Fostering regional innovation by unlocking creativity and organizing creative industries
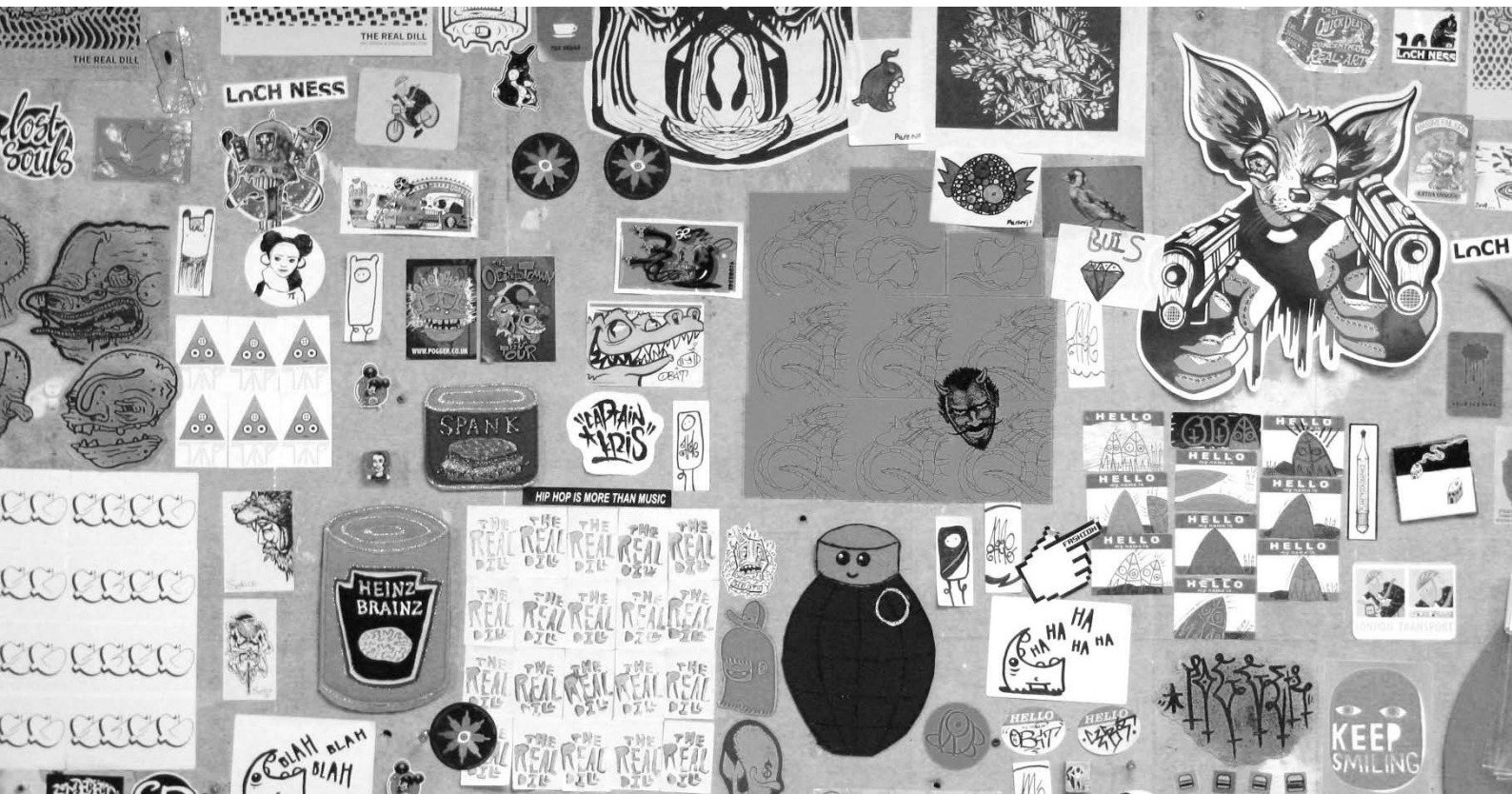
Exploring a possible strategy

Jan Jacob Trip and Arie Romein

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Delft University of Technology, Faculty of Architecture and the Built Environment
Julianalaan 134, 2628 BL Delft, The Netherlands

Introduction

The overall aim of *Creative City Challenge* (CCC) and *CCC Reloaded: Crealab* is to increase regional economic development and employment growth by fostering creative industries and innovation. Creative industries have been growing considerably during the last decades, but they still are relatively small in terms of employment and turnover, and are likely to remain so for the foreseeable future. They are considered important, however, not just because of their autonomous growth, but because of their creative and innovative potential. In this regard, creativity refers to the way new ideas are being conceived on the basis of new knowledge, new combinations of existing knowledge, or new applications of existing knowledge (Glaeser, 2011), and as such creativity is a connection between knowledge and innovation. It is key, therefore, to not just foster innovation in the creative industries as such, but also to unlock potential creativity for the use by other sectors of the economy. *Crealab* therefore explicitly aims to develop cross-overs between creative firms and established business within regional industrial clusters.

For a city or region to have a viable creative sector is therefore required not merely for job growth within the creative industries, but also (and arguably more so) as a potential source of creativity and innovation for other sectors. At the same time, a large part of the creative industries tend to be fragmented and vulnerable to insecurity in terms of employment, income and social security (Trip and Romein, 2015). Activity 6.3 of *Crealab* therefore aims to outline a strategy to unlock and utilize creativity, and at the same time strengthen the often precarious position of workers in the creative industries. It may be more correct to say that rather than an elaborated solution (which would be impossible, if only because of the large variety in regional economic, social and institutional contexts) it outlines the elements of a possible strategy. Elaboration and implementation of these elements is beyond the scope and scale of the current paper, as it will require further activities within the cities and regions involved.

The current paper is explorative in nature. It is informed by both CCC projects, as well as by a number of other projects and project proposals. It starts with a loose conceptual framework, followed by some basic objectives of a possible strategy. Subsequently it then discusses some elements such a strategy may address. Finally, as an epilogue, it considers some aspects of the transfer of policies and strategies between regions.

Creative industries and regional clusters

The connection between creative industries, which for a large part consist of networks of self-employed and micro-enterprises, and regional clusters of larger, established businesses has been extensively discussed in academic and professional literature. A particular point of interest is the question how creativity from the more or less informal circuits of creative industries can be translated into innovative commercial products and services produced by firms in the formal mainstream economy (e.g. Currid 2007; Vivant, 2009; Zukin 2010).

Figure 1 shows an indicative model of this relation, roughly based on the concept of the underground, middleground and upperground as elaborated by Cohendet *et al*. (2010, 2011). Creativity emerges from networks of self-employed and micro-enterprises in the underground (on the left) and transfers via the middleground to business clusters in the upperground (on the right) where it is, eventually, codified, commodified and marketed as innovation in economic viable products.

Figure 1: Conceptual framework of creativity transfer from creative networks in the underground, via the middleground, to business clusters in the upperground.
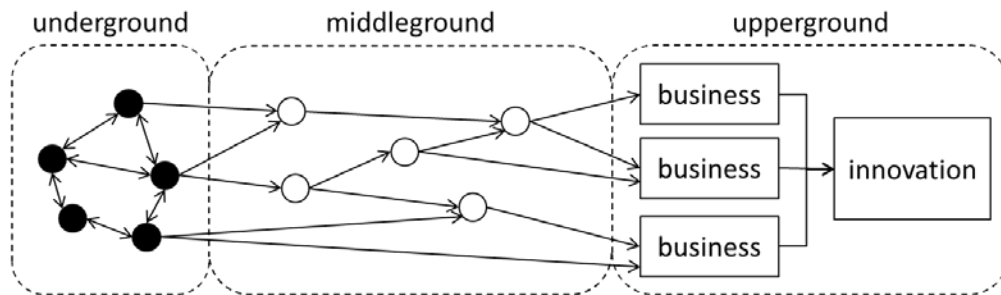
The underground and upperground are relatively straight-forward. The underground consists of a dense 'micro cosmos' of creative workers and firms, subcultures and scenes. With regard to the creativity that has the potential to result in marketable, the production-oriented parts of the underground are most relevant: the networks of creative freelancers, self-employed and micro-enterprises; to some extent consumers should be included in this as well, if these actors can be clearly distinguished in the first place. Their embeddedness in subcultures and scenes is important as a source of ideas, but less directly related to the transfer of creativity to the more regular sectors of the economy. These regular economic sectors themselves make up the core of the upperground. They include traditional industries, high-tech and knowledge-based industries, as well as larger established businesses of the creative industries. Other formal organisations, such as institutes for higher and vocational institutions, research labs and established venues for 'high culture' are part of the upperground as well.

As Figure 1 shows, the transfer of creativity between the underground and the upperground is not a straight linear path. It crosses, and is facilitated by, the middleground, an in-between area that connects the underground and the upperground. Compared to the underground and the upperground, the middleground is a more ambiguous area. It consists partly of specific communities, venues and amenities, partly also of representatives of the underground and upperground that stretch their influence into the middleground.

Objectives of a possible strategy

As indicated above, to unlock potential creativity and transfer it from the underground to the regular business clusters in the upperground it is essential to understand the middleground. At the same time it is particularly the underground of self-employed, micro-enterprises and temporary workers that is vulnerable to the negative effects of flexible, project-based work (Trip and Romein, 2015): insecurity of work and income, a deficient and unclear social security and legal position, and the need to invest in professional and entrepreneurial skills. Nevertheless it is this insecure underground that tends to be most creative and to generate most innovative ideas (cf. Silver *et al.*, 2011; Mould *et al.*, 2014). An additional problem is that this underground, and the creativity it generates, remains largely invisible for regular businesses in the upperground.

The above suggests a threefold rather than a single objective for strategies to foster creativity transfer from creative industries to regular business clusters:
1. to facilitate the transfer of creativity through the middleground;
2. to strengthen the creative networks in the underground, mitigating the sharp edges of precarious work, in order to guarantee the source of creativity itself;
3. to stimulate the take up of creativity by regular business clusters.

The focus here will be mostly on the first two objectives, as the third is already the focus of much of the current economic policies, whether on the local, regional or national level, and is somewhat beyond the scope of the *Crealab* project.

The remainder of this paper for the most part outlines a number of elements of a possible strategy to foster creativity transfer. It would be impossible to develop 'the' strategy (and pretentious to claim doing so), due to the limited scale of the current paper, but most of all because of the large diversity of the cities and regions involved in *Crealab*, let alone beyond the project consortium in the wider North Sea Region. The large variety of economic, social, institutional, cultural and legal contexts means that every strategy has to be contextual, as the possibilities for its implementation are different in each and every case. Accordingly, the paper concludes with some general remarks on the contextuality of implementation.

Elements of a strategy

The below paragraphs discuss a number of elements that a possible strategy for the transfer of creativity could (not necessarily should) address. Most of these are mutually related or partly overlap, and their relative importance is likely to differ according to the specific local or regional context. Nonetheless, the below description roughly follows Figure 1 from left to right, starting with the elements addressing the creative networks in the underground, and ending with those that focus on the upperground and the entire creativity transfer chain.

Skills development

The creative self-employed, micro-enterprises and temporary workers in the underground are themselves responsible for their skills development. This concerns professional and vocational skills, which mostly do not pose a problem. This is different for entrepreneurial skills, including not only financial, management and administrative skills, but first and foremost networking skills and the ability to promote oneself face-to-face as well as in social media. The importance of entrepreneurial skills has largely increased, but which creatives tended to neglect or occasionally even look upon in disdain in their education and attitude (Aggestam, 2007; HEA/NESTA, 2007). This has changed significantly in recent years, but for many creatives entrepreneurial skills remain the most challenging part of their personal skills development.

Current and future developments, first and foremost in media and IT, that change life and work in the underground as well as the upperground, are likely to induce a need for new skills. These might evolve in a third group of skills in addition to vocational and entrepreneurial skills, including for instance sense-making, transdisciplinarity, cross-cultural competency, information management, computational thinking, information brokerage and virtual collaboration (IFTF, 2011; Le Blanc and Seibel, 2015). Elusive as these labels may seem now, they all centre around communication, the smart use of smart machines, and the management of ever increasing amounts of information and data.

Consolidation and mitigation

Fragmentation and insecurity characterize much of the creative networks in the underground. They consists of self-employed, freelancers and micro-enterprises that work individually or in flexible, project-based teams. Organisation of work tends to be less formal than in more established businesses; work and meetings take place at home or in 'third places' or shared office spaces, and commissions in some sectors may be based on verbal agreements. On the whole, creatives value the flexibility of their work, but not the insecure income and legal position it brings about. The 'artistic precariat', which says insecurity is a price creatives pay for their artistic freedom, seems no longer a fashionable idea (cf. Bain and McLean, 2012).

Creatives have found several ways to deal with this dilemma (Trip and Romein, 2015). Business incubators or shared working spaces may provide affordable, flexible working spaces. They may also facilitate the common development of skills by training and coaching, or the sharing of skills between individual creatives. Community initiatives or digital platforms may also contribute to this. Such forms of collectivism may also result in the joint acquisition and executing of projects that are too large or too diverse for individual self-employed or micro-enterprises to carry out. Arrangements such as these show a limited degree of collectivism or consolidation that may mitigate some of the risks individual creatives face. It is much harder to mitigate job and income insecurity or problems of insufficient social security or deficient pension plans without making self-employed and entrepreneurs into 'employees', which is for most of them neither possible nor desirable.

Arrangement such as the above may nevertheless free self-employed, micro-enterprises and particularly start-ups from part of the risk and bother involved in running their business, making them more resilient to changes in work and income. They may also foster cooperation, and if focused on specific creative activities or specific areas of knowledge, they may also help to channel creativity towards specific business clusters in the upperground, for instance by bundling the capacity of creative self-employed and micro-enterprises to work collectively on projects that would otherwise be too large.

Mediators and catalysers

The middleground is the connection between creative networks on the one hand and regular business clusters on the other. In order to unlock and transfer creativity, activities in the middleground should as much as possible facilitate such transfer. Mediation is an important aspect of this: for businesses or business clusters that seek to acquire creativity from creative networks that are often hard to untangle and access for relative outsiders, and for creative workers and entrepreneurs that want to sell their ideas to a broader market, beyond the creative circuits of which they are a part. Mediators can contribute to this by establishing connections between the networks where creative ideas are generated and the business clusters where they are implemented. Possibly, this process may involve several steps and, accordingly, several mediators.

Catalysation may be considered one step further than mediation. Rather than establishing a connection between the sources of creative ideas and their implementation, ideas may also be catalysed on their way through the middleground. This may entail streamlining and tweaking to make them more recognizable and acceptable for regular businesses, thus increasing the chance that they will result in marketable innovations. This requires a nuanced, mostly tacit knowledge of both the underground and the needs and market potentials in the upperground.

Agents

In order to facilitate the transfer of creativity though the middleground, the above activities should be carried out as effectively as possible. This raises the question who are the actors that make up the middleground, and that are able to channel ideas and mediate between the networks of the creative industry and regular business clusters - and how they can do so most effectively.

New approaches and mind-sets may be required for this. These entail the skills mentioned above, such as sense-making, information brokering and lateral thinking, and in general the capacity to imagine new ways to use and combine knowledge and technologies, and to assess which of these are promising as sources of innovation. Actors that possess or acquire these skills, and use them to catalyse and transfer ideas between the networks of creative industries and regular business clusters, function as 'agents', 'gatekeepers' or 'connectors'. The latter two terms refer to the somewhat similar concept elaborated by Currid (2007:5), but rather

than gatekeepers, agents should be able to connect creative industries and business clusters in a two-directional way. They facilitate the transfer of creativity, but also keep an eye on needs of regular business, such as promising niche markets.

The above suggests that agents are not limited to the middleground. As long as they are able to connect to and beyond the middleground, they can as well be representatives of creative networks or of regular business; the former may be more likely, though, as it is an advantage for agents to be in touch with the scenes and subcultures that embed and inspire the networks of creative industries (a clear parallel to Currid's gatekeepers). Agents may be individuals, but in many cases also involve organisations, or influential individuals that act within organisations.

Creativity transfer trajectories

Which are effective agents, and where they are positioned within the underground-upperground continuum, to a large extent define which are effective trajectories for creativity transfer. Hence, mapping these trajectories may well be one of the keys to strengthening the innovative potential of business clusters and, by that, increasing added value and employment. However, this mapping is far from easy, as especially the patterns of creative industries, scenes and subcultures in the underground (and to a lesser extent in the middleground) are partly hidden and are constantly changing. To unravel these patterns therefore will be a hard and continuous process.

Quadruple helix

Agents may range from individuals to organizations such as business or science parks, incubators, research institutes or universities. Furthermore, agents may have to be identified, supported or even trained, which means the involvement of other parties. Ideally, therefore, involved actors should represent all pillars of the 'quadruple helix':
1. government (municipalities, regional and national authorities);
2. businesses (creative industries, regular businesses, business parks, science parks, business incubators);
3. research institutes and institutions for higher and vocational education (technology institutes, universities, laboratories);
4. civil society and NGOs (business support organizations, chambers of commerce, local or virtual communities, cultural venues).

These lists are far from exhaustive. Which actors are involved, and what their respective roles and responsibilities are, is likely to depend to a large extent on the local and regional context. For instance, whereas in some countries it is common for public authorities to play a leading role, in a more austere post-crisis or neo-liberal context this may be less likely. Also, the possibility of actors to for instance lead creativity transfer activities, invest or apply for funding may depend on their legal status and on national legislation.

In general, the above model of creativity transfer is more likely to take shape as a network than as a 'building' or a 'place'. In a minimal form, it could consist of a number of mutually connected agents, creative firms and businesses, and need little solid form or organisation. In contrast, an elaborated form might entail a central 'hub' (either physical or not), which can at the same time offer creative self-employed and micro-enterprises some common facilities or common representation, and make creative industries more accessible for regular businesses in need of creativity. In between, a variety of forms can be thought of, especially if aspects such as skills development and consolidation are involved as well. These vary from local community initiatives or digital platforms to shared working places or incubators. Moreover, different forms may be involved simultaneously, as different functions are not necessarily combined in the same form or the same location. For example the provision of affordable working spaces, recruiting of agents and business support do not have to be in one hand, or in one location.

Implementation: dual contextualization

The above sections discuss some elements of a possible strategy to foster the transfer of creativity from creative industries to regular businesses and, eventually, innovations. It does not offer clear-cut recipes. What works best has to be decided for each individual case, according to local or regional needs and circumstances. The essential idea behind INTERREG, in this regard, is transnational learning between cities and regions. This makes transferability of practices and policies an important issue.

The above sections repeatedly mentioned the importance of local and regional contexts for various elements of creativity transfer and support of creative industries. In the case in which, as in INTERREG, a policy or practice is transferred from a region where it is observed to another region where it is to be implemented (not to be confused with the transfer of creativity discussed in previous sections), successful transfer and implementation of practices depends on particular and contextual information that can reflect the nuanced differences between practices and cases, cities and regions (Fischer, 2003:150-1). However, even if this suffices to understand and interpret the practices and policies observed in one region, a similar array of specific contexts exists at the destination side: the regions that adopt and implement observed good and best practices. Transnational learning, if it is to result in the successful transfer and implementation of practices, therefore requires what may be called 'dual contextualization': in-depth knowledge of both the origin and destination regions and, accordingly, of the context of origin and the context of destination (Figure 2).

Figure 2: Dual contextualization in the transfer and implementation of observed practices.
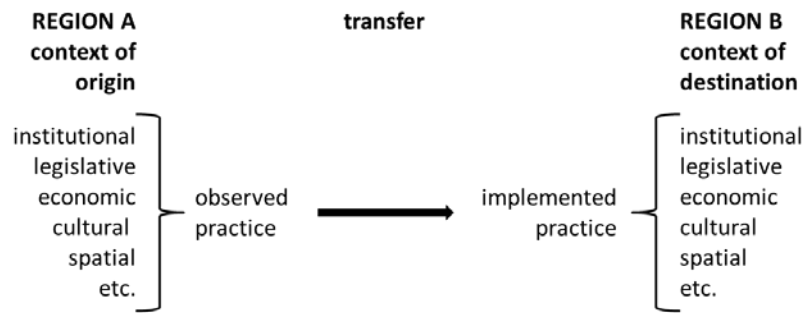
Source: Romein and Trip (2014).

Policy transfer is being organised already in a variety of forms (Campbell, 2012). However, much of the transfer of policies and practices involves implicit, tacit knowledge from the observed policies and practices that needs to be interpreted at the destination side in order to be practically useable. Tacit knowledge is best transferred by face-to-face contact: direct contact between practitioners in both the origin and the destination regions (Stone *et al*., 2014:9; cf. Scott, 1998:313). However, it is rarely known beforehand which regions will adopt policies, and from where these policies originate. For that reason also best practice guides, toolkits and most other outcomes of such projects can only to a limited extent include the necessary information on the context of origin and, particularly, the context of destination. As a result, it is often not clear to which extent the results of many projects based on transnational learning generate actual transfer and implementation of policies, in particular after the project period and beyond the project consortium. This means the analysis of strategies, or elements of strategies, for creativity transfer in different regions should be accompanied by a methodology to facilitate the transfer and implementation of observed policies.

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