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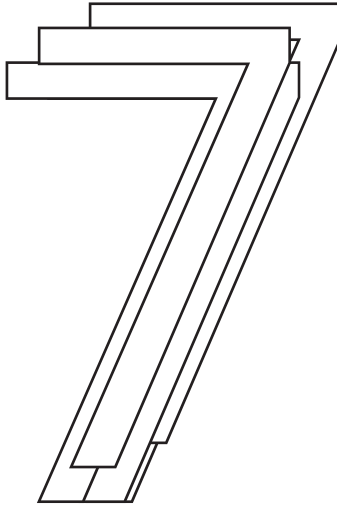
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KEEPING THE MARKET AT BAY:
EXPLORING THE LOCI OF INNOVATION
IN THE CULTURAL INDUSTRIES

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7.1 INTRODUCTION

Innovation and creativity are not the prerogative of high-tech firms, but are also very much part of high-concept activities as producer services, consumer services, and, of course, cultural industries. In this paper, we frame the governance of creativity and innovation in said industries, by exploring their embeddedness in specific spatial and institutional configurations. Cultural industries reflect a nexus where individual or collective creativity is channelled towards the production and marketing of products whose subjective and experience value is generally speaking deemed higher than their purely functional one (Throsby 2001). The identifier 'cultural' is subject to challenge, particularly since the rise of the more popular 'creative industries' terminology, which provides a more encompassing definition based on the notion of the key input of creativity. Our preference, however, is for the term cultural industries, which allows us to take a more product and process-oriented approach (Pratt 2007).

Cultural industries are concerned with the production and marketing of goods and services that have an aesthetic or semiotic content (Scott 2000), reflecting an economic and cultural conjuncture where commodity production has become tied in with artistic experimentation, and vice versa. Culture, on the one hand, has become an important source of economic growth and job creation, particularly within advanced *urban* economies (Pratt, 1997; Scott, 2004; Kloosterman, 2004; Currid, 2007). This has raised questions as to the instrumentalisation of culture for economic purposes, particularly as the policy discourse around cultural industries has shifted from a cultural to an innovational perspective (Garnham 2005). On the other hand, the production of culture has changed, transforming the context and conditions in which artists work and the social relations between symbol creators and the wider society (Williams 1981). Moreover, the growing aesthetisation of the economy (Lash and Urry 1994) means that artistic skills and talents are increasingly applied to improving the form and quality of non-artistic products (see for instance industrial design). Yet the 'economisation of creative and artistic processes' and the ways in which it affects intrinsic motivation of creative work still remains largely a black box (see Eikhof and Haunschild 2007, p.524).

The dynamics of creativity and innovation within the cultural industries are highly elusive, both up and downstream in the value chain. Creativity is seen here as the process by which symbolic and aesthetic changes, new and/or disruptive ideas evolve. Innovation is considered as the implementation of ideas (which may not be creative), and channelling towards users. In this sense, what is important in creativity is not simply the generation of new ideas, but rather the value produced by the idea (Burt 2004). We argue that this value becomes apparent in the ideas' implementation, through innovation. This assumption is related to the '*nobody knows*' quality attached to the market performance of cultural industry products (Caves 2000), which makes outcomes difficult to predict due to fluctuating consumer demands and tastes². The quality of cultural industry products is difficult to define: rather than a case of asymmetrical distribution of information over products among producers and consumers, we are in the situation where judgement over a product's qualities is both subjective and volatile.

In the arts, the range that is produced is seen as resulting from the interaction between the reward structure to which artists respond and the organisational systems which select and transmit artistic work (Becker 1982; Peterson 1976). This points towards the need to explore the organisational determinants of production, in addition to the wider networked 'world' in which art is produced, socially constructed and controlled, rather than solely focusing on the individual creator or genius (Becker 1982; see also Csikszentmihalyi 1990 for a 'systems' theory of creativity based on intersecting and interacting relationships). Moreover, our ability to understand competently art is connected to the cultural resources and opportunities available to us, making us proficient in 'interpretative schemes' and making aesthetics a historically specific rather than specific to the object of art itself (Bourdieu 1993), hence the need to understand products in a (temporal, spatial, sectoral) system of meaning and understanding.

In our paper, we ask whether creativity and innovation in cultural industries are fostered by keeping commercial considerations at bay, making room for *l'art-pour-l'art* motivations along the value chain. We hypothesise that there is no one-size-fits-all solution, but instead that different institutional configurations may shield off creative workers from commercial considerations. In analysing these different institutional configurations, we bring together several strands of thinking, from cultural economics, business studies, sociology of culture and the arts, and economic geography. While this paper remains theoretical in its ambition, we use insights from the Dutch case and interview material in the fields of classical music to illustrate our framework.

We start our investigation by looking at the dynamics of creativity (section 2) and innovation (section 3) in the cultural industries. We then move on to describe the conditions of innovation and we present the elements of our framework of analysis (section 4). This framework will then be illustrated by applying it to the case of classical music in the Netherlands (section 5). We will conclude by assessing the implications for further research (section 6).

7.2 ON AESTHETIC VALUE CREATION AND INNOVATION IN THE CULTURAL INDUSTRIES

To grasp processes of innovation in cultural industries, we first have to identify the distinguishing characteristics of products in cultural industries. Our understanding of cultural industries is based on taking culture as 'the *signifying system* through which necessarily (though among other means) a social order is communicated, reproduced, experienced and explored' (Williams 1981, p.13). The goods and services deriving from these industries have an aesthetic or semiotic content (Scott 2000). They have 'an influence on our understanding of the world', 'drawing on and helping to constitute our inner, private lives and our public selves' (Hesmondhalgh 2007, p.3).

Matching the highly subjective nature of the creation of aesthetic and semiotic content on the one hand, to its equally subjective appreciation by an audience or consumer on the other, cultural industry products are part of a wider system of aesthetic judgment and social significance, constantly fine-tuned to the *air du temps*, past

references and existing genres and labels. Satisfying the expectation of newness of 'end users' also means that cultural industry products generally have built-in obsolescence (Negus and Pickering 2004, p.11). Moreover, cultural industry products present the feature of imperfect substitution, whereby lesser talent is seen as a poor substitute for greater talent (Rosen 1981).

Creating an explicit aesthetic may precede, follow, or be simultaneous with developing the techniques, forms, and works which make up the art world's output'. The creation of aesthetic systems can be an 'industry in its own right' though, developed and maintained by specialised professionals such as critics (Becker 1982, p.131-2). The role of mediators is to initiate customers to their understanding and adoption of these new trends and fads. Zukin and Maguire (2004, p.175) develop a framework for exploring consumption as an *institutional field*, centred around the production of commodities for individual demand and structured around 'interconnected economic and cultural institutions', highlighting the strong interconnections of consumption with its social context. Critics, intermediaries and so-called taste makers (Currid 2007b) take part in this process, as they become a 'medium for research and development' (Cameron 1995, p.324) front-end research in the design industry – helping to inform innovation in design through a better knowledge of market evolution and consumer preferences among others (Miles and Green 2008). Through co-optation (Hirsch 1972), mediators responsible for marketing and publicizing products become co-producers of meaning and interpretation.

The question of the referent in judging novelty and innovation emerges: who evaluates the newness of a product? In the arts, three types of referent can be identified: a cosmopolitan referent (all other organisations in the field across the world); a local referent (locally); and the self-referent (based on the organisation's own past) (Castañer and Campos 2002). We believe this distinction to be useful for the cultural industries as well, given the global circulation of products and the mutual impact of global-local trends and tastes across time. Moreover, artistic reputation is faced by the test of time, with once similarly valued artists facing diverging paths to oblivion or continued universal renown (Lang and Lang 1988). Establishing the value of a work of art entails 'incessant, innumerable struggles', not only in the competition between agents, are linked to different interests in the same field, but also between agents in different positions in the production of products as, for instance, reviewers, publishers, dealers etc. (Bourdieu 1980).

Aesthetic production within the cultural industries reveals a latent tension between artistic/*l'art pour l'art* (implying a concept of art as a greater good) and commercial considerations (Caves 2000; Cowen and Tabarrok 2000). This is linked to the way structuring and organisation of production within the cultural industries has evolved, requiring a combination of creative/artistic and managerial/"humdrum" skills and motivations (Caves 2000; Kloosterman 2010a). Within the emerging 'project teams' (Ryan 1992), we can identify a variety of functions, ranging from artistic to technical, from high to low skilled (Hesmondhalgh 2007), pointing to the 'irreducibility of the work of cultural production to the artist's own labour' (Bourdieu 1980, p.291-2). Castañer and Campos (2002) argue that the *dominant coalition* within an organisation

plays a crucial role in the relation between economic and artistic aspirations of the organisation itself.

Nonetheless, while it would be tempting to identify individuals or activities along the value chain as pertaining to one of the two functions or logics, this analytical trick is far from caveat-free. Creative individuals might internalise, willingly or unconsciously, the criteria of symbolic and aesthetic judgement of the wider field of mediation (Csikszentmihalyi 1990). Commercial motivations might be more easily defined (in terms of efficiency goals, sales figures and profit for instance), *l'art pour l'art* maintains an aura of mystique and romanticism (Hesmondhalgh 2007; Negus and Pickering 2004), and while most artists would deny an interest in material gain, such a stance is analytically untenable when faced with the reality of making a living from one's art. Moreover, cultural production is often characterised by the 'negation' of or disinterestedness in economic value, as a strategic choice of accumulation of aesthetic capital, credibility and authority in the field (Bourdieu 1980), making it complex to disentangle economic and artistic logics.

Elsewhere, we argue that commodification in the cultural industries reflects the transition of creativity from its *in posse* nature to its commodity status (Brandellero and Kloosterman). Given the candidacy of things to commodification (Appadurai 1988), and the volatility we have described within the cultural industries production system, we refer to this transition as *the commodification gradient* (Brandellero and Kloosterman). This can be seen as a negotiated passage, albeit not an irreversible one, between creativity and the cultural industry production chain, modulated by trade-offs between cultural and economic considerations over the anticipated outcomes of a product in a market exchange environment.

Since 'original and distinctive symbolic creativity is at a premium', actors in the cultural industries suffer from an effort to control and channel it productively (Hesmondhalgh 2007, p.6). This scarcity results in a greater autonomy in the creative moments of the production of culture, as opposed to the stages of reproduction and circulation. This particular characteristic has resulted in an increasing weight of "research and development" in the cultural industries and a greater role for marketing in the initial phases of symbolic creation (Hesmondhalgh 2007). A crucial element in the balance between management and artistic logics appears to be the control and use of 'slack resources'. Slack resources, defined as the 'pool of resources in an organization that is in excess of the minimum necessary to produce a given level of organizational output', are found to have a U-shaped effect on innovation, where too little slack discourages experimentation whose success is uncertain, while too much slack breeds complacency and the take-up of 'bad' projects (Castañer and Campos 2002; Nohria and Gulati 1996, p.1246), as is mostly the case in the cultural industries.

7.3 FROM CREATIVITY TO INNOVATION

To date, very few studies deal with innovation in the cultural industries (Miles and Green 2008). Research on innovation in the arts has however flourished. Starting from

the mid-1990s, we find several studies exploring the origin of 'artistic innovation' in arts organisations (Castañer and Campos 2002; Frey 1999; Heilbrun and Gray 2001), generally speaking associated with the programming of contemporary works (Heilbrun and Gray 2001). However, as Castañer and Campos (2002) rightly note, the diversity of programming might not necessarily be related to the degree of innovativeness of an organisation. We also should qualify innovation by its endogeneity or exogeneity to the firm itself, even though the uptake of either might involve high levels of risk and uncertainty in relation to audience response and outcomes (Castañer and Campos 2002). We should here note the complexity of defining innovation from an aesthetic perspective, given that innovations might be trivial rather than significant and may reflect a case of '*aesthetic exhaustion*', linked to the short fad cycles and derivative nature of products, rather than actual innovation (Peterson 1994).

Innovation in the arts has been measured in terms of levels of nonconformity, i.e. the divergence of programming of an art institution from others in the field (DiMaggio and Stenberg 1985). Here the explaining variables used to define nonconformity relate to audience composition (with the general assumption that larger populations with higher levels of cultural capital will demand higher levels of innovation); levels of autonomy from the market (linked to the assumption that higher levels of public funding allow for greater scope for innovation and risk taking behaviour)³; levels of institutionalisation (related to the organisational practices); organisational climate and manager preferences (DiMaggio and Stenberg 1985). Changes in the environment and structures of organisations were deemed relevant to explaining temporal shifts in artistic innovation patterns (DiMaggio and Stenberg 1985).

Large metropolitan areas show higher levels of innovation in the arts (and in other fields as well) compared to the rest of the country, as observed by higher levels of experimentation in theatres in New York compared to the rest of the United States (DiMaggio and Stenberg 1985). Arguably more than other sectors of economic activity, cultural industries illustrate the strong interconnectedness of place, and particularly the metropolis, and culture: local activities become imbued with the social and cultural character of the surrounding urban area, while urban areas themselves appear to offer congenial conditions for creativity and cultural development (see Hall 1998 for a seminal historical perspective on the synergies between culture and cities). Making abstraction for now of global markets, moreover, we can assume that organisations which are located in large metropolitan areas will be faced with competition within and across the field, given the assumption that there will be a multiplicity of suppliers (DiMaggio and Stenberg 1985), combined with a high level of substitutability among the wider supply of art forms (Throsby 1994). Generally speaking, competition makes for innovation, where 'there is continual quest for product innovation and the single mass market tends to break up into a number of segments each representing a slightly different taste' (Peterson and Berger 1975).

More recently, research has pointed towards the need to explore innovation in the creative industries in relation to the idiosyncrasies of the sector (see Handke 2008), such as the presence of 'soft innovations', linked to changes of an aesthetic nature (as opposed to more widely used definitions of innovation which refer to changes in the

functionality of products and processes) (Stoneman 2009). Such a form of innovation is crucial to the cultural industries, where competitiveness is linked to new products and aesthetic changes to existing products that enhance horizontal differentiation (Caves, 2000). These aesthetic changes can also apply to non-aesthetic products, (such as cars and lamps), where the functional nature of the output is enhanced by aesthetic product differentiation (see Stoneman 2009).

In Table 7.1 we identify the various dimensions of innovation along the cultural industries value chain, while also noting the endogenous factors impacting upon innovation and the wider configurations of production and experimentation (see Miles and Green 2008; Stoneman 2009). We identify three types of innovation, notably product innovation, process innovation and experience innovation. The result then is a heuristic framework which can be used to compare the institutional conditions of innovation in cultural industries across sectors, countries and through time. We will explore the elements represented here in the following section.

Table 7.1: Innovation along the cultural industries’ value chain

Macro-institutional (regulations, policy environment, markets) ↓			
Original production	Production	Distribution	Consumption
Symbolic value-creative process	Organisational arrangements (internal/external)	Distribution processes (retail and display)	End-user experience
Product concept and format, symbolic content		Communication media and marketing	
Management structure and personnel profile		Interaction with end-user	
Technological change			
Concept and product innovation (input)	Means and process innovation (process)		Experience and user- interface innovation (output)
↑ Macro-contextual (Size of population, levels of education, numbers of firms in the field, labour market size)			

The creative industries more generally are also associated with various forms of ‘hidden innovation’, that is innovation that fails to be picked up by traditional measurements and indicators (Miles and Green 2008). These innovations include R&D of new prototypes and products, changes to business models and organisational set-ups, the original combination of technologies for new purposes, and on-the-job innovation, with a recognition of lower levels of innovation in the distributive phases of production (Miles and Green 2008). Given the global vocation of (most) cultural industries, we see this innovation as radically departing from existing symbolic and

aesthetic conventions, whether locally or globally (along these lines, see Castañer and Campos 2002 on artistic innovation), as the symbolic elements, rules and procedures which constitute the domain of creativity are extended (Csikszentmihalyi 1990). We should note that this could also mean the bringing back of an 'old' convention fallen into disuse, adapted or adjusted to contemporary forms and technological and support advancements.

Innovation in cultural industries although hard to measure or quantify, then, is evidently an intrinsic and important feature. Given the networked ecology of actors involved at all stages of the cultural industries value chain, innovation has a serendipitous character, shaped and co-produced through the interaction or reciprocal influence of project teams, communities of practice and consumer base, and set against specific time and place factors. The fortuitousness of such innovation makes it difficult to conceive a level of formalisation of innovation itself. Furthermore, the transience of trends and aesthetic systems makes it complex to evaluate the impact of aesthetic innovations as they appear on the market. The innovations typically emerge in social milieus, art worlds or complex fields which comprise not just the creative workers, but also taste makers and connectors who are able to assess the new product and, moreover, to link up with the wider world of consumption. As some of these innovations reach a wider audience, they can lose their 'aura' of uniqueness and a need for new products arises as some people seek distinction through consumption patterns. We seek to look at innovation in terms of its embeddedness in highly networked, dense and (locally and globally) embedded art worlds, defined by individual working practices, co-produced aesthetic systems, and multi-scalar commercial dynamics. Too much commercial pressure, however, may alienate creative workers to come up with these innovations. In the next section, we will explore how they may be shielded off from these humdrum considerations.

7.4 CONDITIONS OF INNOVATION

The increasing commodification of culture and the culturalisation of all kinds of products have turned cultural industries into important contributors to jobs and wealth creation. Commodification, however, only goes so far as workers in cultural industries tend to be predominantly driven by artistic considerations. How, then, is this tension solved? What kind of institutional set-ups enable creative workers to come up with innovations in an atmosphere that allows for these artistic motivations, while responding to market considerations?

Contingency upon national institutional frameworks

Innovation is contingent upon national institutional frameworks, sectoral characteristics, and on local contexts. Innovation in each sector is associated with a concrete configuration encompassing the national, regional and local institutional framework, the characteristics of markets for final products (scope and size), the role of intermediaries (media, taste makers and shapers, creating aesthetic systems against

which cultural industry products are measured), educational institutions (formal and informal), the role of the private sector (for instance in the form of patronage or sponsorship by a firm), initiatives by semi-public institutions (such as lotteries or foundations), and the role of individual artists (both amateurs and professionals). Research has shown that different types of state provide different forms of support to the arts (Frey 1999), with variations by political outlook (Castañer and Campos 2002). Moreover, the ‘conditions within which creativity occurs, and the ability to be recognised as an author and originator, cannot be considered separately from the legal circumstances through which they have been institutionalised’, as for instance is the case with copyright rules (Negus and Pickering 2004).

Embeddedness in loci of creativity and experimentation

Cultural industry products are embedded in loci of creativity and experimentation, constituted by non-sector-specific (formal or informal) artistic experimentation and practices in immaterial or physical spaces. Here we point to the osmosis between creative processes and wider innovative milieus and art worlds (Currid 2007a). We expect these loci of experimentation to take the form of socio-spatial configurations, embedded in institutional arrangements, physical spaces and social networks, similar to creative milieus. Understanding creative processes also requires an understanding of their boundedness to existing conventions (Negus and Pickering 2004).

Alongside the complex inter-relations of locationally convergent networks of production, there are global networks of transactions (Amin and Thrift 1992), with intermediaries channelling information and outputs from producers to consumers and vice versa. This decoupling of knowledge and design-intensive inputs has led to a decentralization of the production stages, leading in turn to a concentration of the more ‘cultural’ and ‘artistic’ stages in metropolitan areas and a delocalization of the manufacturing elements of production. Moreover, “the growth of cultural consumption (of art, food, fashion, music, tourism) and the industries that cater to it fuels the city’s symbolic economy, its visible ability to produce both symbols and space” (Zukin 1995, p.2).

Creative milieus are characterized by information flows among people, and the knowledge derived from this information; competence in a particular activity; and finally the synergic creation of something new out of the combination of all these elements (Törnqvist 1983). Yet effective channelling of creative experimentation into innovation is uncertain since, as discussed earlier, such places are edgy, chaotic and structurally unstable - uncomfortable places where artistic, intellectual and social turbulence is not just tolerated but actively sought. With loci of innovation, the analysis broadens its scope, to take into account the multidisciplinary spill-over innovation processes, as demonstrated by the cross-fertilisation among cultural industry sectors (Currid 2007a; see research on the music industry and fashion, e.g. Suzanne on Marseille).

Configurating innovation

We put forward a matrix with each quadrant representing a different dimension along which the configurations of innovation in the cultural industries may vary. The elements presented below constitute a compendium of the significant dimensions influencing such variations, based on our literature review and own analysis.

Five dimensions in particular emerge, relating to input, process, output, markets and macro conditions. The first dimension is on the supply side and concerns the barriers of entry in terms of capital requirements to the creative phase of the commodity chain of a cultural industry. If these barriers are low, as for instance in the case of popular music, one would expect innovation to take place relative easily and artistic drives can be prominent. Slack resources, then, can be located in the pool of (would-be) artists themselves. If these barriers are high, by contrast, one would expect the creative phase has to be embedded in such a way that funding for innovation from either public or private sources is necessary. The amount of slack resources needed for innovation typically exceed the capacity of individuals and specific organisational set-ups are needed to allow for innovation. The second dimension deals with the actual process of production and value adding to the products. The third dimension relates to the characteristics of the outputs, with varying degrees of aesthetic and functional value and the relation to existing aesthetic conventions in the field, which might provide a level playing field for creativity and its successful application in innovative outputs. We would expect a higher degree of functionality of outputs and conventionalisation of aesthetic values to set more constraints on innovation. Moreover, we would expect the level of replicability and mobility of outputs to present diverse innovation patterns. The fourth important dimension that we will take into consideration is located on the demand side and deals with the nature of the markets. We distinguish between *niche* and *mainstream* markets and we hypothesise that (segments of) cultural industries oriented towards the former will have more difficulty in getting funding from commercially oriented actors than those geared towards mainstream markets. Here we make a generalisation including local and global markets, though we envisage some sectors will draw more on the global scale than others (e.g. popular music and video games, as opposed to dance – this is also related to the levels of mobility of the product at hand). Finally, we would expect there to be a transversal dimension covering the wider macro-institutional and environmental conditions, shaping the afore-mentioned dimensions.

The institutional conditions for creativity and innovation are anything but static. In the last three decades or so, they have been affected by four related macro changes (Hesmondhalgh 2007; Kloosterman 2010b).

The first important development concerns the developments in *ICT*. This has fundamentally changed the ways of production, distribution and consumption in many cultural industries. The valuation of creativity, particularly in the recognition and remuneration of intellectual property rights, has been altered in many of these cultural industries. Inputs, processes of distribution, and outputs changed many cultural industries almost beyond recognition. In the music industry, for instance, inputs can be digitalised enabling not just new types of music but also lowering the barriers of entry as songs are built by using computer samples. The internet has radically altered not

Table 7-2: Matrix for innovation configurations

	Factors	High Low
Input	RESOURCE REQUIREMENTS	Human capital Financial capital Social capital and networks Infrastructure requirements
Process	NATURE OF PRODUCTION PROCESS	Level of fragmentation in project teams Level of participation in communities of practice Degree of consumer co-production Level of technological change Level of slack resources Pace of production cycle
Output	VALUE AND CHARACTERISTICS OF THE OBJECT	Degree of formalisation of aesthetic convention in the field Functional value of output Mobility of outputs Degree of replicability of outputs
Markets	NATURE OF MARKETS	Appeal to mainstream markets Appeal to niche markets (Potential and actual) circulation of outputs beyond local bounds
Macro-conditions	INSTITUTIONAL AND CONTEXTUAL CONDITIONS	Level of funding for culture (by sector) Level of amateur activities (by sector) Degree of competition/collaboration Degree of integration with educational system Labour market size External/internal shocks

only the output or format of the music (e.g. MP3 files), but also the ways of distribution and marketing (You Tube, I Tunes etc.).

The second macro change constitutes processes of *individualisation* which helped (together with the introduction of flexible specialisation production methods) to break up mainstream consumer markets into almost countless niche markets thus creating more opportunities for product differentiation and product innovation through aesthetic qualities. Mainstream markets are, obviously, still there, but the long tail of niche markets has become much more important thus altering both the balance between large-scale and small-batch production and putting more pressure on producers to create distinctive goods and services.

The third macro change is the *increasing pace of the processes of globalisation*. The circulation and scope of cultural products has increased thereby enhancing competition and deepening the division of labour. Locally clustered cultural production is often now linked to global markets (Kloosterman 2008; Scott 2000). Markets have thus expanded geographically – making even niche markets global and thereby weakening the link between the locally clustered production and the presence of a local critical mass of consumers. Taste makers and intermediaries, the actors who link innovations to wider markets, also had to *upscale* to be able to maintain these linkages.

The fourth change is the shift in the *relationship between state and market* as neoliberal policies took hold. After 1980, the role of the state in the domain of culture in many European countries (and cities) has shifted from aiming at distribution of (high) culture through subsidies, to increase the scope of the market (Judt 2005; Sassoon 2006; Scott 2004). This has affected the macro-conditions and cultural industries, consequently, had to become more market-oriented, construct a new business model and, in many cases, to come up with new ways of protecting workers in the creative phase against too much intrusion from market imperatives.

7.5 A BRIEF ILLUSTRATION: THE DUTCH CASE

The Netherlands provides an example of corporatist national institutional frameworks for the arts and cultural industries that shifted towards a more neoliberal stance after 1980 (cf. Clifton and Cooke 2009).

The national context for cultural practice in the Netherlands moved away from the more corporatist and even paternalistic, rather generous policies aimed at (socially and spatially) redistributing culture through subsidising, to a more market-oriented attitude after 1980. This shift was partly driven by budget considerations, but it was also ideologically inspired, in line with a general reduction in the role of the state. The grant system was drastically cut and changes in the allocation system meant that funding decisions were delegated to committees of experts, thereby creating an overarching institutional field of gatekeepers for the arts. The preferences of groups such as young people and migrants, however, tended to be more or less neglected, to the advantage of more mainstream audiences. According to the Junior Minister of Culture Rick van der Ploeg, a renowned economist, a ‘gatekeepers’ bias’ had emerged after 1980. This was addressed in a policy brief *Cultureel ondernemerschap* (Cultural Entrepreneurship), published in collaboration with the Ministry of Economic Affairs in 1999. This brief marked a shift in approach, rewarding cultural entrepreneurs who were indeed reaching out to new, larger audiences. The distinction between high and low culture became more blurred and more commercial forms (e.g. advertising and design) were now also seen as cultural expressions. Dance companies, orchestras, museums, and artists were now stimulated to seek actively for sponsors and a wide variety of linkages between the cultural producers and the private sector emerged. This shift also resonated with young artists and who seemed to be much less market averse.

More recently, the role of the state was revised again. With the growing awareness of the *economic* importance of culture and arts as engines of growth and as drivers of

positive externalities (creating and sustaining urban amenities) thereby enhancing the quality of a place, the art/economy binomial moved to the forefront of recent policy developments. This resulted in the *Cultuur en Economie* programme, a collaboration between the Ministry of Economic Affairs and the Ministry for Education and Culture. In *Ons creatief vermogen*, a policy brief setting the tone for future policy in 2005, the need to bring two separate worlds together was stated. Echoing Richard Florida's work on creativity, a link was drawn between structural factors (i.e. arts and heritage) and economic performance, through the intermediary of the creative class and creative enterprises. The role of institutions – not only educational but also those matching supply and demand – was seen as crucial in boosting quality and accessibility. The importance of experiments and innovation, moreover, was acknowledged and even the fact that creative experiments are often more likely to thrive in subsidised environments was explicitly recognised⁴.

One of the cultural industries that benefited from this insight was the classical music scene, which developed as a highly (and, at first glance, somewhat paradoxically) innovative cultural industry, catering to global niche markets. How was this particular industry able to shield off its workers in the creative phase from too much market pressure? Classical music in the Netherlands can be considered as innovative from the perspective of the symbolic and aesthetic content of outputs. This is the result of a combination of factors, from experimental programming, multi-disciplinarity with cross-fertilisation among art forms. Yet this has not always been the case, and there is general consensus as to the presence of a turning point in the 1960s. Young composers joined forces, under the name of *De Notenkrakers* (the Nutcrackers) and demonstrated at the Concertgebouw against the conservatism and restricted scope for new voices in programming (MCN 2009). This movement led to greater innovation, not just in the outputs but also in the experience of classical music by its audiences. One notable change in fact was the emergence of an 'ensemble culture' in the country, as well as providing fertile grounds for the work of pioneering early music experts, notably Frans Brüggen and Gustav Leonhardt, and paving the way for the national and international success of the Amsterdam Baroque Orchestra and the Orchestra of the Eighteenth Century.

Innovation in classical music has also been driven by 'necessity' to reach out to new audiences and reduce the aura of elitism and inaccessibility often referred to by our respondents. In a highly controversial book, Abbing (2006) claims that the conservative classical concert etiquette is part responsible for declining levels of interest and participation among younger people. The author further argues that, as a result, the split between high art and new art will gradually disappear, as the classical music scene adopts more informal practices and variation (Abbing 2006).

While one might disagree with Abbing's pessimistic outlook, several routes towards greater experimentation and access can be seen, for instance in the Concertgebouw's Tracks programme, offering a combination of short concerts and DJ sets to young professionals at more convenient times and affordable prices, or the Opera Flirt, using the same principles for opera. Moreover, classical music is being brought and performed outside its traditional venues, following a new trend originated in Hamburg on initiative of Universal Classics, and known as the Yellow Lounge. The Amsterdam

Grachtenfestival, now approaching its 13th edition (though at the time of writing, the next edition is under threat due to public funding and private sponsoring cuts), also offers classical music concerts at various locations throughout the city, including canal boats, bridges and squares.

The case of classical music reminds us of the difficulties of defining innovation. While one might argue that an immutable programme is a sign of lack of innovation, a musician might retaliate that every performance is a voyage of discovery of the piece and a novel experience of sharing and communicating through a piece of music. Moreover, the sheer quantity of 'old' music provides a seemingly endless well of resources to draw upon in putting together repertoires. In this domain, the process of production of a performance or piece of recorded music has been greatly enhanced, through the online access to archives and past performances.

7.6 IMPLICATIONS FOR FURTHER RESEARCH

Innovation in cultural industries has long been seen as the work of individual geniuses. Howard Becker and Pierre Bourdieu, already in the 1980s, showed that innovation in the cultural industries was strongly embedded in wider fields encompassing gatekeepers, supportive institutions, suppliers, customers etc. Allen Scott elaborated this view and made the point that innovation in cultural industries manifests similarities to innovation in high-tech industries dependent on spillover of knowledge and, therefore, on physical proximity (Scott, 2000). We aimed at systematically unpacking the institutional conditions for innovation. Our point of departure is questioning the need for slack and decommodification in the first, creative phase of the value chain to permit experimentation and product innovation – a *sine qua non* in cultural industries in the long run. We surmise that national, local, but also sectoral conditions affect the institutional set-up. State-sponsored configurations can shield off market forces, but also in liberal states, protection is possible as private sponsors, public-private institutions (e.g. lotteries) or grass-roots organisations can create environments conducive to experimentation and innovation.

By expanding the analysis of innovation in cultural industries and borrowing both from business studies and comparative political economy we have sought to construct a more comprehensive framework to grasp processes of innovation in cultural industries. Whereas empirical research in business studies on concrete processes of innovation emphasised the importance of slack resources for experimentation, comparative political economy research underlined the salience of institutional variation in capitalism and thus of the possibilities of organising slack resources in more than one way and this can vary both across countries and over time. More in particular, the role of the state can vary from directly organising the slack resources through subsidies to a completely private sector provision. We assume that not just national institutional variations impact on how this slack is organised, but we also expect that sectoral characteristics are important in explaining these differences in concrete configurations of cultural industries. We theorise that sector-specific capital requirements, the nature

of the production process and markets, and the aesthetic and functional value of the object impact on how experimentation can be organised.

With the recognition of cultural industries as drivers of advanced urban economies by both academics and policymakers, the conditions for successful development of these industries in the long run have come to the fore. Because the volatility of markets, the need for distinction, and the drive towards product differentiation to cater to more or less sophisticated niche markets, most cultural industries would be doomed in the long run without product, process and/or experience innovation. Innovation in cultural industries - as in other industries - is, however, anything but purely individualistic process. Instead, innovation is very much embedded in wider socio-cultural and institutional structures. Cultural industries tend to differ from other industries because of the (potential) inherent tension between, on the one hand, symbolic or aesthetic considerations, and on the other, commercial or humdrum considerations. This creates the necessity for room for artistic experimentation and an atmosphere conducive to creativity. The resulting innovations are thus nested in broader institutional configurations which support creativity and experimentation and channel it towards commercial outcomes. The embeddedness of such configurations is anything but static. Dissecting how market and non-market considerations in the art worlds/fields are intertwined calls for an elaboration of different national, local and sectoral contexts, understanding the extent to which four macro changes have affected the conditions for creativity and innovation in the cultural industries: the changing relation between states and markets, individualization, ICT advances and globalisation.

Several key questions emerge. Which institutional configurations are more prone to innovation than others? On what level is this determined (spatial, sectoral, firm)? Can we identify institutional set ups which generate many or just a few innovations? How have the macro changes identified affected the institutional configurations over the past two decades? How have key actors in the field adapted to these changes? To what extent can we identify a spatial footprint of processes of creativity and innovation in the cultural industries? Further international comparative research calls for paired cases along sectoral and spatial lines to further unpack the dynamics at work.

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² Even before the digital crisis of the Music industry, Denisoff (1986) estimated that only one in ten albums released by artists with recording contracts are profitable, with a lower success ratio for artists releasing their first album.

³ Research on theatre innovation in the USA found that higher levels of shielding from the dictates of the market (in the form of grants and contributions) is generally associated with greater levels of innovation DiMaggio, P., Stenberg, K. (1985), 'Why do some theatres innovate more than others? An empirical analysis.' *Poetics*, 14:1-2, 107-122.

⁴ HOFSTEDE B. and RAES S. (Eds.), *Creatief vermogen, De economische potentie van cultuur en creativiteit*. Elsevier Overheid, 's-Gravenhage: 155-187.