Arts, Entrepreneurship, and Innovation

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Abstract

There is growing interest in the relationships between the arts, entrepreneurship and innovation. Nevertheless, the concepts of arts, entrepreneurship, and innovation, and the overlaps between, lack specificity, especially in terms of how each supports the other. This article proposes a definition of art entrepreneurship both as a concept and a field of study. The definition proposed helped target articles to be included in the special issue that this article also describes, which focus on relationships between arts, entrepreneurship and innovation for workers, firms, and industry.

Keywords Arts entrepreneurship · Innovation · Cultural and creative industries · Crowdfunding · Arts incubators · Diversity

JEL Classification L26 · Z10

1 Introduction

There is growing interest in the relationships between the arts, entrepreneurship and innovation, in both the scholarly literature and in practice. In the latter, government and private enterprise invest in strengthening these relationships through programs that primarily emphasize arts workers' entrepreneurial behavior, and their innovative contributions to both artistic and non-artistic sectors. For example, policies aimed at stimulating production in the cultural and creative industries focus on supporting entrepreneurial workers in this sector. An array of local government agencies and private corporations now run artist-in-residence programs where the goal of the programs is to inject entrepreneurial thinking into decision-making (Antal, 2009; Antal & Strauß, 2013; Sherrod-Hale & Woronkiewicz, 2020; Woronkiewicz & Schert, 2020). The concept of “embeddedness”—where artists are recognized for their work contributions to non-artistic sectors—has taken hold globally, with

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national governments demonstrating the prevalence of artists in non-artistic sectors (Australia Council for the Arts, 2017) and scholars following suit (Goldsmith & Bridgstock, 2015; Markusen, 2020).

These programs in both government and private enterprise largely rest on the assumption that artists and artistic work have entrepreneurial qualities that result in positive externalities, such as knowledge spillover (Audretsch & Keilbach, 2007). Program implementation, however, rarely integrates research that would buttress these assumptions, or theories of value creation in the cultural and creative industries, which can support practice. There is now a growing literature that encompasses how entrepreneurial activity in the cultural and creative industries translates to economic value (Chang et al., 2021; Ellmeier, 2003; Throsby, 2008). These theories rest on the assumption that there is a market for symbolic meaning tied to cultural and creative products that is unique to production in other sectors. While the process for creating meaning in the cultural and creative industries is becoming more clear through scholarship, the behavior of individuals and firms who engage in entrepreneurial activities is still rather fuzzy. This lack of clarity presents challenges for policymakers to apply theory on value creation in the CCI to practice. Therefore, the goal of this special issue was to highlight research that uncovers the activities of specific actors who are part of the entrepreneurial process in the cultural and creative industries, and the new forms they create.

This special issue is the third such issue out of the *Arts, Entrepreneurship, and Innovation (AEI) Lab*¹ that exclusively focuses on research that empirically investigates crossovers between arts, entrepreneurship and innovation—this one specifically by using the lens of cultural economics. In selecting the articles for this issue, it was my intention to choose ones that not only had clear implications for policy and practice, but that also contributed to theories of value creation in the cultural and creative industries. The result is a selection of seven articles that address relationships between arts, entrepreneurship and innovation for workers, firms, and industry that start to bring clarity to how value is created in the arts.

2 Toward a definition of arts entrepreneurship

The field of arts entrepreneurship is still relatively new and underdeveloped partly due to the fuzziness of concepts that support its existence. The terms “arts”, “entrepreneurship”, and “innovation” all have numerous definitions with most scholars and practitioners adopting or adapting one for their own particular purpose. Moreover, the overlap between the three terms lacks specificity, especially in terms of how one concept supports another. For example, arts entrepreneurs are sometimes defined as

¹ The *Arts, Entrepreneurship, and Innovation (AEI) Lab* conducts experimental and quasi-experimental research to better understand the role of arts and culture in innovation and entrepreneurship. It is a National Endowment for the Arts' Research Lab and is housed at the *Center for Cultural Affairs* at Indiana University. See culturalaffairs.indiana.edu for more information.

artists or arts firms who engage in entrepreneurial practices, or entrepreneurs who work in the arts (Woronkowicz, 2020).

Defining the field of arts entrepreneurship not only helped target articles to be included in this special issue, but it also starts to lay out a conceptual framework that can help with identifying the unique contributions that arts entrepreneurship makes to cultural economics and management. Without a conceptual framework, the field of arts entrepreneurship is merely a “hodgepodge” of research with a broad topical label (Shane & Venkataram, 2000).

In defining arts entrepreneurship, I focused on its three supporting concepts—the arts, entrepreneurship, and innovation. I took an expansive view of the arts by focusing on activities that take place by both workers and firms in the cultural and creative industries (CCI). UNESCO likely provides the broadest definition of the CCI: “Those sectors of organized activity that have as their main objective the production or reproduction, the promotion, distribution or commercialization of goods, services and activities of content derived from cultural, artistic or heritage origins.” (UNESCO, 2009). The key point here being that UNESCO’s definition not only includes activities taking place *in*, but also those activities that *support*, which could take place outside of the CCI. For example, an artist working outside of the CCI would still align with this definition since that person’s work is ultimately supporting activity in the CCI. Other more specific definitions can be derived from elements of UNESCO’s definition, including “those industries which have their origin in individual creativity, skill and talent which have a potential for job and wealth creation through the generation and exploitation of intellectual property” (i.e., creative industries) (DCMS, 2001), and the spillover effects to other parts of the economy (Hartley et al., 2012). (i.e., creative economies).

The term “entrepreneurship” is often confounded with the term “innovation”. The former ultimately concerns leveraging opportunity and taking risk. Specifically, it involves discovering, evaluating, and exploiting opportunities (Venkataraman, 1997), which also requires a certain level of uncertainty, or risk. Leveraging opportunities is often in direct pursuit of bringing a new product, service, or operation to fruition (Eisenmann, 2013). Therefore, innovation can be a possible outcome of being entrepreneurial, but it is not a necessary condition of entrepreneurship. In other words, one need not be innovative in order to be entrepreneurial.

The term “innovation” has an array of definitions used in the literature. The Schumpeterian view of innovation concerns new combinations of knowledge, resources, equipment and other factors (Schumpeter, 1934 [1959]). Schumpeter’s definition of innovation is predicated on production, and therefore commercial gain; however, other definitions of innovation do not use profit as a defining element. The concept of social innovation has a multiplicity of meanings, but in general relates to the improvement of living conditions for human beings (Pol & Ville, 2009). Moreover, social innovation helps broaden the economic focus of innovation, thereby accounting for the transition from an industrial- to a knowledge- and service-based society (Hochgerner, Franz, Howaldt, & Schindler, 2011). The point being that both concepts—business and social innovation—and the overall term “innovation” inherently involve, “the doing of new things or the doing of things that are already being done in a new way” (Schumpeter, 1947).

Fig. 1 The three layers of arts entrepreneurship

Building off of these definitions, I propose a working definition of arts entrepreneurship comprised of three layers, with each layer supporting the other, without necessarily being reciprocal: *Arts entrepreneurship is about leveraging opportunities and taking risks in the pursuit of new ideas that ultimately support activities in the cultural and creative industries.* As Fig. 1 makes clear, the major difference between the definition of arts entrepreneurship and general entrepreneurship is that engaging in activities in the cultural and creative industries is a necessary condition of being entrepreneurial and innovative, whereas in the definition of entrepreneurship, one can be entrepreneurial and innovative in different contexts (e.g., starting a business).

If we accept this definition of arts entrepreneurship, then we can extend upon it in order to define the field of arts entrepreneurship: *the field of arts entrepreneurship concerns itself with the study of the sources of opportunities and the processes of leveraging opportunities and taking risks for all of the actors involved in supporting the cultural and creative industries.* Therefore, in selecting the articles for this special issue, I focused on research that I believe contributes to a specific component of this definition—namely, workers and firms

who use entrepreneurship and innovation to support activities in the cultural and creative industries.

3 The Articles

The special issue begins with an article that helps us understand who is an artist—a term that is as vague as art itself. Andrea Baldin and Trine Bille, in “Who is an artist? Heterogeneity and professionalism among visual artists,” perform a statistical analysis of visual artists’ income and working conditions using data on Danish artists. The results of the analysis show that not only is there great heterogeneity among the occupation, but also that there is a distinction between professional and amateur. The article is a valued contribution to a large body of literature on artists that fails to achieve a consensus on what defines an artistic profession. By understanding the profession, policymakers can better target programs directed at this particular segment of the labor market.

The special issue continues with two articles describing studies of arts entrepreneurial workers. In “What makes an entrepreneur? An exploratory study of entrepreneurial passion, personality and artistry”, by Robert Hoffman, Bronwyn Coate, Swee Hoon Chuah, and Pia Arenius, the authors describe an experimental study they led that begins to disentangle the antecedents of entrepreneurial behavior of artists by examining the psychological and behavioral factors that motivate these workers to engage in entrepreneurial activities. Contrary to much of the literature on artist entrepreneurs, this preliminary study suggests that what motivates these workers is not much different than what we know for other types of entrepreneurs. Moreover, this study draws the important distinction between artists who work entrepreneurially, and those who do not, reminding us that the artist is not always synonymous with entrepreneur.

The second article on arts entrepreneurs is titled, “Flocking to the crowd: cultural entrepreneur mobility guided by homophily, market size, or amenities?” and is authored by Douglas Noonan, Shiri M. Breznitz, and Sana Maqbool. The article describes an analysis of crowdfunding data on projects in order to understand the migration patterns of arts entrepreneurs. While we might not expect there to be a great deal of migration among entrepreneurs who use digital platforms, this article finds that there is, and also that there are consistent patterns in migration among arts entrepreneurs that are tied to local market size and the presence of urban amenities. Using crowdfunding data, this study starts to uncover part of the mystery behind arts entrepreneurs—who often do not show up in traditional employment data because of their freelance nature—and their potential overlapping benefits to regional economies.

The next two articles in this special issue deal with entrepreneurial models for firms in the arts. In “Economies of scope in artists’ incubator projects” by Amy Whitaker, the author introduces a novel framework for understanding cooperative strategies among arts organizations and then applies this framework to two cases of arts incubators. The framework centers around economies of scope, where organizations diversify their activities both operationally and financially.

The case studies exemplify the benefits of employing economies of scope for organizations, especially in terms of building organizational capacity and remaining flexible to changes in the market. As a collaborative governance model, this framework has particular relevance to a quickly growing landscape of freelancers and a fast-changing cultural and creative industry, all of which are constantly searching for new ways to create value.

The next article in this special issue looks at a model for international music publishing as a way to overcome challenges associated with copyright. In “Direct memberships in foreign copyright collecting societies as an entrepreneurial opportunity for music publishers—needs, challenges, opportunities and solutions,” authors Stephan Klingner, Mihail Miller, Michael Becker, and Frank Schumacher describe the byzantine system of international music publishing, which often leads to challenges including payment delays, issues of transparency, and high transaction costs. The authors argue that many publishers have started to exploit an entrepreneurial opportunity made possible by trends in technology and internationalization, and are now becoming direct members of copyright collecting societies. Through interviews with publishers and analysis of CCS data, the authors identify key needs, challenges, opportunities and solutions related to the monetization of copyrights in this realm.

The last two articles in this special issue examine potentials for stimulating innovation in the cultural and creative industries (CCI). In “Do museums foster innovation through engagement with the cultural and creative industries?” authors Chiara Dalle Nogare and Monika Murzyn-Kupisz examine 261 Polish museums and their relationships with firms in the cultural and creative industries in order to assess whether these museums help grow the innovative potential of the greater CCI. While the authors do not find evidence that museums fuel innovation in the CCI, they do find evidence that knowledge spillover from museums have positive externalities in the local and national market, especially through museums’ conservation and educational activities. The article highlights the need for CCI policy to directly specify levers for innovation and avoid over-generalizing when proposing increased collaboration among CCI firms.

The final article of this special issue, entitled, “Innovation and diversity in the digital cultural and creative industries,” by Jen Snowball, Delon Tarentaal, and Jonathan Sapsed, examines the innovative potential of CCI firms in South Africa. Using survey data on CCI firms in Cape Town, the authors classify firms into groups based on the degree to which they combine digital technologies with creative design (i.e., fusion), and correlate this measure with firm growth, innovation, type of revenue source and business model. As an added layer to this study, the authors examine employer and employee demographics among CCI firms, and in gaming and animation firms specifically, in order to analyze the relationship between levels of diversity and inclusion and CCI innovation. The study concludes that fusion might lead to innovation, and that diversity also might support innovation in the CCI. More importantly, the authors argue for the CCI as an important component to consider in innovation policy in South Africa.

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Declarations

Conflicts of interest Include appropriate disclosures.

Availability of data and material Data transparency.

Code availability Software application or custom code.

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