IS INNOVATION HAPPENING IN GEORGE TOWN'S CREATIVE AND CULTURAL SECTORS? A COMPARATIVE ANALYSIS BETWEEN TRADITIONAL & MODERN ORGANISATIONS.

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ABSTRACT

George Town World Heritage Site in Penang, Malaysia is well-endowed with creative and cultural resources, and has recently witnessed a rise in relevant activities. This study examines how 'innovation culture' is inculcated and embedded within two local organisations with distinct approaches to innovation. We adapted the measurements of entrepreneurship orientation constructs (innovativeness, risk-taking, pro-activeness), and conducted semi-structured interviews and archival study on the organisations and their networks. We documented the linkages in their value chains to understand the resulting social networks and whether such network fosters the incubation of an innovation cluster for the local creative and cultural sectors. (99 words)

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Creative and cultural industries – the global discourse

In recent decades, the concept related to creative and cultural industries as catalyst for local economic development has been at the forefront of policy agenda. In advanced economies, major cities such as London, Liverpool, Toronto, Edinburgh, just to name a few, have all leveraged upon their cities' creative and cultural endowments to sustain their local economies. In fact, forces of globalization have necessitated and accentuated competition amongst cities on a global scale. As a result, cities in today's globalised economy are strategizing and repositioning themselves to capitalize on their creative and cultural assets for value added comparative advantage and competitive edge (AuthentiCity, 2008: 22). Currently, many cities in North America, Europe and East Asia are harnessing and commodifying creativity, innovation and culture in their cities' strategic plan, hence, the emergence of creative city aspirations and culture-led urban regeneration (AuthentiCity, 2008: 21). At a time, the creation of cultural clusters was over-hyped in the attempt to reposition cities (Mommaas, 2004).

In dissecting the concept further, creative city scholar Charles Landry argues that creative cities value human creativity and innovation more than physical infrastructure in the quest to champion for vibrant, lively and sustainable cities (Varbanova, 2007). The intertwined relationship between creativity and culture are often displayed through cultivation of creative arts as well as the promotion of culture and innovation amongst citizens for economic regeneration as in the case of many Japanese cities like Kanazawa (Sasaki, 2004). With bountiful and unique cultural resources found within the city setting, Sasaki further argues that it is time now to merge and synergize a city's cultural resources and creativity of its citizenry to establish an innovative economic base (Sasaki, 2008). Although the concept of creative cities is often linked to regeneration, prosperous Asian cities such as Hong Kong and Singapore try to enhance their identity as cultural destination to improve their competitive positioning (Zukin and Braslow, 2011; Kong, 2009; Wang, 2009; Cartier, 2008). In the case of Singapore a thriving arts and cultural scene is considered a pre-requisite in the process of becoming a truly global city (Ooi, 2010; Kong, 2012).

The way creativity and innovation is embedded in urban locales is further championed by Richard Florida. He contends that the creative energy and synergy found in urban milieus transform them into hubs that attract creative and innovative people to cluster and stimulate innovation for local economic development. In sum, creative cities are incubators for creative and cultural industries.

Contemporary, urban planning policies consider the role of creative districts within the greater city context. Creative districts that develop naturally, as in the case of New York, often have unintended consequences because cultural consumers are drawn into the district because of its association with an artistic, bohemian lifestyle: increase in house prices and rents and higher capital investment culminating in displacement of artists and gentrification (Zukin and Braslow, 2011). Hence, cultural entrepreneurs and city planners need to maintain a balance as they deploy cultural/creative assets for urban regeneration while ensuring a sustainable livelihood for artists and population groups that embody the local culture. Pratt (2011) also recognises some contradictions inherent in the discussion of creative cities. The concept relates to place marketing but often does not consider the particularities of local, creative practices. In addition, he expresses concern about regressive policies that may be associated with creative cities and the potential for inequalities to emerge: frequently, policies mainly benefit artists
and new arrivals instead of established residents (ibid). Following Zhukin (1995) the questions “Whose city? Whose culture?” should be at the centre of the policy-making process. These challenges have been under-explored in the case of World Heritage Sites (Shevren and Ooi, 2015).

There is ambiguity regarding the definition of cultural and creative industries, particularly the distinction between the terms. Kong (2014) identifies how the debate has shifted from “cultural industry” to “cultural industries” and then to “creative industries”. She identifies seven risks in this shift including the likelihood that real creativity/culture is ignored, over-reliance on external expertise rather than expertise from local SMEs, over-inflated expectations that creative industries can contribute to innovation and growth, and –arguably, more importantly, the false belief that creative cities can be designed (ibid.). In the case of the UK, the shift from cultural to creative industries was influenced by the increased importance of the information society, where the cultural sector is positioned as an economic growth driver (Garnham, 2005). In addition, is has been argued that the shift from cultural to creative industries signifies a shift from subsidised arts and broadcast mass media to more flexible and network applications of creativity where SMEs have increased influence (Cunningham, 2002).

Although there is no one universal definition for creative industries, the UK Department of Culture, Media and Sport's (DCMS) definition is often referred to as a key point of departure. Basically, UK's DCMS has defined creative industries as "those industries that have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property" (DCMS, 2010: 9). Initially, the UK’s DCMS used a 13-sector classification which comprises the following: advertising, architecture, arts and antique markets, crafts, design, designer fashion, film and video, interactive leisure software, music, television and radio, performing arts, publishing, and software. Subsequently, the latest statistical release by DCMS (2015) has reorganised these sectors into nine (9) categories as follows: (1) advertising and marketing, (2) architecture, (3) crafts, (4) design (product, graphic and fashion design), (5) film, TV, video, radio and photography, (6) IT, software and computer services, (7) publishing, (8) museum, galleries and libraries; and (9) music, and performing and visual arts.

**Creative and cultural scenario in Malaysia**

On the Malaysian front, the receptiveness and recognition towards the importance of creative industries/economies for the nation’s economic development was recently highlighted by Prime Minister Najib Razak by declaring the ‘cultural economy’ as the new asset for Malaysia (Abas, 2017). Besides aspiring for the culture and arts industry to be an impactful sector that promises employment opportunities and high returns for Malaysians and the country’s economy at large, Najib also pointed out that development of cultural industries is instrumental towards leading Malaysia to become a developed nation status. In other words, a country cannot be considered as fully developed if other facets of development such as culture, arts and heritage are still underdeveloped and suffer the vagaries of extinction in the face of modernisation and globalisation.
In the UNESCO historic city of George Town which is also capital city of Penang State, the availability, vibrancy and dynamism of cultural assets within the World Heritage Site is undisputed. In fact, George Town’s inscription into the UNESCO World Heritage List on 7 July 2008 is attributable to fulfillment of three out of 10 criteria related to cultural heritage, namely, criteria (ii) George Town’s historic role as a mercantilist port city; (iii) George Town’s rich and unique cultural diversity; (iv) George Town’s unparalleled and unique ensemble of built heritage. Clearly, these criteria are manifestations of creative and cultural assets and industries that are existent in George Town till today. Subsequently, local state think-tanks (i.e. formerly SERI, now known as Penang Institute) have further echoed the notion of keeping Penang’s culture alive by urging the public to think of “Penang as a Culture Capital, and by thinking of Culture as Capital” (Ooi, 2011).

Research aims and method

No doubt, the macro strategic direction of Penang State is inclining towards creativity and culture, but to really understand whether these broad visions are being translated to the meso- and micro-levels would warrant further exploration. This study fills this research gap by exploring the extent upon innovation is embraced in creative and cultural organisations in George Town WHS. This study also attempts to find out how and where these organisations acquire knowledge, funding and talents to enhance innovation and growth.

For the purpose of this paper, it will look at the situation by comparing two significantly different creative and cultural organisations in George Town, i.e. a traditional cultural organisation and a modern one - an informal sub-cultural group that thrives on creativity. In this study, creative and cultural industries are operationally defined as industries that engage in cultural, artistic and/or economic pursuits that involve creativity and innovation to ensure urban sustainability, inclusivity, well-being and good quality of life. In the George Town World Heritage Site specifically, creative and cultural industries would include traditional livelihoods, businesses, practices and rituals that enhance ‘sense of place’ yet stimulate economic innovation.

To examine the extent upon which the innovation culture is inculcated and embedded within the organisation. This study borrows the concept of entrepreneurial orientation (EO), which is a widely accepted firm-level measurement of entrepreneurial strategy-making processes and actions (Wiklund and Shepherd, 2003) involving innovation and risk propensity. A high degree of EO of a firm is found to be led to a higher and sustainable performance (Rauch et al., 2009; Wales et al., 2013).

In the literature, the measurement scales of EO have been developed and widely adopted, and their relationships with some moderators have been examined in the literature (e.g. Covin and Slevin, 1991; Miller, 1983; Lumpkin and Dess, 1996). Three dimensions of EO have been adopted by this study, i.e. innovativeness, risk taking behaviour, and pro-activeness:

1) Innovativeness is the predisposition to experimentation with developing new ideas, new products and services departing from established practices, products, and technologies (Lumpkin and Dess, 1996).
2) Risk taking involves taking bold actions by committing significant resources under uncertain environments where costs of failure might be high (Miller and Friesen, 1988).

3) Pro-activeness is an opportunity-seeking behaviour anticipating and acting on future market demands in introducing new products and services ahead of competitors (Miller, 1983), including the competitive aggressiveness - the intensity of effort to outperform competitors (Lumpkin and Dess, 1996).

The research obtained rich qualitative data through semi-structured interviews totally 6 hours. We also consulted literature obtained from the participants and other sources.

To identify and establish the relationship between and among the value chain actors in order to further understand the social network among actors and to see whether the networking fosters the incubation of an innovation cluster for George Town’s creative and cultural value chain.

Case 1: Traditional Organisation

Clan organisations are formed based on localised lineage in blood, geographical and/or dialect ties (Freedman, 1958). The formation of Chinese clan organisations was the result of practical needs of the early immigrants. This type of kinship organisation is the second line of defence (Freedman, 1958) as well as for establishing prestige and social status among the community by the rich (Yen, 1970). The formation of clan organisation in Penang could be traced back to the early to mid 19th century. Throughout two decades, clan organisations serve cultural and welfare needs of the Chinese community in Penang. In the 19th Century, the clan complex resembled a miniature clan village, with its own self-government as well as educational, financial, welfare, social security and other social and cultural functions.

By the early 21st century, there remains more than 50 clan associations in George Town and the surrounding areas. As economic structure of the Penang overseas Chinese society has transformed away from the tradition agriculture, trade and shipping sectors, the significance of the roles of these organisations is diminishing. The maturity and enhanced roles of modern state has also replaced some functions of the organisations, for instance in education, social security and banking.

Clan associations have encountered substantial challenges in searching for their roles and identities in the modern industrialised society. They are no longer the centre of important social activities and functions that it once held. They are facing uphill challenges in attracting young people to participate in their organisation. Different strategies and ideas are being implemented to redefine the place of clan associations in the 21st Century. The development of tourism industry, and thereby the creative and cultural sector, emphasising on cultural heritage, creates many new opportunities for them to innovate and transform themselves.

XYZ Clan Association

XYZ Clan Association is one of the important and richest clan associations in George Town. It was established in the early 19th century by members of clan coming from Fujian province in China. In the early years, it was the backbone of the Hokkien (Fujian) community in Penang.
Today, it is still representing the clan family’s social and spiritual commitments between extended relations, ancestors and those beyond the community. The association also acts as an important means of solidarity and play supportive roles such as helping with the educations of children of their members, disputes settlement, and extending personal loans.

But their decision making remains conservative – the measurement on innovativeness, risk taking behaviour, and pro-activeness are low – mostly citing constrained by their association constitutions, rules and practices. However, the young clansmen do not take enough interest in what the association are doing. Young people have no time for the association because youngsters are not interested at all.

**Innovativeness**
The leadership of XYZ places strong emphasis on tried and tested practices, rather than innovative and new ways of doing things. Traditionally and culturally, they follow ancestors’ rules and practices handed down to them from generation, and do not deviate from such practices. They are confined by their constitution and need to be prudent in any investment. For instance, they continue to provide supports and scholarships for the children of their members.

Nonetheless, XYZ have taken some steps to be involved in the emerging tourism sector. They have marketed or conducted some new products or services in the last three years. For instance, they have gradually been engaging with the wider community rather than solely serving their members, particularly in promoting cultural tourism and charities.

They did some changes in order to improve their area and provide extra function. They collaborate with quasi-governmental organisations in Penang such as Penang Global Tourism and George Town World Heritage Incorporated for cultural performance, events and celebration. They allowed film production companies to shoot movies in their clan house. They set up an art gallery house and museum where they display their collections and history. XYZ has sourced for advice and worked with heritage architect and other heritage restoration companies, engaged an established curator to design and run their museum and art gallery, as well as appoint consultants to develop tourism related businesses.

In the last few years, they have successfully attracted more than 100,000 visitors annually to their clan house. Some of the proceeds from tourism products have being used for charity purposes beyond the scope of their constitution to serve solely their members. In term of organisation, they have increasingly using technology and digitisation of their records. They have also worked with a virtual 360 degree tours video maker.

**Risk Taking Behaviour**
XYZ remains risk averse in many aspects. They involved in very low risk projects in order to be financially prudent and to preserve their good financial standing. Hence, they explores potential opportunities gradually through cautious incremental behaviour. They are very careful with everything they do including spending money. The entire board of director is responsible for assessing the risk of any investment or a project. Any new venture would require a full board decision.
When confronted with decision making situations involving uncertainty, XYZ adopts a cautious ‘wait and see’ posture in order to minimize the probability of making costly decisions. They are very cautious, and do not rush into it. Sometimes they have to reject a lot of propositions especially when they do not feel safe enough to go into the new venture. The board may postpone decision over many times. For instance, property agents always offer land/estates to them. But, the board will go to the spot and see for themselves whether it is worthy or not and the situation surrounding. And then the board will make the decision. They cannot afford to lose and they do not want to take risk.

Even they are actively involved in the tourism sector, they remains cautious. Rather than develop their heritage properties themselves, they have leased it out to a company which will refurbish and convert it into a boutique hotel. They stated that they have no expertise in hotel business, hence, they lease it out.

**Pro-activeness**

XYZ stated that they always initiate actions to which their competitors (in this case, other clan associations) then respond. collect entrance fees, earning, etc, because they observed that Khoo Kongsi did the same. Nonetheless, they seeks to avoid competitive clashes, preferring a ‘live and let live’ posture. They do not compete very much with other associations. They do their own stuff and allow other function as desired. They have very close tie with each other. They work together.

**Case Study 2: Modern informal sub-cultural group**

Case Study 2 is an individual (thereafter called as ST) who is an active member of a sub-cultural group. ST is not officially attached to any formal organization related to creative and cultural industry within the George Town World Heritage Site (GTWHS). His main occupation is running a coffee shop in George Town.

His primarily involvement within the creative and cultural industry is playing and promoting table top gaming. Others are a toy company and as supplier of arts and materials, necessary for the games. Coming from this background in creative and painting, ST provides art and creative advice, specifically on painting method, paper-usage and paper cutting to other people who are also interested in table top gaming.

Table top games are played on a table or any flat surface and include a variety of games such as card, dice, tiled-based and miniature war-games. A group of people who are interested in such games will get together to play them and some of these games may take up to a year to finish. ST started approximately 4 years ago after he came across a table top gaming shop in a shopping complex. He is now the advocates of table top gaming in George Town area.

ST’s main activity in this area is to organize a group of people to play the game together. He also tests out new games and sometimes changes them to suit local culture. ST is the supporter of Penang Table Top Gamers and also involves in events organized to promote table top gaming.

From innovation’s perspective, ST is very innovative and can be seen as part of the new area in creative and cultural industry. He sets on promoting new kind of activities
and invests resources (time and money) on newly developed products such as new table top games. He described himself as a low risk taker but open to more risks when working on a particular project. He tends to take cautious but sustainable steps which he thinks is important in promoting table top games. This effort can ensure a “long-lasting passion” for the games. It will involve some sort of creative and artistic endeavours in designing and painting of the miniatures of game's characters.

Analyzing the funding and information network of ST as a single person in the area of table top gaming, it can be observed that he is part of a relatively small network. The area itself is relatively small with about only 4-5 events organized per year. The cost of organizing the events is relatively low and most of the time, people who are active in this area fund the activities using their own personal resources. For example, the group invested in renting a club house where they can conduct their activities. One collaborator includes a café that provide space for ST and other people to play.

**Discussion and preliminary conclusions**

As a positive response to the inscription of George Town as a UNESCO World Heritage Site, the awareness of heritage conservation among the local people has been enhanced. Traditional and new organisations are seeking their own space and opportunities in the raising tide of creative and cultural sector.

The traditional cultural organisations, even though they hold more resources, have more historical baggage which somehow constrained them to be innovative and taking more risks. There are evidence that traditional organisations in George Town have taken steps to be involved in the new sector. They have been working collaboratively with many organisations to promote cultural and creative activities. Nonetheless, their approaches are mostly cautious and at time merely passive involvement. It remains difficult for them to energise and engage with young people.

There are increasing number of local groups working in various aspects of heritage conservation, cultural revitalisation and education. They are passionate with their causes, primarily young people, enthusiasts, and with part-time involvement. Even though they are innovative and creative in their approach, they are mostly informal and semi-professional, and usually under funded. Are those young residents, such as ST's group, just an insignificant sub-cultural group? As they reclaiming their space in the old town, they re-defining who they are and how they lead their life, their hobbies, their culture. Even though this group or similar has yet to become an economic force in the raising tide of tourism and creative sector, they no doubt lay the innovative seeds within the community.

This paper is insufficient to propose any generalisable conclusion on the entrepreneurial orientation of creative and cultural organisations in George Town, Penang. It is however shaded some lights on the challenges these organisation encountered in the transformation to be more innovative, and generating more impact on the creative and cultural sector. It also reveals the potential scope for more collaborations among various actors within this space.

**References**


