initiatives are not recognized as needed, and cultural policy still has traditional and obsolete definitions of the sector, which leads to gaps and defects when it comes to the competition for public-supported and co-financed projects. Such initiatives that have the characteristics of many different disciplines and present a mix of different art sectors have difficulties to apply for support, as they do not fit into any of the traditionally defined categories.

This research concluded that cooperation among platforms, even if both are located within the same municipality, is rather low. The lack of networks for cooperation that could lobby for the interests of creative and cultural entrepreneurs makes a case for their development, as their importance for the sustainable urban development of the area cannot be ignored. At this moment, there is one official network under the umbrella of the Serbian Chamber of Commerce. However, it is narrowly defined and gathers only big players, like movie and media production houses. Smaller initiatives and ventures still go unnoticed. Coordination between different stakeholders is lacking and connections among science and research, education, and culture is very weak. Integrative public policies based on evidence should be one of the priorities, for which researchers would have an important social task to perform (Mikic 2016).

As the largest and most developed city in the region, the city of Belgrade should rethink its future urban development and economic strategies. One possible approach would be to explore the role of creative entrepreneurship in adding value for the citizens living in the urban areas. We have seen that the Savski Venac municipality, with a rather limited set of interventions, helped to create a favorable environment for entrepreneurs to find safe harbor and grow. However, it is an open question if and how Savamala's spirit, atmosphere, and creative ventures will survive after the urbanization project Belgrade on Water develops and grows in the coming years. In the meantime, cultural and creative entrepreneurs will remain on no man's land, without a proper regulatory environment or supporting public policies, but with a freedom that guarantees no limits to creativity.

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Experience-Driven Cultural Entrepreneurship: Business Models and Regional Development in the “World of Frederick II Hohenstaufen”

Dorothea Papathanasiou-Zuhrt, Aldo di Russo, and Konstadinos Kutsikos

Abstract Due to the financial crisis across Europe, many heritage places (industrial buildings, religious settings, etc.) are facing functional redundancy. Innovative financing, business and governance models are needed to enable the reuse of such cultural assets and the creation of new cultural experiences; this is still a relatively unexplored area. In this chapter, we explore a business model innovation within experience-driven business ecosystems that focus on the adaptive reuse of cultural heritage. Our findings are based on a detailed case study of the World of Frederick II at the Castel Lagopesole in Italy, a cultural investment that has redefined quintessential aspects in the production and distribution of culture in the support of place development. The direct involvement of key stakeholders and residents has led to enhanced civic pride and entrepreneurial orientation and demonstrates how innovative business modeling and new skills applied to cultural communication can generate mindful visitors and contribute to the sustainable reuse of CH assets.

Keywords Castel Lagopesole • Cultural heritage • Cultural entrepreneurship • Cultural communication • Business models • Regional development

1 Introduction

Today, in a world where the European identity is contested by the global economic crisis, refugee flows, and terrorist attacks, it is imperative to rethink the mission of the heritage sector in shaping citizens' attitudes and its capacity to establish ideals for an improved society. Cultural values, which constitute the fourth pillar of sustainable development, offer new opportunities for research, application and creation of new iconic content and build a basis for the design and delivery of cognitive-emotional

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experiences at heritage places (Pine and Gilmore 1999; Tussyadiah 2014; Juroswski 2009). Technological achievements and the constant rise of connected consumers via the liberation of geolocations by mobile telephony have produced new markets. The digital revolution has altered the production of various industrial sectors, including that of culture and the creative industries (Amann and Lange 2014). New communication patterns define new market preferences and the constant use of smart devices in daily life impacts common sense through the interpretation of visual codes.

We are presenting a “Narrative Museum” case study, that of *The World of Frederick II* at the Lagopesole Castle in Basilicata, Italy. An interactive museum in the interior of the Castle and a dramatic staging with a special effect film in the Courtyard offer multi-sensory and participatory experiences to the audience. Technology and creativity give the walls of the castle the power to bear testimony to the castle’s historic personage and reveal what has been seen, heard, imagined, suspected, and discovered within its walls. As such, visitors become an integral part of the excitements of the court life and get to know about the historical and political events and personalities that marked the personality of Frederick and his time: the arts and crafts, the struggle against the pope, and even his human side. The Emperor reveals, that, infiltrated by the desire for perfection, a result of his education, he committed his life to a curiosity about the world through art, culture, government, the boundless “Stupor Mundi.”

2 Research Methodology

The conditions and means with which a heritage communication pattern for non-captive audiences is produced at heritage places was the main focus of the research. *The World of Frederick II* is a museum narrative and multimedia performance hosted at the Castle of Lagopesole in Basilicata, Italy since 2011. It is funded by the Region of Basilicata through the FESR POR 2007/2013. Built in the XIII century on a pre-existent Norman fortress, it is an impressive testimony to medieval fortification, and was opened to the public after being restored. *The World of Frederick II* gathers audiences at the castle with stories from the world of the Holy Roman Emperor Frederick II of Hohenstaufen (1194–1250). Through carefully designed experience opportunities on a cognitive, emotional, haptic and multi-sensory level (Armstrong and Weiler 2003), visitors become an integral part of the excitements of the life in the court, familiarizing themselves with historical and political events and the personalities important in the Emperor’s life.

The World of Frederick II offers visitors an experience mixed with visual, auditory, haptic, sensomotoric, cognitive and emotional stimuli. Each experience is designed with different educational and behavioral objectives in mind and aims to produce a reflective attitude through the power of artistic surprise, thus enabling the symbiosis of theory and pragmatism in the artwork (Di Russo 2005: 176). The following five research questions were answered: (a) what types of experiences does the museum offer; (b) can these experiences facilitate visitors without prior knowledge to bridge the spatiotemporal gap from the remote past to the present through the heritage narratives offered; (c) does the Museum, as a case study,

demonstrate that new skills can offer innovation support at the regional level; (d) is the inclusion of technology into the heritage experience producing a value-driven interaction, especially for the youth which is innate to the digital world; (e) how is the Narrative Museum affecting the cognitive paradigm and which types of experiences impact the production-consumption process in heritage settings. In an attempt to define the visitor experience typology and obtain input from visitors (114), stakeholders (36) and experts (12) involved in the process conducted qualitative interviews and two onsite study visits in April 2014 (funded by the SEE/B/0016/4.3/X Project SAGITTARIUS) and in July 2016 (funded by the COS/TOUR/699493 Project DIVERTIMENTO). Experts have described their efforts to promote the museum as being part of a democratic, participatory platform for self-directed learning in a non-formal education context through the successful coordination of the different skills required to form an integrative experience. It has been underlined that by applying a trans-disciplinary approach to heritage education and media literacy, the museum has envisaged a transformation of the locus into a participatory value-generating public space. Significant effort has been made to coordinate the different expert skills available onset and to organize heritage contents into a cohesive story told in a language understandable to non-captive audiences. Experts strived to create a hermeneutic and participatory paradigm, where non-captive-audiences think contextually and act autonomously via a self-directed learning modus. It has been emphasized that ICT alone cannot ensure the heritage experience; however, the correlation between a technologically driven intensity of experience and the conditions regulating the cognitive accessibility of information offered to the public can and shall support the quality of the experience.

3 Typology of Heritage Experiences

Creating emotional impact and regulating behavior to embrace values of heritage, including the protection and conservation of goals, is essential in ensuring more sensitized citizens. To focus on a concise story and avoid the creation of an audience suffering mental overload, the *Narrative Museum* is organizing its contents into stories. Each story is deliberate and includes a main message. Instead of a chronological array of series and facts, the *Narrative Museum* provides a clear focus for *connections* with the faces, places, and events in the life and world of Frederick II Hohenstaufen, demonstrating the cohesive development of relevant ideas within the experiences in which one can take part in the halls. The stories relate to places, things, and ideas that prevailed in Frederick's life or moments of intellectual and emotional revelations, perceptions, insights, or discoveries related to the understanding of Frederick's era and his achievements in politics, law, science, and the arts. The audiovisual heritage narratives link tangible objects with their hidden meanings, giving significance to the items presented. As such, the two halves are united in a meaningful way, ensuring sound learning outcomes (Berninger and Corina 1998; Ashby and Shawn 2001) (Table 1).

Table 1 The Narrative Museum “The World of Frederick II” in Lagopesole, Italy. Design of the visitor experience typology

Castel Lagopesole Narrative Museum “The World of Frederick II” Visitor experience typology							
Exterior space							
	Defensive structure	Multivision in courtyard	Well	Chapel	Right wing	Left wing	
<i>Visitor experience</i>		Audiovisual experience			Conference facilities; surprise Frederick’s staircase on the wall	Visitor facilities area Ticketing office	
<i>Learning outcomes</i>		Frederick’s legacy to the world; life events; struggle with papacy Science (Castel del Monte) Military architecture					
Interior space							
Ground floor	Permanent archeological exhibition	Souvenir shop	Facilities	Kitchen	Chapel	Rest rooms	Secret staircase
<i>Visitor experience</i>	Collection of garbage from the Castle	Shopping opportunity	Translators Guided visits, e-guides	Food and beverage	Piety, devoutness	Visitor services	Surprise
<i>Learning outcomes</i>	Acquaintance with art objects (bird, rosette, figurines, etc.)						

Upper floor	Entrance with Guard	Hall of the Sphere	Bar of Time with Geomap	Crown Hall	Court Hall	Hall of Vestiges	Hall of Exhibitions History Book
<i>Visitor experience</i>	Surprise, welcome, embodiment	Manipulation of time Sensomotoric bodily experiences Support of cognitive autonomy	Haptic experiences, seven story plots about life in the castle	Life in the castle; The professions; The market; The life of women; The soldiers; The tavern; Medicine in the time of Frederick	Universal values, emotions, family values, love, passion	Haptic experiences	Cognitive-emotional
<i>Learning outcomes</i>	The Emperor and his Arab body guards; The Emperor's mistrust of the Pope's spies	What: The Sphere shows visitors <i>what happened</i> , while visitors can manipulate time and travel back and forth between the past and the present. It focuses on events in the Emperor's life. Where: The Geographical Map provides for orientation in the historic space, pointing to exactly <i>where things happened</i> When: Using the <i>Bar of Time</i> , visitors get to know <i>about facts and stories</i> related to the life of Frederick II.		Autobiography of: Frederick; Bianca Lancia, King Manfred; Important historical events in the reign of Frederick II Hohenstaufen; Clothes of the nobility and the court; items and objects of the centuries; Important artworks	Frederick's physical appearance (different views); Frederick's treatise on hunting with hawks; ladies wear; Armories; Dresses of different professions	Power of logic; Dialogue as an educational tool; value of peace; value of knowledge and science; women's rights	



Fig. 1 Castel Lagopesole; Ali Ahmet welcomes the audience. Courtesy of the EU funded Project 2011–2014/SEE/B/0016/4.3/X SAGITTARIUS “Launching (g)local level heritage entrepreneurship: strategies and tools to unite forces, safeguard the place, mobilize cultural values, deliver the experience”

3.1 *The First Amazement*

The adventure begins with visitors climbing the staircase towards the promised experience. *Ali Ahmet*, the Emperor’s personal lifeguard, greets the audience in full armory: “*If you meet the Emperor, don’t be loud, be quiet. His head is full of worries,*” he reveals to the astonished visitors (Fig. 1).

3.2 *The Experience of Time*

A narration related to Frederick’s time starts in the *Hall of the Sphere* with an animation of a sphere hanging from the ceiling over the staircase. To keep the visitors’ attention and support the auditory part of the historic narration, figures and icons from codes and miniatures appear, disappear, and reappear as the *Sphere* moves. The experience is complemented by the *Geographical Map*, a map four meters wide and six meters high with an iron bar in front, which engages visitors in a bodily experience. The map is antiqued, but also allows the current borders to pass knowledge about where past events occurred. Thereby, young audiences from different countries easily recognize their places of origin. The iron bar in front of the map is a timeline bar with a bulb. It explains the 12 most significant events in the life of Frederick II. To support the sensomotoric experience, a certain amount of strength is required to move the bulb to a specific date (Crouch and Desforges 2003: 6). When the bulb stops at a selected date, a



Fig. 2 Castel Lagopesole, Narrative Museum: Hall of the Sphere, Bar of Time and interacting Geomap. Courtesy of the EU funded Project 2016–2017/COS/TOUR/699493/DIVERTIMENTO “Diversifying tourism offers in peripheral destinations with heritage-based products and services, stakeholder-skills alliances to internationalize locally operating micro-enterprises”

narration related to the place and the event is projected on the *Geographical Map*, encouraging the audience to focus on the event. By moving the lighting bulb of the timeline bar back and forth, visitors can follow the achievements and exploits of the Emperor. By moving the cursor to a date, a visual narration related to a place and an event begins. In this way, three types of experience opportunities are created in the *Hall of the Sphere*: (a) *what*: The Sphere shows visitors *what happened* in the Emperor’s life; (b) *where*: the Geographical Map assists visitors in orienting the historic space, pointing exactly to *where* things happened; and (c) *when*: the timeline bar assists visitors in understanding *when events* took place in the life of Frederick II (Fig. 2).

3.3 The Immersive Experience

In the *Hall of the Court*, an immersive experience takes place that combines theater and refined technology: a 360-degree projection mapping with three main characters is realized in 57 min. The three protagonists are the Emperor, his last wife, Bianca Lancia, and his favorite son, King Manfred. Visitors find themselves in the epicenter of the action, spatially surrounded by visual narrations projected on three walls: (a) *King Manfred* presents himself as the son of an omnipotent father, whom he deeply admires for his goals and achievements; (b) *Bianca Lancia*, mother of King Manfred, shares moments of her life with Frederick and her continued hope of getting married, that she only achieved on her deathbed, with the audience; (c) the *Emperor* opens the doors of his own *Stupor Mundi*, revealing the struggles against the papacy and nobility in efforts to promote the sciences and social welfare. Excommunicated for his ideas on several occasions, he tells the audience that he was not pursuing power, but perfection, and that he studied science and the arts because “*a man is more perfect when he surrounds himself with masters.*”

3.4 The Haptic Experience

Moving around the 15 m wide and 4 m high imposing crown, a sensual and haptic bodily experience takes place. This monumental, octagonal structure is placed in the middle of the *Crown Hall*, decorated with seven gems. Behind each gem are seven audiovisual-stories, with references to the medieval life in the castle. Moving the gems adorning the crown openings, one discovers that the whole court has come to life. To facilitate the needs of children and visitors with disabilities, the gems are placed in the crown structure at various height positions, building a symmetrical curve from the lowest to the highest point. The floor is covered with a manuscript from the era of Frederick II of Hohenstaufen.

In the *Crown Hall*, visitors can also obtain first-hand information about the design and production of the museum using the available touchscreen kiosk, where experts share their personal experiences acquired during the production phase with the audience (Fig. 3).

In the *Hall of the Vestiges*, visitors are invited to familiarize themselves with everyday objects from the Frederic II era. The most prominent object is a copy of the illuminated parchment code *De arte venandi cum avibus*, kept in the Biblioteca Palatina of the Vatican Library. It contains Frederick's treatise, which was written in 1240 for his son Manfred. The copy becomes new artwork, with visitors queuing to *touch the untouchable* (Di Russo 2003). Four interactive consoles in the corners of the hall feature various social classes and professions, including the equerry, the knight and



Fig. 3 Castel Lagopesole, Narrative Museum: Hall of the Crown with interacting visitors. Courtesy of the EU funded Project 2016–2017/COS/TOUR/699493/DIVERTIMENTO “Diversifying tourism offers in peripheral destinations with heritage-based products and services, stakeholder-skills alliances to internationalize locally operating micro-enterprises”



Fig. 4 Castel Lagopesole; visitors interacting with exhibits in the Hall of Vestiges. Courtesy of the EU funded Project 2016–2017/COS/TOUR/699493/DIVERTIMENTO “Diversifying tourism offers in peripheral destinations with heritage-based products and services, stakeholder-skills alliances to internationalize locally operating micro-enterprises”

the apothecary, and the ladies, among others. By moving the lever on the console, time can be manipulated and the representations automatically change their style, clothing, and appearance to that of another century (Fig. 4).

3.5 *The Visual Experience*

A highly sophisticated installation in the *Hall of Temporary Exhibitions* is the *History Book*, a 3 m wide book, mounted on the wall. A multivision screen projected on the wall revives a conversation between *Pier delle Vigne*, political adviser of the Emperor, and *Jacopo da Lentini*, notary and poet, concerning the *Constitution of Melfi*, a major act of European history. The clear-cut dialogues are written in such a way that the cognitive effort required to process and understand information is kept within working memory limitations, even though the topics deal with abstract concepts and touch upon historic reality. The multi-vision format utilizes a synthesis of visual elements from historical archives, artworks, and collections in order to explain the traits visitors need to be able to understand in order to comprehend the story (historical dress, utensils, signals, items, etc.), thus emotionally embedding the audience and allowing for personal experience (Fig. 5).

The visual experience concludes at night in a large rectangular courtyard with a dramatic staging of a special effect film, entitled “*Lagopesole, 1236*,” on a multi-vision screen projected on the 80 m wide and 20 m tall walls of the court.



Fig. 5 Castel Lagopesole, Narrative Museum: visitors' undivided attention is given to the History Book. Courtesy of the EU funded Project 2011–2014/SEE/B/0016/4.3/X SAGITTARIUS “Launching (g)local level heritage entrepreneurship: strategies and tools to unite forces, safeguard the place, mobilize cultural values, deliver the experience”

Technology and creativity allow the walls of the castle to testify to what has happened and what has been seen, heard, imagined, suspected and discovered within their confines. The walls mutate, metamorphose, break up and reshuffle, becoming at the same time the background for the historical figures. The walls convert to magical screens that mix elements, architecture, graphics, history, monologue and surprising special effects. Through complex audiovisual technology, the multi-vision screen integrates different types of documents (photos, texts, manuscripts, objects, actors etc.) into meaningful subdivisions (chapters), offering a cultural communication experience rich with media (Di Russo 2005: 176). Multi-vision screens can synthesize and summarize various events and materials into an integrative narrative through the use of comparisons, juxtapositions, and contrasts, while continuously making use of contemporary elements. Multi-visions are very large screens with resolutions not able to be achieved by any other media. This allows for the best animation and display of archives, documents of any kind, and all other types of cultural objects (Di Russo 2005: 3–5). Story plot and the multi-visual narration respect working memory limitations and category learning ensures the attention of the audience for 36 min (Kravtchenko and Demberg 2015: 1207; Baddeley et al. 2014: 41–67) (Figs. 6 and 7).

4 Community Involvement and “Heripreneurship”

Arousing emotion through art and culture means being able to provide a narrative that attracts and retains the attention of the audience spreading the message at an international level. Each and every work returns cultural value to each small local museum through precious elements belonging to the cognitive puzzle. It is these peripheral locations that have (and give) the highest contribution to cultural development in the area. *The World of Frederick II* is the first attempt to combine community involvement, regional governance, and academic research in order to



Fig. 6 Castel Lagopesole, the multivision in the courtyard. Courtesy of the EU funded Project 2016–2017/COS/TOUR/699493/DIVERTIMENTO “Diversifying tourism offers in peripheral destinations with heritage-based products and services, stakeholder-skills alliances to internationalize locally operating micro-enterprises”



Fig. 7 Castel Lagopesole; the multivision in the courtyard with an audience. Courtesy of the EU funded Project 2016–2017/COS/TOUR/699493/DIVERTIMENTO “Diversifying tourism offers in peripheral destinations with heritage-based products and services, stakeholder-skills alliances to internationalize locally operating micro-enterprises”

(a) educate the local population about its values and its heritage by reconstructing the place’s identity, using specific interpretive products and services, (b) manage leisure time for non-captive audiences in recreational settings, and (c) create a non-exchangeable tourism image for the region of Basilicata.

The World of Frederick II has included the local population through a bottom-up procedure during both the planning and the implementation process and has thus facilitated the benefits experienced at the local level (Hawke 2010: 42; Mifssud-Bonucci 2009; Vasile et al. 2015). The film characters in the audiovisuals behind each gem in the *Crown Hall* are local community members and native Lucans, the *direct heirs* of those ancestors who helped the Emperor realize his vision through their labor and blood spilt in the battlefields. *The World of Frederick II*, launched in 2011, was selected as a best practice example by the SEE/B/0016/4.3/X SAGITTARIUS in 2014 and by the MIS ETC 2617 Black Sea Project ALECTOR in 2016. The Castle of Lagopesole, unexploited before the launch of *The World of Frederick II*, received 30,000 visitors in 2016 and became the main attraction for the

Chapter “Italy” in the iBook Collection EUROTHENTICA, funded by the COS/TOUR/699493 Project DIVERTIMENTO in 2017.

*Lying outside the major fame attraction map of Italy, the Castle of Lagopesole lies. Prior to the opening of the Narrative Museum in 2011 it had an average visitation of 500 persons annually. The World of Frederick II has created a new cultural heritage business model that sparks new thinking and practices at the local level. The newly born cultural operation has changed the local business model, transforming the enthusiastic buyers to resellers and giving birth to substantial community benefits. It assists local actors in increasing foresight, innovation, and agility in the development and adaption of new services in a constantly changing globalized market with many skillful entrepreneurs, who may in turn encourage investment and action across markets and communities. In addition to the initial four bed and breakfasts, three restaurants have been launched and two others refurbished, adding to the existing infrastructure of 12 businesses with an approximate permanent resident population of 700 people. All new businesses relate their names to *The World of Frederick II*, such as the in a transregional cultural heritage trail *Dimora di Federico*, the *Cavalieri di Bianca Lancia*, the *Porta Castello* in the accommodation sector, and the *Il Medievo*, *La Taverna al Castello* in the catering sector, among others.*

*The World of Frederick II has also given birth to the Heritage Trail *Stupor Mundi*, operated in the Region of Basilicata Region, which involves ten heritage places. The Heritage Trail, funded by the SEE/B/0016/4.3/X Project SAGITTARIUS, is inspired by the *World of Frederick II*. It is a long-haul trail extending through the entire region of Basilicata, connecting the C.I.P. leader-funded *Volo del' Angelo* and the *Raptors' Park of Grancia*. *The World of Frederick II* has inspired a new service funded by the COSME Programme in 2017, connecting ten heritage places in a transregional cultural heritage trail in Campania, Apulia and Basilicata, already marketed at the global tourism fair ITB in Berlin Germany in 2017.*

5 Conclusion

Culture is not a merchandise and visitors at heritage places are not traffic to be controlled; the money used for culture is public and the social function is a determining factor in defining a community, keeping it together around shared values. Culture is not a medium that spreads out an evenly concentrated number of visitors. Culture gives a narrative of symbolic and educational value to single works rather than to their containers, placing an accent on symbolic cultural sites rather than on successful brands, and shifting the focus from the museum to the individual work. Therefore, the fact that some works that have been relegated to museums ignored by the public have not entered the educational circuit is exceedingly important. Culture is the measurement of a society and conditions its *modus operandi*; it can transform an area into communities and single individuals into a population. This very reason is establishing a difference in the consumption of

serially made and exchangeable on the basis of the price products and the consumption of culture: keeping the “sarcophagus of Rapolla” or “the Riace bronzes” hidden from the general public is not like ignoring a simple commodity, it is rather a social responsibility and liability. In an ideal world, a graph of this phenomenon would be a straight line on a slope, with a negative angular coefficient, including more or less important and visited museums, but without forgotten or hidden works. This should be our aim. We can say right away that this is not a matter of marketing; it is more a question of rethinking the offer and the organization of this sector from the ground up, beginning research and experimentation, because no one has the recipe in his or her pocket. What we need is to learn to talk about works of art and about history and tradition, from the museum to the individual work, from the general container to specific content, from noise to narration.

This paper examined the knowledge pattern established for non-captive audiences and how cultural values become drivers for endogenous development. The *World of Frederic II* is a cultural investment that has redefined quintessential aspects in the production and distribution of culture as key to place development. The direct involvement of key stakeholders and residents has led to enhanced civic pride and entrepreneurial orientation and has demonstrated how new skills applied to cultural communication generate mindful visitors and contribute to sustainable place making. By employing domain-specific expertise in the production and delivery phase, the museum marks the end of the tourist gaze, enabling long-lasting cognitive, emotional, and multi-sensory experiences for different audiences.

Visitors at heritage sites are not a public of mini art historians or bonsai archaeologists. This is exactly why each and every heritage destination can and should become a place for emotional expression and learning experiences, helping traditional values to become part of a people’s identity, thereby reinforcing, making solid, and firmly anchoring the identity in the bay of knowledge. Today, more than ever, where traditional cultural institutions are experiencing a slump never seen before and where the language of advertising has become such a part of the rationale that has deleted the hypothetical, deductive approach to dialectics in the west, cultural destinations—especially in peripheral locations—are central to an area’s development, acting as a kind of *frontier*. What is needed is a new way to draw in an increasingly general public, which cannot be acquired without a strategy in line with the territory and the necessary expertise. Decisions behind a territory’s cultural growth are political rather than technical. Europe needs a ground-up review of the relationship between culture and society that ensures competent structures able to work in an international setting (Bruell 2013). The small peripheral museum, with its artistic personality and its role within the local identity, has much to offer in terms of culture and tradition in the area, lending tangible and intangible benefits to the growth of society. In this way, peripheral areas can become point of attractions in an area more easily and places to experience and look upon every day, rather than just being worthy of one visit; they can become genuine cultural institutions with their own cultural policies.

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Urban Creative and Cultural Entrepreneurs: A Closer Look at Cultural Quarters and the Creative Clustering Process in Nantes (France)

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with the collaboration of Sandrine Emin, H el ene Morteau

Abstract This chapter deals with the genesis of an urban cultural and creative cluster (CCC) as a collective system of cultural and creative entrepreneurs and very small companies. Beginning with a longitudinal case study of the trajectory of a CCC, the purpose is to address the analysis framework of the clustering process and to identify the keys actors in the cluster life cycle. The methodology is based on a 6-year qualitative study of the French “Quartier de la cr ation” in Nantes. The findings confirm the prevailing view of the CCC as a dynamic organization. It shows distinct stages, with specific key actors and governance practices. It reveals difficulties in shaping the roles of the support organization, the interactions with the small firms, and the collective competencies to build amongst the cultural and creative entrepreneurs. The governance mechanisms and cluster practices of some localized groupings of cultural entrepreneurs and very small creative enterprises require balancing institutional and entrepreneurial approaches, which results in hybrid cluster practices based on ambidextrous management mechanisms.

Keywords Cluster • Creative entrepreneurs • Management • Governance

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1 Introduction

In the past 10 years, cultural and creative industries (CCIs) have become the focus of policy and academic discussion all across the developed world. As Chapain et al. (2013) underline in the DCMS (Department for Culture Media and Sport) in a report on creative industries (2001), CCIs have been identified as a key element in local economic development, due to their innovation and spillover activities. Regarding clustering processes, most studies have been dominated by the cluster paradigm (Porterian Paradigm), with a strong focus on company colocation and agglomeration economies. A number of studies have focused on the economic functions of creative industries (in terms of employment, production, exports...), but few studies have yet explored the emergence dynamics of these creative clusters.

This chapter deals with the genesis of an urban cultural and creative cluster (CCC) in Nantes (France) as a collective system of cultural and creative entrepreneurs and very small companies. Beginning with a longitudinal case study of the trajectory of a CCC, it presents an analysis of the emergence mechanisms. Due to a poor understanding of the entrepreneurial practices of these small creative firms in the literature, the research analyzes how some cultural and creative entrepreneurs design and implement some management initiatives in order to develop such an interactive, collective, resourcing organization as a result of social and business exchange based on personal relations, arrangements and mutual trust (Johannisson 2003).

2 Urban Cultural and Creative Clusters: Theoretical Background

The study of clusters is based on different disciplines (industrial and innovation economics, new geographical economics, territorial planning, and strategic management). Economists and geographers have underlined the beneficial effects (competitive advantage) of the geographical proximity within clusters, which favors a common culture. More recent research has shown that, even in the age of the internet, the economy depends on the transmission of complex, non-codifiable messages and implicit practices that rely on understanding and confidence, which require face-to-face contact and “handshakes” rather than conversations (Leamer and Storper 2001). This physical proximity is particularly important in the case of cultural and creative activities, where information is neither codified nor formalized and where actors have divergent temporalities and varying creative approaches to their work.

In the specialized literature on the geographic concentration of cultural and creative activities, a number of typological proposals exist based on varied criteria: the nature of the activity (Debroux 2013), the cluster development stage, cluster objectives (Evans 2009), the nature of relations (Zarlenga et al. 2016), and the

clusterization dynamic. In his four cluster types,¹ Santagatta (2002) most notably distinguishes the urban cultural cluster, the characteristics of which are similar to those of the empirical area of our study. This type of cluster is organized by local authorities in order to valorize (or revalorize) the urban environment and respond to the disappearance of traditional industries. The urban cultural cluster is, therefore, part of a long evolution (theoretical and empirical) of the cluster concept and can be a way to approach the issue of the spatialization of links and interactions between companies. With Marshall's work (on the concentration of companies and economic activities in the 1890s), Beccatini (on Italian districts in the 70s) (Beccatini 1990), and Porter (on the grouping of actors from the same sector in a given geographical zone) (Porter 1990, 1998a, b, 2000), a theoretical schema of these phenomena has been formalized via a theoretical approach to clusters.

The literature about the urban creative cluster distinguishes the knowledge-based view of clusters from the economic-based view, which still dominates (see Table 1). Policy interventions tend mainly to be inspired by formal economic theories (in line with the Porterian view of a cluster). Policymakers are still being persuaded to use a "cluster toolkit" (Bahlmann 2014; Bahlmann and Huysman 2008). But the issue of creative cluster governance takes on a quite different aspect when viewed from the knowledge-based perspective (Crevoisier and Jeannerat 2009), due to the complex challenges it raises, as can be seen in Table 1. Bahlmann and Huysman (2008) emphasize the following: "*governing knowledge, both in organizations and clusters, involves, at the very least, understanding the rich social dynamics to which the concept of knowledge is subject to*" (p. 315).

The theoretical framework is based on a dialogue between these different perspectives in order to better understand the clustering phenomena for the cultural and creative firms, notably by looking at the different management approaches and mechanisms designed and implemented.

Recent research into the nature and scale of the mechanisms of emergence, structuration, and evolution of clusters takes us beyond approaches that oppose auto-organization and pure strategy, top-down and bottom-up policies (Ebbekink and Legendijk 2013), political voluntarism, and an "on-the-ground logic" (Forest and Hamdouch 2009). Brown (2000) criticizes the top-down policy in the development of cultural clusters in Sheffield and Manchester. The author questions the legitimacy of local authority intervention: "*creating facilities is not enough. What is needed is a soft development tools approach that makes it easier for people to meet and develop networks that stimulate a creative environment.*"

Beyond this debate, now thought of as old-fashioned and reductive (Hamdouch 2010) concerning top-down or bottom-up logic, this research is based on a multi-disciplinary approach in order to better appreciate the clustering process and to better analyze its dynamics, as they reveal many historical, institutional, economic, and social factors particular to the territory. These particularities are even more marked

¹Marshall-type cluster, recognized institutional cluster, heritage cluster, metropolitan cultural cluster.

Table 1 Characteristics of the economic- and knowledge-based views of clusters

Economic-based view of cluster	Characteristics
Importance of knowledge spillovers (Marshall 1920)	Process of people (craftsmen) being inspired by each other, which leads to innovation
Dynamic processes (Scott 2006)	Tacit nature, “atmosphere” of agglomeration
Knowledge spillovers (Jaffe et al. 1993)	Flows of knowledge
Stress on formal economic factors and some local elements (knowledge, relationship, motivation) (Porter 1998a, b)	Lack of recognition for the importance of socioeconomic factors in influencing cluster dynamics
Presence of different forms of knowledge (Glaeser et al. 1992)	The value of knowledge heterogeneity
Network of innovation (GREMI 1997)	Constitutive elements of the milieu: know-how, standards/rules and values, relational capital, human and material resources, interaction patterns Importance of local learning processes, interfirm relations and regional (or territorial) socioeconomic embedment
Knowledge-based view of cluster	Characteristics
Learning economy, learning regions (Florida 2005; Hassink 2004; Foray and Lundvall 1996)	Ability of participants (whether on an individual, firm, regional or national level) to learn requires skills and knowledge Quality of local institutions in innovation and learning
Micro-processes (Amin and Cohendet 2004) Tacit forms of knowledge (Foray and Lundvall 1996) Connections through family and friendship ties	The role of tacit and explicit knowledge Know-how, know-who, know-what Knowledge and learning embedded in social and territorial processes Personal contact as a necessary element in the transfer of knowledge Importance of geographical proximity
Intelligence gathering, collective strategy-making (Ebbekink and Lagendijk 2013)	An ongoing, informal strategic dialogue between all cluster stakeholders Mixing expert knowledge with local practitioners’ knowledge, creating a collectively shared understanding of a territory’s strategic needs and priorities Endogenous capacities Strategic intelligence/strategic learning and communities of practice
Role of the civic entrepreneur (Ebbekink and Lagendijk 2013), cluster entrepreneurs (Wolfe and Gertler 2004; Wolfe and Nelles 2010)	Inspirational leader, commitment-seeker Animation, gate-keeper, network-broker Mentor, agitator

when thinking about cultural and creative clusters as a result of their history and the activities developed. In fact, these clusters were often the result of an idea to revitalize urban policy through culture; in other words, a cultural milieu in which economic policies are appealed to in the support of the creative industries (Morteau 2016).

Resulting from this change, CCC clusters became anchored in the territories and became spaces of production and consumption of cultural and creative activities and became spaces of artistic activity. Moreover, the CCC is often used as a territorial marketing tool. An emerging body of literature on the governance of cultural and creative clusters notably addresses the following question: how should we conceive of the governance of clusters, i.e. the modes and practices of mobilization and organization of collective practice (Cars et al. 2002)? The research highlights the difficulties encountered in mobilizing and taking advantage of the emergent creativity within the creative activities in order to spread it and combine it with other areas of activity (notably more traditional industrial activities). This issue of the contributions and synergies of CCI with the territorial economy shows the necessity of developing new “abilities” in order to go beyond the traditional functionalities of the cluster governance structure.

3 The Methodological Approach and Empirical Study

This chapter is part of a broader research project, which began in 2006 and was supported within the framework of the French regional program “Valeurs et Utilités de la Culture” between 2009 and 2014. The research strategy employed in this program was based on the longitudinal case study (Yin 1984) “Quartier de la Création” in different geographical areas of the same emerging cluster and of its cluster organization.

For this research, a very specific methodological approach was adopted, as the empirical field included a large range of very small firms dealing with various activities (such as video, design, architecture, comics, fashion) and concerned three different places (Halle Alstom, Karting, Les Olivettes). Different data collection techniques were mixed, based on interviews, longitudinal observations, and questionnaires, in order to collect a broad range of data (see Table 2).

The data collection aimed to characterize the development process of the cluster and its governance and management approach. A specific research framework was designed in order to gather data from different sources, which included the holding of managerial meetings with the support organization, the use of strategic plans, and the conduction of semi-structured face-to-face interviews with creative entrepreneurs and key employees in small creative firms located within the cluster; different interviews were conducted with key managers in the support organization of the cluster.

3.1 Presentation of the “Quartier de la Création” Evolution

In order to investigate the “Quartier de la Création” cluster (QDC), it is important to remember the contextual, exogenous factors, including the macro-economic, political, social and demographic environment of the area, in order to be able to give a

Table 2 Synthesis of empirical material

Period	Terrain	Data collected	Actors
2006–2009	5 interviews with the head of Nantes Création 2 ECCE seminars 3 interviews with the director of higher education for the city	Invitations, leaflets, notes, interviews Documents created by the city, survey responses	Researcher as participating observer
2009	2 qualitative studies of the 50 companies hosted by the Halle Alstom area	47 transcribed interviews	5 researchers and 2 trainees
2011	Study of the placement of the showroom “Quartier de la Création”	Internal documents on the service offer	Second-year masters student
2012	Study of the companies in the Karting area	Company monographs	2 researchers, 2 masters students
2011–2014	Comparative study of the projects of the creative clusters in the Quartier de la Création; organization of events	Minutes of meetings, reports, reviews, interviews, route maps, external studies	PhD candidate in the Quartier de la Création 5 researcher meetings per year
2012–2014	Qualitative study of the Olivettes area	46 transcribed interviews, including 4 with local facilitation structures	3 researchers

historical reading through the lens of an evolutionary perspective. The longitudinal analysis of the QDC highlights a number of phenomena, which we try, herein, to synthesize.

At certain moments (period 1; Table 2) and in certain places (Les Halles, Les Olivettes), the cluster constitutes a spontaneous phenomenon of creative and cultural entrepreneurs, existing without being recognized or without their being conscious of being a part of it (something that Porter (Porter 1998a, b: 79) also noticed, a reminder that neither intentionality nor structuration are necessary for the birth of a cluster). At other moments (period 2, 3 and 4 in Table 2), the cultural and creative cluster is the object of real structuration and variable geometry, as for example, the emergence of the QDC is linked, firstly, to political choices articulating an urban approach, a cultural approach, and economic choices.

According to this perspective, the analysis must take the whole of the ecosystem, which combines these different perspectives, into account.

3.2 *Genesis of the Quartier de la Création: Late-80s to 2010*

In order to present a synthesis, this chapter attempts to summarize the genesis of the cluster by combining several perspectives (political, cultural, urban, and economic). The periods with significant dates have been included in Table 3 in order to better characterize them and bring out certain findings.

4 Analysis: Discussion

The longitudinal study confirms the prevailing view of the cultural and creative cluster as a dynamic organization under the influence of different cultural and creative entrepreneurs and institutional and support organizations. In the genesis and history of the Nantes Quartier de la Création (QDC), different stages can be distinguished, similar to those of a life cycle. Generally the literature identifies the following stages: (1) agglomeration, (2) emergence, (3) development, (4) maturity of the cluster, and (5) transformation towards the birth of new clusters. Here, the chapter focuses on the first two phases, in addition to governance identification and the key roles of some creative entrepreneurs and of the support organization, in order to build collective competencies. The analysis shows the complex process involved in the development of cluster “capabilities.”

4.1 *An In Vivo Experiment Nurturing Informal Knowledge Network and Cooperative Practices*

First, it should be stated that the emergence of the “cluster” is precisely linked to an in vivo experiment driven by SAMOA (a support organization) from 2005, which consisted in renting out small office spaces to about 50 small cultural and creative activities, companies, associations, and collectives while the refurbishment of the Halles Alstom project matured. SAMOA grasped this experience and forged—between 2005 and 2010—the concepts of “**transitory occupation**” and “**tempered urbanism**.” “*If we hadn’t made this type of reflection, these activities would no longer be there but on the periphery*” (interview with the director of SAMOA, April 2014). But this hosting strategy was not defined in advance: “*To start, the Quartier de la Création project was purely a city planning project for the Ile de Nantes. Hosting the creative enterprises wasn’t a coincidence but well. . . At the beginning, we were talking about a project based on biotechs in the Halles Alstom. The orientation towards cultural and creative industries happened little by little*” (interview with the head of facilitation for the Quartier de la Création, October 2012).

Table 3 Major stages in the clustering process

Period and significant dates	Characteristics	Findings
Late 80s—early 2000s 1987: naval shipyards close 1990: Allumés Festival, creation of the Royal de Luxe company 1995: inauguration of the Folle Journée festival 2000: The Lu factory becomes the Lieu Unique (national scene) 2007: Machines de l’Ile open 2007: First Biennale Estuaire 2013: Voyage à Nantes festival	<ul style="list-style-type: none"> – Decline in industrial and naval activity, a new municipal team, involvement/choice of culture to “wake up” the city – Development of festivals – Space for contemporary music programs – Installation of a national-level stage – Restoration of the Château des Ducs de Bretagne – Creation of the “Chantiers” space (with Les Machines de l’Ile, the elephant, the Gallery) – Rings of the Memory exposition 	<ul style="list-style-type: none"> – Development of spaces, – Events that favor discovery, artistic activity and reinforce the cultural identity of the city at a national and international level
Since 1999: development of the urban project 2000: creation of an urban committee to launch the rehabilitation process 2003: control passed on to SAMOA ^a 2005: involvement in the European ECCE project ^b Mars 2009: launch of the ECCE Innovation project ^c May 2009: inauguration and launch of the Quartier de la Création project 2011: The city authorities take over	<ul style="list-style-type: none"> – Redevelopment of the Ile de Nantes—337 hectares – Rehabilitation project given to the urban planner A. Chemetoff – Construction of the court house and the architectural school – Transformation of the old market halls to temporarily accommodate creative activities – Introduction of institutes of higher education and training oriented towards arts and ICC 	Creation of a contemporary city Since 2009: affirmation of the development of an economic cultural and artistic zone in order to open a new development in the Nantes/Saint Nazaire municipality <ul style="list-style-type: none"> – Balance culture with science and economy – Awareness of the various spaces to rehabilitate and redevelop on the island of Nantes – Contact and influence the European cities in the ECCE project

^aSociété d’Aménagement de la Métropole de l’Ouest Atlantique

^bECCE, community project (European project) which supports the creative industries and links a number of European cities

^c“ECCE Innovation project aims to promote the innovation potential of cultural and creative industries to access new markets. It encourages the exchange of knowledge and innovative practice in order to develop new forms of commercial and artistic expertise” (invitation for the European launch seminar, 12 March 2009, on the theme “art and the enterprise”)

The structuring of this property offer, adapted to the needs of artists and creative and cultural entrepreneurs, has facilitated the blossoming of relations between the tenants of the same locality in an open context and with freedom. The research

highlighted the importance of the cooperation between cotenants due to neighborhood and micro-proximity and the facilitating and federating role played by some creative entrepreneurs (the so-called “civic entrepreneurs”). While commercial relations were valued (sub-contacting, co-contracting), the majority of hyper-local relations were of a non-commercial nature (exchange of equipment, loans, mutual aid, informal knowledge networks). Halles became a real ecosystem, nurturing new ideas, practices and working habits. It was the cradle of collectives made up of complementary individuals and talents. During the first period, the small creative and cultural organizations situated in these geographical spaces were, for diverse reasons, led to build commercial and non-commercial relationships, creating certain interdependencies while still preserving their autonomy.

4.2 The Duplication Attempt in an Institutional Context

The start of a cluster took form, the dynamic of which needed to be preserved, exported, and even duplicated in other spaces (Halles was seen as a “pre-model” of ICC). This idea was at the forefront when reflections were being made on the design of new buildings and places in the city. The empirical analysis made by the support organization was combined with the theories of cultural economists on issues of clustering cultural enterprises in the same area and with the Porterian model. The term “cluster” was adopted and was used to designate the project in the western tip of the Ile de Nantes.

In this cluster emergence phase, the term “cluster” was strongly promoted by the new director of SAMOA (appointed in 2010) in all the official meetings and discussions. His previous professional experience led him to choose this term in order to give a stronger economic connotation to the refurbishment project. This translated directly into how SAMOA was organized (becoming a Local Public Company with increased responsibilities and two distinct departments: the urban department and a department for the Quartier de Création cluster, for which a specific team was recruited in 2010 on the basis of the widened competences in the arts, the economy, spillovers, business engineering, and innovation). It is striking to note how many actors in the QDC have used the concept of CCI, in a general way, as a sort of “container concept,” underestimating the diversity and specificity of cultural and creative sectors, practices, and markets with which CCI enterprises have to be involved. Consideration of their competitive context, their market conditions, and, more globally, their working practices, was relatively superficial and “*discovered, in some ways, on the fly*” (verbatim—creative entrepreneur). Moreover, the support team did not succeed in supporting and encouraging these complex social informal networks developed previously. They did not manage to draw out any learning of the first period.

4.3 Different Key Actors and Their Roles in the Governance Practice

The first period was rather under the influence of creative and cultural actors convinced of the creative economy project and involved in the design of innovative practices and tools to communicate and work together. These creative actors were also under the influence of actors encountered in the ECCE program. Those actors came from the political sphere and the institutional sphere (city). The initial period of the emergence of the cluster was run in a spontaneous manner by these creative entrepreneurs, who were encouraged by public and semi-public authority actors. The second period was more particularly coordinated by the public authority that institutionalized this endogenous dynamic through formal governance, political mechanisms/instruments, and dedicated financing (to support the cluster development and articulate the arrival of the art and CC schools and the relationships with academic research centers).

In the different spaces of the cluster, the emergence of charismatic entrepreneurs was noticeable. They were sources of proposals and exercised a form of leadership. They worked for the collective by developing relationships that valorize skills and common knowledge. The dynamic particularities were increased with the presence and influence of a digital canteen and its manager and of a cooperative entrepreneur who motivated and co-facilitated a network of very small creative and cultural companies with co-hosting, ad-hoc proposals and meetings that developed inter-individual confidence. Moreover, these small organizations expressed their need to increase the management of their competencies. They tried to develop relations with new enterprises, but their needs and requests were partially taken into account by the support organization.

5 Conclusion: Managerial Implications and Research Perspectives

This research suggests several implications for management practice and research on the creative clustering processes.

While informal practices and informal knowledge networks are often a part of CCCs, it is rare that the respective support organization teams consciously seek to deeply understand previous dominant practices among creative entrepreneurs in order to support collective initiatives developed in the various cluster spaces and places. Rather than questioning the level of possible duplication required to cope with these clustering processes, the cluster support team gives preference to introduce formal tools and a control of structure and resources with a formal governance organization. This institutional affirmation of the CCC gives rise to major consequences, including a complex and inappropriate governance, based on the use of imported tools/mechanisms; these “toolboxes” of industrial clusters are borrowed

from the universe of technological innovation accompaniment, territorial planning, and event planning.

CCC management requires a composite approach, which entails finding a balance between informal and formal management practice (with ad-hoc proposals and flexible meeting moments, according to the needs of the projects in the cluster's spaces). The diversity of the individuals and of the creative activities involved in the CCC dynamic (very small, creative enterprises, "traditional" enterprises, project leaders, researchers, developers, and innovators) requires the conception and implementation of contingent management tools in order to develop this interactive and collective resourcing organization around social and business exchange, based on personal relations, arrangements, and mutual trust. This analysis raises a number of questions concerning the action of the cluster management team: Are they key individuals and entrepreneurs? Are they brokers of access to practices and sources of knowledge, where individuals hold particular positions (communities of practice, expert networks)?

This chapter introduced new research perspectives on the missions of the cluster's support organization and its management practice. The governance mechanisms and the CCC practices of some localized groupings of cultural entrepreneurs and very small creative enterprises require balancing institutional and entrepreneurial approaches. This can be achieved through hybrid cluster practices based on ambidextrous management mechanisms. This case study underlines the role and major influence of the support organization team, which is often neglected in the research. Moreover, besides the cluster's support organization team, it seems relevant to explore and analyze both the official and non-official actors and their collaborations and to determine the role played by "civic entrepreneurs" (Ebbekink and Legendijk 2013) or "cluster entrepreneurs" (Wolfe and Nelles 2010). Their roles entail the empowerment dimension evoked by Paquet (2014) (with stewardship and no longer leadership), in that they look to encourage the highest amount of people possible into action through putting them together. It is relevant to identify how they continue to encourage the formation of relational and cognitive synergies and new abilities and actively contribute to a form of CCC engineering—an engineering that should be less visible and official and more contingent. The recognition of these actors and their work, however, is a major challenge for research on the creative clustering process.

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