Measuring Entrepreneurial Orientation of Firms in the Creative and Cultural Sector

Keywords: SMEs, innovativeness, risk-taking, proactiveness, Penang, World Heritage Site

Abstract

Aim
This research aims to enhance theoretical understand the entrepreneurial strategy-making process and action of small firms in the creative and cultural sectors. 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. Many cities 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 industries and cultural sectors (CICS) are 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 CICS is being linked to economic growth, there will be an important question of how organisations in CICS organised itself so that they could further enhance their economic performance. It is worth noting that economic performance might not be the primary goal of some organisations in the CICS. Similarly, we also acknowledge that the rise of CICS could be driven by, not because of the organisation performance and efficiency but 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), organisation 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 CICS (e.g. Castañer & Campos, 2002; Handke, 2007; Miles & 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. Anderson et al., 2015; Covin & Slevin, 1991; Lumpkin & Dess, 1996; Miller, 1983). 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 & Dess, 1996).
2) Risk taking involves taking bold actions by committing significant resources under uncertain environments where costs of failure might be high (Miller & 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 & 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 CICS 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 organisations 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 CICS 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.

Contributions

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 that considerations should be given to firm in CICS particularly where they are located in a small clustered community. Some organisations might have social objectives in addition to financial profiteering. Organisations in this context might be innovative and entrepreneurial without being confrontational with their competitors. Collaboration is viewed as important way ahead to foster common goods for their society and industry. A modification on the entrepreneurial orientation measurement for creative and cultural firms might warrant some thoughts.

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. Organisations in the local CICS should innovate and be entrepreneurial beyond the initiate stage of formation. The manager of firms in the sector would need to reflect on the relevant aspects of entrepreneurial and innovativeness of their organisation. The local government could improve policy instrument to encourage more collaboration not only among organisations in CICS but also with universities and research institutions.

Measuring Entrepreneurial Orientation of Firms in the Creative and Cultural Sector

1.0 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. Many cities 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). In addition, creative industries and cultural sector (CICS) are increasingly linked directly to economic growth of cities (Camelo-Ordaz et al., 2011). For example, the Gross Value Added of the creative industries and cultural sector in London were respectively £91.8 billion (5.3% of total UK GVA) and £26.8 billion (1.5%) in 2016 (DCMS, 2017a).

However, CICS comprise mainly of many small and fragmented enterprises (Miles &Green, 2008). There is an important question of how organisations in CICS organised themselves to achieve a better financial performance. We acknowledge that financial performance might not be the primary goal of some organisations in the sectors such as community cultural organisation. But it is equally important for those organisations to continuously strive for higher performance so that they could better serve their target audiences or members and to remain relevant in the society.

This research intends to deploy Entrepreneurial Orientation (EO) construct to measure entrepreneurial strategic decision-making of organisations in CICS. EO is the predominant construct in strategic entrepreneurship research with burgeoning scholarly publications for three decades after Miller (1983) suggests that the pursue of innovation, propensity in risk taking, and proactiveness in responses to market and competition are the entrepreneurial approaches to strategy making, which are essentials in the pursue of firm performance.

This article investigates EO of CICS for the first time in the selected research site. The site is the newly inscribed UNESCO Cultural World Heritage Site of George Town in Penang, Malaysia. This city has a growing cluster of creative and cultural organisations, serving the tourism industry as well as local residents. The deployment of EO in this study enables a better understanding of the organisations in the cluster, distinguishing entrepreneurial organisations from those more conservatively managed - the fundamental rationale of EO constructs (Anderson et al., 2015). Innovative and entrepreneurial are the way forward for the organisations in these emerging sectors to further develop, be competitive and be sustainable.

This research makes a number of contributions to the emerging literature on innovation and entrepreneurial strategic thinking in organisations in CICS, particularly for a medium size cultural city. These are important issues for academic research, local organisations and firms, and local policy direction. The CICS creates employment, drives local economy and supports the development of tourism sector. Equally, if not more important, these organisations serve local community, conserve local heritage and culture as well as act as a counter force for gentrification - self-gentrification initiatives (Chan et al., 2016). These sectors have a crucial role in the socio-cultural process of adoption and retention of new ideas (Earl & Potts, 2004) and therefore particularly relevant to the innovation system and policy of the region (Potts, 2009; Cooke & de Propris, 2011).

This paper is structured as follows. Section 2 is a review the definitions creatives industries and cultural sectors, and particularly on the research related to innovation and entrepreneurial in the creative and cultural enterprises. This research deployed EO analytical framework, which is reviewed in Section 3. In Section 4, we provide a background to the study site - George Town and the development of CICS. We offer a working definition of CICS specifically for the site and this research. We explain the data collection methods in Section 5, with detailed information on how we conducted face-to-face interviews with 115 organisations to collect both semi-quantitative data using the EO constructs and qualitative data related to the "how" and "why". We present the data and the analysis in Section 6. Section 7 contains the key conclusions and potential contributions of this study.

2.0 Entrepreneurship and Innovation in the Creative industries and Cultural Sectors

> are all industries cultural? vs. are all industries *primarily* cultural in their use?
> ~after Miller (2008)

In 1998, the UK Department of Culture, Media and Sport was the first to introduce and define the 'creative industries', where creative, knowledge-based intangible inputs add significant value, as:

> *"...those 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. This includes advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television and radio".* (DCMS, 1998)

However, there is an ongoing debate on the definitions and classifications of creative industries versus cultural sectors (e.g., Miller, 2008; Flew & Cunningham, 2010). The UK Government Department for Cultural, Media and Sport has made numerous efforts in this respect. Other organisations add more definitions and confusions into this debate such as European Commission (2010) and UNCTAD (2008). There are still substantial grey areas (see Flew & Cunningham, 2010) and the more recent document from DCMS (2017b) separately identifies CICS and their respective contributions to the GVA in the UK. There are nonetheless some overlaps of sub-sector groupings among the creative industries and cultural sector as well as the digital sector (See Table 2.1, DCMS, 2017b).

This research adopts the general grouping of creative industries and cultural sector (CICS) in the rest of the discussion as well as in the empirical study. A detailed working definition will be provided later in **Section 4** with sufficient consideration for the nature and size of the selected research site. Taking CICS as a whole for this study also reflects the clustering phenomena of CICS in the research site specifically as well as more generally in other parts of the world. CICS tends to concentrate in cities, forming local production systems and talents pools (Lazzaretti et al., 2008; Maskell & Lorenzen, 2004; Scott, 2006).

The conglomeration of CICS in city cluster has also played an important role in cultivating innovation and entrepreneurship. Innovation and entrepreneurial have been considered as key to explore new opportunities and gain competitive advantages and even for the survival for SMEs (Anderson et al., 2015; Barney, 1991; Baumol, 2002; Drucker, 1993; Khandwalla, 1977; Martins et al., 2015). Innovative and entrepreneurial firms are generally found to be outperforming their more conservatively managed peers (Rauch et al., 2009).

Studies in developed countries suggest that firms in these industries are normally seen as particularly innovative (Bakshi & McVittie, 2009; Chapain et al., 2010) and especially from the creative occupations (Lee & Rodriguez-pose, 2014). However, the innovations in CICS are mostly unrecorded in the traditional innovation indicators or statistics (Miles & Green, 2008).

There have been longstanding concerns but growing body of literature on innovation and entrepreneurship in the CICS (Jayne, 2005; Klamer, 2011; Lounsbury & Glynn, 2001; Sunley et al., 2008), particularly in developing countries. While the discussion of entrepreneurship in CICS primarily focuses on social implications, individual psychological traits and entrepreneurial education of arts and cultural entrepreneurs (Aggestam, 2007; Eihkof & Haunschild, 2006; Ellmeier, 2003; Klamer, 2011; Ratten & Ferreira, 2017).

Nonetheless, the study with organisation as the unit of analysis is rather limited (Fillis, 2000; Hausmann & Heinze, 2016; Parkman et al., 2012) with a small number of exceptions such as Acheson et al. (1996) studying team entrepreneurship in a long history of a festival, and Parkman et al. (2012) investigating entrepreneurial orientation of creative firms and innovation capacity.

3.0 Entrepreneurial Orientation Constructs as the Analytical Framework

From the strategic decision-making perspective, the determinants of organisation performance are largely strategic choices, organisational attributes and environmental exigencies (Anderson et al., 2015). We also acknowledge that the rise of CICS could be driven by, not because of the organisation performance and efficiency but 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), organisation level factors such as innovation and entrepreneurial behaviour could also play a crucial role (Castañer & Campos, 2002).

To understand organisation level of innovation and entrepreneurial behaviour in CICS, this research deploys Entrepreneurial Orientation (EO) construct (Miller, 1983). EO is a firm-level measurement of entrepreneurial strategy-making processes and actions (Wiklund & Shepherd, 2003) for over the three decades. It has been the predominant construct in strategic entrepreneurship research with burgeoning scholarly publications with more than 100 major studies (Hansen et al., 2014; Anderson et al., 2015).

EO comprises management-relate preferences (attitude towards risk), actions and behaviours (innovativeness and proactiveness) as expressed by top-level managers. These three key EO constructs, as Miller (1983) suggests, are the entrepreneurial approaches to strategy making, which are essentials in the pursue of firm's performance. Even though EO is demonstrated to be linked to performance of firms, the research has not been conclusive (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). Nonetheless, the deployment of EO in this study enables a better understanding of the organisations in the CICS cluster as well as distinguishing entrepreneurial organisations from those more conservatively managed, which is the fundamental rationale of EO constructs. Anderson et al. (2015) posit that there exist a continuum of firm's strategic behavioural proclivities ranging from more conservative to more entrepreneurial using EO constructs.

4.0 Context of Research Site

In many developing countries, CICS is relatively smaller in size, and weaker in its influences comparing with those in many developed countries and major cultural cities such as New York, London and Paris. It has also gone under the radar of many city administrators, 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 CICS districts or clusters 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; Sasaki, 2010). It also acts as a force of self-gentrification to counter tourism gentrification (Chan et. al, 2016) and thereby plays a key role in cultural and heritage conservation, particularly in cultural World Heritage Sites.

We selected our research site at George Town, a UNESCO World Heritage Site in Penang, Malaysia. Inscribed on 7 July 2018, the entire world heritage site in George Town comprises of a Core Zone (109.38 hectares, with 2,569 buildings) and a Buffer Zone (150.04 hectares, with 2,444 buildings). The inscription is the recognition of the city's fulfilment of three (3) out of 10 criteria related to cultural heritage. The criteria are George Town as (ii) an exemplar of multi-cultural trading town; (iii) evidence of Asian multi-ethnicity and religious pluralism; and (iv) having unique architecture, culture and townscape unparalleled anywhere in Asia and Southeast Asia of the Outstanding Universal Value (SGP, 2016).

There is an increasing number of small firms working in CICS contributing significantly to the conservation of heritage and local culture, in addition to serving the tourism economy. The Malaysia National Creative Industry Policy document (dated 2009) stated that Malaysia's creative industries contributed approximately 1.27% of GDP (USD 2.3 billion) and 45,301 jobs. Subsequently, the creative industries are projected to grow and account for 2.2% of GDP (RM33 billion) by 2020 (Think City, 2016). But many estimates in the country are inconsistent, exposing the hidden elements of these sectors in the national records (Baker & Lee, 2017).

In George Town World Heritage Site specifically, updated data on the city's CICS is unavailable as yet. A recent baseline survey in 2016 by Think City Sdn Bhd, Penang Institute and Universiti Sains Malaysia managed to provide basic statistics and an overview of the locality and distribution of CICS in Penang as a whole, instead of merely George Town city per se. Amidst a spectrum of varying definitions for CICS ranging from predominantly a cultural lens (Mommass, 2004, Sasaki, 2004) to a fusion of more high-tech scientific fields (Florida, 2008), the classification for CICS for George Town World Heritage Site is unique in its own sense because the heritage site is home to creative and cultural organisations that merges both traditional and modern orientations. In spite of definitional issues related to delineation and classification of CICS in Penang specifically and in Malaysia more broadly (Khoo et al., 2015), George Town's vibrant and dynamic cultural diversity manifested in both tangible and intangible forms are integral towards shaping and defining the city's definition of CICS.

In this study in particular, the operational definition for CICS in George Town World Heritage Site are organisations that engage in cultural, artistic and economic pursuits that involve creativity and innovation to ensure urban economic sustainability, inclusivity, well-being and good quality of life. The CICS would include traditional livelihoods, businesses, practices and rituals that enhance 'sense of place' yet stimulate economic innovation (Khoo, 2016; Khoo et al., 2016).

Over the last 10 years since UNESCO inscription, private museums and galleries have also proliferated, mostly in the world heritage site. While the city has creative content industries such as software, IT firms, advertising, marketing, branding, architecture, film, video and interior design, but the heritage site is also home to 54 surviving trades by local artisans (Chin, 2014) though many of these trades are gradually under threat of extinction due to pressures of gentrification, urban restructuring and changing technology unfolding in the site (Think City, 2016). Against this backdrop increasing threat of gentrification, it would be pertinent to nurture local industries, capitalising on their skills, culture and heritage, in order to build a strong and sustainable cultural and creative sector, which could benefit and retain local residents, particularly young people. It would be a proactive strategy of self-gentrification (Chan et al., 2016).

As the city is increasingly encouraging the development of CICS, this research looking into how innovative and entrepreneurial organisations aim to provide some understanding on strategic decision-making of these organisations insights for local policy makers and organisations.

5.0 Methods and Data Collection

We conducted a mixed method research. The face-to-face interview comprises of a combination of quantitative questionnaire based on EO construct and a set of semi-structural qualitative questions to understand the rationale behind the entrepreneurial strategy-making decision. We have also conducted ten further detailed interviews with selected organisations in order to collect riches qualitative data.

We adopted the widely accepted EO measurement scales (Anderson, et al., 2009; Covin & Slevin, 1991; Lumpkin & Dess, 1996) as below:

1) Innovativeness is the predisposition to experimentation with developing new ideas, new products and services departing from established practices, products, and technologies (Lumpkin & Dess, 1996). It should also be noted that innovation is defined differently from "creativity" of individuals (Castañer & Campos, 2002; Miles & Green, 2008).
2) Risk taking involves taking bold actions by committing significant resources under uncertain environments where costs of failure might be high (Miller & 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 & Dess, 1996).

There are three 5-point Likert scale questions for each construct of EO. In addition, for each question of the three constructs, we asked the respondent to "please explain why do you think your organisation made such a decision? Give some examples". We also asked background questions regarding the respondents and the organisation, including attributes such as position and years of experience in CICS, primary sub-sector of the organisation, age and size, as well as their key networks in collaboration, funding, advice, talents and supply chain.

The interviews were conducted by a combination of UK based and Penang based experience researchers and specifically trained research assistants, with required language capacity. We audio-recorded most of the interviews unless the respondent did not give explicit permission to do so. Some interviews were conducted in languages other than English (in Malay, Chinese and Chinese dialects) but were translated and transcribed. We stored and analysed the English version of the transcriptions in NVivo.

We conducted a two-tier sampling method. For the first tier, we obtained our samples based on existing database and expert suggestions. We obtained a list of creative organisations from a baseline survey conducted in 2016 (Think City, 2016). As the survey covering the entire Penang State, we shortlisted organisations located within the World Heritage Site. Due to the absent of any complete database for both creative industries and cultural sector, we supplemented the list (particularly of cultural organisations) based on i) referral from local experts and organisations such as Think City, Penang Institute, GTWHI, ii) keyword search using google map and local yellow pages, and iii) referral from local experts. We interviewed 70 organisations on 1-tier sampling. The second tier is based on snowballing sampling method. We asked the respondents to dominant their key networks and we identified 103 organisations in CICS where we interviewed 45. The distribution of the respondents over the 15 categories of sub-sector in CICS in George Town is shown in **Table 1**.

Table 1: Distribution of interviewed organisation according to sub-sector

No	Sub-sectors	Frequency
1	Advertising and marketing	5
2	Architecture and interior design	3
3	Craft (traditional and modern)	4
4	Design (product, graphic and fashion design)	9
5	IT, software and computer services	2
6	Publishing	2
7	Museum, gallery and library	15
8	Music and performing and visual arts	14
9	Film, TV, video, radio and photography	6
10	Literary arts	1
11	Cultural/religion centre & association	9
12	Gastronomy (traditional & modern)	17
13	Training & education (in creative & cultural knowledge)	4
14	Other heritage tourism	11
15	Other (Please specify)	5
	Total	**115**

6.0 Data Analysis and Discussion

The descriptive statistics of the background of respondents and the organisations are available in the Appendix. **Table A1** lists the position of the respondents in the organisation, where the majority are in senior management role. There are more than 55% of them holding the position for less than 5 years. **Table A2** shows that 45% of the respondents have been worked in the organisation for less than 5 years. These data indicate that the senior managers are relatively new in the organisation. 78% are also relatively new (less than 20 years of working experience) in CICS (**Table A3**).

Table A4 shows that 81% of the organisations has the CICS as primary focus of the organisation. The rests might not have creative occupations in their organisation but they are in supportive but active roles such as city enablers and with substantial involvement with the CICS. The organisations are relatively young, with 74% established after year 2000 (**Table A5**), and more than 65% are small in terms of annual turnover (less than USD0.75 million) as shown in **Table A6**. 85% of the organisations are privately owned businesses with small number of public and no-profit enterprises (**Table A7**).

Table 2 reports on the average scores of organisations innovativeness, risk-taking preferences, and proactiveness. Even though many organisations in the CICS in George Town are young and the respondents are relatively new in the position, they are generally more conservative. There are only one-third of the organisations with high innovativeness, high appetite for risk and being proactive in response to external environment and competition.

Table 2: Results of Entrepreneurial Orientation

	Innovativeness		**Risk-taking preferences**		**Proactiveness**	
Degree	Count	Percentage	Count	Percentage	Count	Percentage
5 (highest)	32.7	28.4%	29.7	25.8%	26	22.6%
4	11.7	10.2%	7.3	6.3%	11	9.6%
3	31.7	27.5%	23	20.0%	15	13.0%
2	11.7	10.2%	14	12.2%	4.7	4.1%
1 (lowest)	22	19.1%	32.3	28.1%	16	13.9%
Not applicable/ refuse to answer	5.3	4.6%	8.7	7.6%	42.3	36.8%
Total	115	100.0%	115	100.0%	115	100.0%

The results suggest that SMEs in CICS are initially innovative and entrepreneurial as they are primarily new companies offering new products and services to capitalise on the growing CICS and tourism sector. But they tend not to have sufficient capacity to continue investing in developing new (more radical changes than incremental) products and services, and thereby risking rendering into stagnation and conservative in their strategic decision-making.

However, there is an interesting observation on the data regarding the high rate of refusal to provide an answer for proactiveness (36.8%) as shown in **Table 2**. When asked on questions regarding competition and competitor, many of the respondents do not consider competition or do not see their competitor in an antagonistic manner. Qualitative data reveals the intention for cooperation and to develop the CICS for the common goods of the World Heritage Site.

This finding is in contrast to the prevalent concept of autonomy and independence of small firm's entrepreneurs (e.g. Curran & Blackburn, 1994; Stanworth et al., 1989; Taylor & Thorpe, 2004). Instead, small firms in a growing sector and closely clustered community would opt for a more collaborative or coopetition approach (Barney et al., 2017). Romanelli and Schoonhoven (2001) also suggest that entrepreneurs are directly related to working formally or informally with network to configure and reconfigure resources in order to exploit opportunities and to achieve growth.

We have also performed one-way ANOVA analysis of the data but will be reported separately.

7.0 Conclusions and Contributions

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 that considerations should be given to firm in CICS particularly where they are located in a small clustered community. Some organisations might have social objectives in addition to financial profiteering. Organisations in this context might be innovative and entrepreneurial without being confrontational with their competitors. Collaboration is viewed as important way ahead to foster common goods for their society and industry. A modification on the entrepreneurial orientation measurement for creative and cultural firms might warrant some thoughts.

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. Organisations in the local CICS should innovate and be entrepreneurial beyond the initiate stage of formation. The manager of firms in the sector would need to reflect on the relevant aspects of entrepreneurial and innovativeness of their organisation. The local government could improve policy instrument to encourage more collaboration not only among organisations in CICS but also with universities and research institutions.

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Appendix: Descriptive Statistics

Table A1: Top 5 positions of respondents (C102)

Position	Frequency (F)	Percent (%)
Director	50	43.5
Manager	20	17.4
Founder / Owner	11	9.6
Chairman / Chief	11	9.6
General Manager	5	4.3
Total	97	84.4

Table A1 reports top 5 positions of the respondents from a total of 20 positions. Among 115 respondents, 43.5% of them work as director, followed by manager position which consists of 17.4% of our sample. 9.6% of the respondents are founder or chairman of their own organisation while only 4.3% holding the position of general manager.

Table A2: Duration of respondents holding the position & working in the organisation (C103 & C104)

Position hold duration	Frequency (F)	Percent (%)
≤ 1 year	17	14.8
2 -5 years	46	40.0
6 - 10 years	33	28.7
11 - 20 years	14	12.2
> 20 years	4	3.5
Not Applicable	1	0.9
Working duration	**Frequency (F)**	**Percent (%)**
≤ 1 year	11	9.6
2 -5 years	42	36.5
6 - 10 years	25	21.7
11 - 20 years	28	24.3
> 20 years	8	7.0
Not Applicable	1	0.9

Table A2 reports the duration of the respondents holding their positions and the duration of working in the organisation. Among the 115 respondents, majority of them have been holding the same job position and working in the organisation for a period of 2 – 5 years (40.0% and 36.5% respectively). Respondents that work in the organisations for a period of 11 – 20 years and more than 20 years are double of the respondents that holding the position for the same period of durations, 24.3% versus 12.2% and 7% versus 3.5% respectively. There is only 9.6% of the respondent that work less than 1 year in the organisation. Majority of the respondents are either in their position or working in the organisation for 10 years or less.

Table A3: Years of experience in creative / cultural sector (C107)

Years of experience	Frequency (F)	Percent (%)
2 -5 years	19	16.5
6 - 10 years	24	20.9
11 - 20 years	36	31.3
> 20 years	26	22.6
Not Applicable	10	8.7

Table A3 showed the years of experience of the respondents in creative/cultural sector. Among the 115 respondents, 16.5% of them have 2 – 5 years of experience in the creative/cultural sector. This followed by 20.9% having 6 – 10 years of experience, and 22.6% with more than 20 years of experiences. Almost one third of the respondents (31.3%) have 11 – 20 years of experience in this sector. In summary, more than half of the respondents have more than 10 years experience in this sector.

Table A4: Organisation's primary focus on the creative/cultural sector (C203)

Yes / No	Frequency (F)	Percent (%)
Yes	93	80.9
No	21	18.3
Not Applicable	1	0.9

Table A4 reports whether the organisation's primary focus is on creative/cultural sector or not. Among the 115 respondents, majority (80.9%) of their organisation's primary focus is on creative/cultural sectors. On the other hand, 18.3% of them responded that creative/cultural sector is not their primary focus. The organisation might not have any creative occupation, but they are for example city enablers which play a key role in the entire creative and cultural ecosystem.

Table A5: Foundation year of respondent's organisation (C206)

Foundation year	Frequency (F)	Percent (%)
> 100 years	3	2.6
Before Merdeka	4	3.5
60s	5	4.3
80s – 2000	17	14.8
2000 – 2008	27	23.5
2009 – 2017	58	50.4
Not Applicable	1	0.9

Table A5 reports the foundation year of respondent's organisation. Among 115 respondents, slightly more than half of the respondent's organisation (50.4%) is established in the years of 2009 – 2017. This followed by 23.5% of them are established in the years of 2000 – 2008, 14.8% are established in the years of 1980s – 2000 and 4.3% are established in the 60s. There are 3 respondents that have been established for more than a century and 4 respondent's organisations are established before Malaysia achieved independent, which is before 1957.

Table A6: Size of the respondent's organisation (Only operation in Penang) (C212)

Sales turnover	Frequency (F)	Percent (%)
<RM 300k	44	38.3
RM 300k – RM 3 million	31	27.0
RM 3 million – 20 million	7	6.1
>RM 20 million	1	0.9
Nil / Not Applicable / Not applicable as they only earn money from rental and workshop fee / Not sure / P&C	32	27.7

Note: RM1 ~ USD0.25

Table A6 shows the size of the respondent's organisation and this only limited to operation in Penang. About a quarter of the respondents, that is 38.3%, have sales turnover less than RM300k. This is followed by 27% of the respondents generated sales turnover in the range of RM300k – RM3 million. There is only 6.1% respondents that generated RM3 million – RM20 million of sales turnover. There is only 1 respondent that has sales turnover above RM20 million. There are 32 respondents that do not provide this information.

Table A7: Top 3 type of respondent's organisation (C210)

Type	Frequency (F)	Percent (%)
Business-private company	85	73.9
Charity / other civil society organisation	12	10.4
Other	10	8.7
Total	107	93.0

Table A7 reports the top 3 type of respondent's organisation. Among the 115 respondents, 73.9% of them are business-private company, 10.4% are charity/other civil society organisation and 8.7% are of other natures.