

ISBE 2018: CREATIVE INDUSTRIES ENTREPRENEURSHIP

<http://isbe.org.uk/isbe-2018/>

Abstract

Title: Measuring entrepreneurial orientation of firms in the creative and cultural sector

Aim

This research aims to enhance theoretical understand the entrepreneurial strategy-making process and action of small firms in the creative and cultural sector. We also aim to improve the measurement framework of Entrepreneurial Orientation in its application to the creative and cultural sector. We particularly look at creative and cultural SMEs in a small UNESCO world heritage city in a developing country, where they play a key role in developing the local economy and cultural conservation.

Introduction

In many major cities creative and cultural endowments have helped to drive a city economy, trade and culture. It has also been seen as a key competitive advantage of cities, where they strategize and reposition themselves to capitalise on their creative and cultural assets to add value to city life, enhancing the comparative advantage and competitive edge (AuthentiCity, 2008: 22).

However, in many developing countries, creative and cultural sector is relatively smaller in size, and weaker in its influences. It has also gone under the radar of the city administrator, being neglected for a long time. There is nearly no systematic data being collected about the sector impeding any understanding of the sector. Even though they are primarily populated with SMEs, their collective contribution is growing and should not be underestimated.

Indeed, city policy makers have been nonetheless increasing their attention on the sector in recent decades in developing countries. The concept of developing creative and cultural districts as an engine of growth and innovation has been at the forefront of policy agenda. It is not only a catalyst for local economic development, but also a policy instrument to regenerate inner city districts (Mommaas, 2004), as well as for cultural conservation.

As the creative and cultural sector is being linked to economic growth, there will be an important question of how firm in the sector organised itself to enhance economic performance, while acknowledge that it might not be the primary goal of the firm. Similarly, we acknowledge that the rise of the sector could be driven by exogenous factors such as the increases in spending power and in the interests in arts and cultural products (Cowen, 2002). In addition to extant these macro-factors (institutional and economic) and meso-factors (funding and talents), firm level factors such as innovation and entrepreneurial behaviour could also play a crucial role (Castañer & Campos, 2002).

Methodology

As different from creativity of the firm and individuals in the firm, there are many studies related to innovation processes of firms within the creative and cultural industries (e.g. Castañer and Campos, 2002; Handke, 2007; Miles and Green, 2008). In this study, we adopt the firm-level construct of Entrepreneurial Orientation (EO) to understand the deployment of entrepreneurial strategies and activities of SMEs. EO theorises the entrepreneurial strategy-making providing organizations with a basis for entrepreneurial decisions and actions (Wiklund & Shepherd, 2003). The measurement scales of EO have been developed and widely adopted (e.g. Covin and Slevin, 1991; Miller, 1983; Lumpkin and Dess, 1996). Three key dimensions of EO adopted by this study are 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, 1984).
- 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).

We selected our research site at George Town, a UNESCO World Heritage Site in Penang, Malaysia, where there is an increasing number of small firms working in the creative and cultural sectors contributing significantly to the conservation of heritage and cultural conservation, as well as increasingly to the tourism economy. In the UNESCO historic city of George Town was inscribed into the UNESCO World Heritage List on 7 July 2008 is attributable to fulfilment 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. Local government and cultural organisations and inhabitants have been working on 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). As the city is increasingly encouraging the development of the sector to retain local residents, to conserve local culture and to grow local economy, the research into how innovative and entrepreneurial firms are is both important for local policy makers and practitioners alike.

We interviewed 115 firms using a combination of quantitative (Likert scale) questionnaire based on EO construct and a set of semi-structural qualitative questions to understand the rationale behind the entrepreneurial strategy-making decision. The results suggest that SMEs in these sectors are initially innovative and entrepreneurial, but they tend not to have sufficient capacity to continue investing in developing new (more radical changes than incremental) products and services.

Contribution

This research will contribute to the theoretical understanding of innovation and entrepreneurial behaviours of firm in the creative and cultural sector. The paper will also propose a modification of entrepreneurial orientation measurement for creative and cultural firms.

Implications for policy or practice

We aim to inform local policy makers and practitioners on the strengths and weaknesses of local creative and cultural firms in term of their innovativeness and entrepreneurial orientation. The manager of firms in the sector would be able to reflect on the relevant aspects of entrepreneurial and innovativeness of their organisation. The local government will be able to identify key weaknesses in the sector and derive policy to improve performance for firms in the sector.

References

- AuthentiCity (2008, February) Creative City Planning Framework. A supporting document to the agenda for prosperity: Prospectus for a Great City. Prepared for the City of Toronto by AuthentiCity. pp. 1-44. Toronto, Canada.
- Castañer, X. & Campos, L. (2002). Determinants of artistic innovation: Bringing in the role of organizations. *Journal of Cultural Economics*, 26(1): 29–52.
- Covin, J.G., & Slevin, D.P. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship: Critical perspectives on business and management*, 3.
- Cowen, T. (2002). *Creative destruction: How globalization is changing the world's cultures*. Princeton: Princeton University Press.
- Handke, C. (2007). Promises and challenges in innovation surveys of the media industries, in van Kranenburg H and Dal Zotto C (Eds) (2007) *Management and Innovation in the Media Industry*, Cheltenham: Edward Elgar.
- Lumpkin, G.T., & Dess, G.G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of management Review*, 21(1), 135-172.
- Miles, I. & Green, L. (2008). Hidden Innovation in the Creative Industries, NESTA research report. London: NESTA.
- Miller, D., & Friesen, P. H. (1984). A longitudinal study of the corporate lifecycle. *Management science*, 30(10), 1161-1183.
- Mommaas, H. (2004). Cultural clusters and the post-industrial city: towards the remapping of urban cultural policy. *Urban studies*, 41(3), 507-532.
- Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management science*, 29(7), 770-791.
- Ooi, K.B. (2011). Penang – Cultural capital. Penang Economic Monthly, February 2011.
- Wiklund, J., & Shepherd, D. (2003). Research notes and commentaries: knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic management journal*, 24(13), 1307-1314.