Intertwining of Drivers in Formation of a New Policy Focus: The Case of Creative Industries in Tallinn

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English abstract

There are numerous discussions on how the emergence of the concept of creative industries (CI) has influenced different policies and developments during the last decades. This change has not been much analysed in its broader social and institutional context. The aim of this article is to analyse the change of policies due to the gradual process of CI ideology taking root using the principles of the social innovation concept. Using Tallinn as a case study the authors explain how there has been an intertwining and amplifying of applying foreign experiences in policy-making on one hand and local initiatives on the other. Describing the process of Tallinn’s CI policy formation, the authors follow the planning period of becoming European Capital of Culture in 2011 (Tallinn 2011) as a central signpost in this nearly ten-year period. Regarding methodology, the authors use document analysis, in-depth interviews and also secondary data from the completed studies and mappings on creative industries in Estonia and in Tallinn.

Keywords: Creative industries (CI), Social innovation, Policy transfer, Capital of culture
Introduction

During the last decades the concept of creative industries (CI) has received increasing attention in policy as well as in theoretical discourse. The amount of theoretical approaches explaining the concept of CI is immense. Although we may notice substantial differences within the theoretical approaches — e.g. creative economy (Howkins 2002), creative class (Florida 2002), creative city (Landry 2000), cultural economy (Scott 2001), experience economy (Pine II & Gilmore 1999) etc., we may claim that in general, they all deal with discussing and (re)defining the relations between economy and culture and creativity and the place, etc. Therefore, as the concept of CI has brought new standpoints into the understanding of the functions of culture and economy, it is appropriate to pose a question about the concept’s influence on changing the policy practices. In general terms, we can state that CI and the development of CI policy have become a supplementary opportunity alongside cultural policy in the first place.

The efforts of trying to get cultural industries to be taken seriously in economic terms led to policy responses that were about consistent industrial treatment (Cunningham et al. 2008, p. 16) and treating the cultural sector as ‘an industry like any other’ (O’Connor 2009, p. 394). On the other hand, O’Connor (2009, p. 396) has argued that cultural policy as ‘service industry’ is now prevalent at local and national levels, emphasising access and participation, information platforms and infrastructure, audience development and outreach.

The changes in cultural policy have also influenced the economic and innovation policies. Arts and cultural industries are now centred on an economy-wide innovation system (O’Connor 2009, p. 388) and this drives the need for a new kind of innovation policy (Potts, Cunningham 2008). Growing interest in culture as a source of economic value-adding is “… catapulted to the forefront of the modern forward-looking policy agenda, an essential component in any respectable economic policy-maker’s development strategy” (Throsby 2008, p. 229). Preferring the term ‘creative industries’ instead of ‘cultural industries’ enabled the cultural sector to claim that creative workers are key drivers in ensuring the country’s international competitiveness. This whole argument increasingly drives education policy (Garnham 2005, p. 27). As a result, the CI discourse seeks to engage a wider range of knowledge and service industries, professions, and practices and the focus has shifted toward whether CI are loci of innovation and employment growth in increasingly knowledge-based economies (Flew & Cunningham 2010, p. 6). Wyszomirski (2008, p. 203) has claimed that this is a significant change in policy thinking ‘from a resource poor, cost diseased sector in need of subsidy to a set of community assets that can be engines of local development’.

All this gives a reason to analyse the change in the policies induced by the concept of CI, and also novelty in policy-making. Despite that there are numerous analyses on how CI has influenced different policies there is a shortage in conceptualising this change in a wider social and institutional context.

The aim of this article1 is to analyse the change in the policies due to the gradual process of CI ideology taking root, using the principles of the social innovation concept. Taking Tallinn as a case study the authors explain how there has been an intertwining and amplifying of applying for foreign experiences in policy-making on one hand and local initiatives on the other in the field of CI.

Tallinn, as a majority of other Central and Eastern European (CEE) cities, belongs to the group of ‘catching-up cities’ and this offers good opportunities for analysing transfer of different policies.
Tallinn is among those CEE cities that are at the forefront in developing CI (Creative Metropoles 2010). The third argument that speaks in favour of using Tallinn as a case study is that the processes of the development of CI policy and the planning period of becoming European Capital of Culture in 2011 (Tallinn 2011) coincide, which enables us to assume the interdependence and interaction of these two processes.

In the theoretical framework, the authors interlink two theoretical concepts. We use the concept of social innovation in order to describe the change in broader social and institutional context and to identify the possible novel aspects the concept of CI has brought into policy-making. Secondly, the authors use the concept of policy transfer to show how foreign influence has played a significant role in the introduction of the CI ideology to Estonia and Tallinn.

The authors follow the process-based approach (Mumford 2002; Kindermann & Valsnier 1997) which appreciates the complex of relations and connections between the subject and the environment of activity which influences the adoption and diffusion of innovations. The authors use qualitative methods: document analysis, in-depth interviews and also secondary data from the completed studies and mappings on CI in Estonia and in Tallinn. In document analysis, different state-level and Tallinn development documents and other documents related to supporting CI are analysed. The semi-structured in-depth interviews with key persons related to developing CI (officials, representatives of the CI sector) were carried out in the first half of 2009 for the research project Educational Change as Social Innovation; the second group of interviews with public sector officials on state and local level who are responsible for supporting CI were carried out for Marleen Viidul’s MA thesis at the beginning of 2010. All interviews were recorded and transcribed.

The article begins with an overview of literature on the concepts of social innovation and policy transfer. This is followed by an analysis of the process of Tallinn’s CI policy development focusing on the evidence of policy transfer. The third part concentrates on analysing the social innovation phenomenon in this process.

Conceptualising the change: the concepts of social innovation and policy transfer as theoretical framework

Policy transfer

There is substantial literature on policy transfer. There seems to be a considerable overlap between concepts such as policy convergence, policy transfer, learning and diffusion, including the emulation of policy. Certain authors (Heichel et al. 2005, p. 818) argue that it is possible to treat these concepts as comparable for the purpose of empirical study when the object of the study is increasing policy similarity (or dissimilarity). They do, however, distinguish between the concept of convergence on the one hand and policy transfer, diffusion and learning on the other. In this article we look at the latter – policy transfer which describes mechanisms that can lead to policy similarity.

We follow Dolowitz’s and Marsh’s (1996) argument that in explaining the similarity in policies, administrative arrangements and institutions we have to distinguish between voluntary transfer of policy which is comparable to ‘lesson-drawing’ and coercive transfer which can be direct or indirect (the latter being quite close to ‘lesson-drawing’). According to Dolowitz and Marsh (1996), the
voluntary transfer stems from a perception among the sitting government or the public of ‘dissatisfaction’ or ‘policy failure’ with established policies. In this context, the public actor is open to transnational learning and experience from abroad which will be brought into the search for new solutions, often to ‘legitimise decisions already taken’. Turning to the indirect coercive transfer of policy which marginally touches voluntary transfer, Dolowitz’s and Marsh’s observations show that indirect coercive transfer may be the result of a government’s perception of falling behind international partners and competitors ‘on important public issues’ and hence uses policy solutions from third countries in domestic settings to ‘catch up’ in a process of learning and lesson-drawing.

Other authors (Heichel et al. 2005) suggest that it is useful to distinguish between economic and ideational pressure in studying similarities in policies of different countries empirically. In this case, the former often stems from international competition and regulation and the latter stems from aspects such as generating legitimacy for policies and the search for improving efficiency.

In general the concept of policy transfer recognises a systematic flow of ideas and policy solutions across nations. Both Heichel et al. and Dolowitz and Marsh concur on what is transferred, namely policy goals, structure and content; policy instruments and administrative techniques; institutions; ideology, ideas and concepts; and negative lessons (Michalski & Cheyne 2008, pp. 1089-92).

There are certain reasons behind the transfer of policy from one particular country to another. Convergence studies have shown that the country-specific factors can potentially affect the effectiveness of policy transfer and convergence mechanisms (Holzinger and Knill 2005; Mastenbroek 2005), encompassing both cultural and institutional, but also socioeconomic factors (Heinze & Knill 2008, pp. 494-495).

In the literature on policy convergence, several studies refer to the significance of cultural factors in determining the impact and effectiveness of policy transfer (e.g. Friedkin 1993; Strang & Meyer 1993). First, culturally similar countries are expected to share cognitions and perceptions concerning problems and their solutions leading to the adoption of similar policies. Second, policy transfer might occur more easily between countries with strong cultural linkages (Strang & Meyer 1993), because in constellations characterised by high uncertainty about the consequences of policy choices, decision-makers are likely to imitate the practices of nations with which they share linguistic, religious, and historical or other cultural linkages (Heinze & Knill 2008, p. 495).

An institutionalist argument is based on the expectation that policy convergence will be higher among states that share similar policy legacies (e.g. welfare state traditions). This means that countries characterised by similar institutional configurations should adopt similar (transnational) policy items (Heinze & Knill 2008, p. 496).

The expectation is that in case of similar socioeconomic conditions, countries are more inclined to react to a problem in a similar way and to adopt the same policy concepts (Bennett 1991; Holzinger & Knill 2005). As studies on Europeanisation have emphasised, countries facing similar economic and policy-specific vulnerability generally adapt to European policies much more easily (Schmidt 2002, p. 898).

In our article, we will demonstrate that in the case of Tallinn, the chronological order in which important policy documents were released clearly points towards the possibility of transfer of ideas.
and concepts as well as lesson-drawing. Regarding policy transfer, we narrow down our analysis and focus on factors related to the policies adopted on the city and state level.

The concept of social innovation

Although the literature on innovation is extremely broad, it falls short when it comes to explaining fundamental changes in society: in other words, these types of innovations which are complex in nature and produce changes in various spheres of life. In this article, the authors follow the concept of social innovation which has become one of the key concepts in innovation research.

Although references to social innovation date as far back as the nineteenth century (Max Weber), the research on social innovation still lacks a clear conceptual framework. Heiskala and Härmäläinen (2007a, p. 2) have argued that unlike the well-developed literature on technological innovations, research on social innovation processes is both scarce and scattered among various academic disciplines. Therefore, ‘What can be considered “social innovation”?’ remains one of the key questions. Generalising the diverse literature on social innovation, we may argue that three issues have become central in discussions on the concept of ‘social innovation’. These three closely interconnected topics are: (1) what does ‘social’ mean in case of innovation; (2) how does the application of social innovation manifest itself; and (3) the scope of influence of social innovations.

What does ‘social’ mean in case of innovation? Firstly, the answer largely depends on the discipline. Although in economic theories (which have long monopolised the theorisation of innovation) already Schumpeter accompanied the understanding of innovation with social character (Moulaert et al. 2005, p. 1974), it can still be argued that social innovations are seen as ‘enablers’ or as the ‘other’ aspect of technological innovations. In addition to economic theories, sociological theories allow us to focus on the relational and social aspects of the process of innovation. The following three dimensions can be considered important in explaining this ‘social’ aspect.

Firstly, social innovation is motivated by some social problem. This is one of the central features in different definitions of social innovation (Mulgan et al. 2007, p. 8; Mumford 2002, p. 253). Social innovation aims at satisfying certain social needs (Tynjälä & Nikkanen 2007) and is to achieve social or common goals (e.g. improving quality of life) (Pol & Ville 2009, p. 881; Mumford 2002, p. 253).

The term ‘social’ also refers to a process of interaction. The innovation process (from creation to diffusion) involves a complex web of ongoing social interactions among a range of different actors, organisations and institutions (Schiensstock & Härmäläinen 2001, p. 49; Marcey & Mumford 2007, pp. 123-124) and also involves collective learning processes of human communities (Heiskala & Härmäläinen 2007a, p. 2). Innovations are born in the contact points or border zones of different activity systems (e.g. organisations and networks) (Engeström 1987; Tuomi-Gröhn et al. 2003).

Sociological theories (e.g. sociological institutionalists) in particular have contributed to explaining the complexity of interactions. Economic theories also adopted the view of innovation as an interactive process. Evolutionary theories of economic and technological change have also replaced ‘the determinism of the linear model’ (Felsenstein 1994, p. 73) and proceed from a broader view of the innovation process as a technical as well as a social process (Smith 1994, p. 6). Accordingly, modern innovation theory implies a more sociological view of the innovation process, in which
interactive learning is looked upon as “a fundamental aspect of the process of innovation” (Lundvall 1993, p. 61).

Thirdly, the results of social innovation are social in nature. These can mean the various applications of new social patterns of human interaction (Holt 1971, p. 235), new kind of social structures (Scott 2007, p. xiii), or they can be novel as changes in the cultural, normative or regulative structures [or classes] of the society which enhance its collective power resources and improve its economic and social performance (Heiskala 2007, p. 59).

How does the application of social innovation manifest itself? Here, we can similarly distinguish three dimensions in order to explain how the occurrence of social innovation can be identified.

One of the central features is that innovation is meaningful for the participants of the innovation process and is accepted by a critical amount of them. Already Emil Durkheim asserted the importance of attributing meaning and adoption of (technological) change: without that change – innovation – does not find its importance. Many authors (Tuomi 2007; Engeström 1987; Engström & Escalante 1996; Tuomi-Gröhn 2003; Säljö 2003) have emphasised that innovation processes are accompanied by the creation of meaning and as Tuomi (2007) has stressed, carrying out innovation first and foremost means changes in the meanings. Giving meaning to the innovation also ensures the adoption of innovation and enables its diffusion (Rogers 1962/2003).

The second feature of explaining how social innovation is expressed is that innovation is institutionalised. This means that innovation is no longer considered an innovation – it has become part of everyday practice (Tynjälä & Nikkanen 2007, p. 15; Mulgan 2006, p. 154). Tuomi (2002) has argued that for innovation to be social, it has to be integrated into social practices.

Thirdly, social innovation achieves social change. These social changes can be radical changes in accepted role behaviours or in the social structure of existing social organisations (Hazel & Onaga 2003, p. 286); this means that the society finds it difficult to adopt these kinds of innovations (Ibid.). To be considered social innovations, change can also be defined as changes of lifestyles and consumer behaviour (Scherhorn et al. 1997, 6, op cit. Rennings 2000, p. 323); or as changes in institutions and practices (Seone & Taddey 2002 op cit.; Moulaert et al. 2005, p. 1976).

The scope of influence of social innovation. Sociological theories in particular, but also organisational theories have highlighted the structural or macro-level changes and their difference from ‘small’ or ‘incremental’ changes. In general, the following three parameters are important when explaining the scope of influence of social innovation.

Firstly, the change happens in everyday practices. That is to say that the change has managed to change the prevailing social practices (Heiskala & Hämäläinen 2007b, p. 88). Already Max Weber highlighted the changes in everyday practices; he asserted that the possibility of individuals introducing a new behavioural variant, often considered as deviant, can have a decisive influence. If this kind of behaviour spreads, it becomes a part of normal usage within the establish order (Weber [1971] 1995, 26 op cit.; Moulaert & Nussbaumer 2008, p. 259).

Secondly, the change alters the existing social system and brings about structural changes. In other words: social innovation does not happen within the existing system, it creates a new system. According to
Heiskala (2007, p. 59), social innovations are changes in the cultural, normative or regulative structures of the society which enhance its collective power resources and improve its economic and social performance. Waks (2007, pp. 285, 294), talks about fundamental educational changes that bring about changes in social norms, rules, and frameworks that regulate relations between people in various walks of life.

Thirdly, the scope of influence of social innovation goes beyond organisation level. Pol and Ville (2009) claim that concerning social innovation, the macro-quality of life has to change:

[via the] increase in the number of valuable options that people can choose from, so that when the size of the opportunity set grows there is actual improvement of the macro-quality of life, but not necessarily well-being improvement for each resident. (Ibid. 882.)

Heiskala (2007) talks about the change on societal level by claiming that social innovation encompasses economical, technological, regulative as well as cultural innovations. According to him:

Technological innovations are new and more efficient ways to transform the material reality, and economic innovations put the technological innovations to the service of the production of surplus value. Taken together these two classes form the sphere of techno-economic innovations (...) Regulative innovations transform explicit regulations and/or the ways they are sanctioned. Normative innovations challenge established value commitments and/or the way the values are specified into legitimate social norms. Finally, cultural innovations challenge the established ways to interpret reality by transforming mental paradigms, cognitive frames and habits of interpretation. Taken together these three classes form the sphere of social innovations. (Heiskala 2007, p. 59)

Although the three subject groups above explain social innovation as a phenomenon, it is nevertheless a process by nature (Moulaert et al. 2005; Mulgan 2006; Tynjälä & Nikkanen 2007). Also, the issues described above are connected to each other through a process-based approach. In conclusion: social innovation requires a certain feeling of discontentment or want, which moves people to change existing actions and procedural practices or to create new ones. Over time, more and more people will find meaning in these new practices, therefore producing structural changes which alter the system and manifest themselves on societal level.

In this article we look at the CI developments as a phenomenon of social innovation. We use the above described parameters for analysing the change, which CI has brought into the policy making in Tallinn.

Interaction between the formation of Tallinn's CI policy and as European Capital of Culture 2011 – analysis of the development process

Development of Tallinn’s CI policy: evidence of policy transfer

Tallinn wishes to be seen as a stable and dynamic European Capital, a capital in a prosperous new member state of the EU that has successfully reshaped its societal and economic infrastructure (Report of the Selection Meeting 2007, p. 12). One opportunity for bringing about change and shape Tallinn’s position internally and internationally is seen in the development of CI. Following
the process-based approach in describing the development of the CI policy documents (See also Table 1) in Tallinn, the authors show that it has had strong foreign influences through the policy transfer.

Table 1. Development of Creative industries: significant events, documents and studies.

<table>
<thead>
<tr>
<th>Year</th>
<th>State level</th>
<th>Tallinn</th>
<th>Tallinn 2011</th>
</tr>
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<tbody>
<tr>
<td>2004</td>
<td>- Strategic Plan of Tallinn 2025.</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>+ Study: The Development of the Creative Industries in Estonia – suggestions for the future</td>
<td>-</td>
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<td></td>
<td>in Tallinn: the Structure, Capacity and Spatial Location</td>
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<td></td>
<td>- Application „Everlasting Fairytale” prepared for the European Commission.</td>
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<tr>
<td></td>
<td>- Establishing of the Estonian Centre of Architecture</td>
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<td>- Assurance of Tallinn as the European Capital of Culture 2011</td>
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<td></td>
<td>- Establishing of the Estonian Design Centre</td>
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<td></td>
<td>- Development Plan of Tallinn Old Town</td>
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<td></td>
<td>- Study: “Conoq of Vision of Tallinn as a Creative City”</td>
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<tr>
<td>2009</td>
<td>- Programme of awareness of creative industry opened</td>
<td>- Development programme for small- scale enterprises in Tallinn 2010-2013</td>
<td>- Regulation of the Tallinn City Administration „Changes of the Articles of the Tallinn 2011 Foundation and ratification of new redaction“</td>
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<td></td>
<td>- Measure „Creative industries support structures” opened.</td>
<td>- Opening of the Creative Incubator in Tallinn</td>
<td>- Orst of the Tallinn City Administration „Renting the Tallinn Cultural Cauldron’s business area to the Tallinn 2011 Foundation“</td>
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<tr>
<td>2010</td>
<td>- Survey and Mapping of the Creative Industries in Estonia</td>
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<td></td>
<td>- Funding decision of creative incubators and CI development centres. Measure „Creative industries support structures”</td>
<td>- Funding decision for the Development Centre of the Cultural Cauldron, Estonian Centre of Architecture, Estonian Design Centre, Creative Incubator of the Business Support and Credit Management Foundation.</td>
<td>- Second Monitoring and Advisory Meeting for the European Capitals of Culture 2011.</td>
</tr>
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Source: The authors

Prologue

During the Soviet period, Tallinn was an industrial city with a relatively backward services sector. A capital of the Estonian Soviet Socialist Republic and in a way, a shop window of the Soviet Union for the West with Western tourists allowed to visit it, Tallinn had more freedom in terms of urban design and architecture compared to other Soviet cities.

In the absence of statehood, cultural life played a so-called compensatory or defensive role – hence the reinforced ambition to preserve former, pre-war cultural traditions and continuity, while at the same time, artists, especially the younger generation, went along with the trends of international cultural life (e.g. design etc.). Estonian music, animations, figurative art and applied art was internationally renowned. However, the interaction between Estonian artists and their foreign colleagues was greatly limited, and often the information gleaned from art magazines, the radio or the Finnish television had to be used as a substitute for direct contacts.
In 1945-1992, culture was mainly state-funded. Compared to Western Europe, the infrastructure engaged in promoting and supporting art (gallery owners, agents, promoters etc.) was undeveloped; however, a special mention must be made of the support system for creative work and art entrepreneurship which acted under the Estonian Philharmonic (a state organisation for mediating local music) and the Estonian Art Fund. In addition to state commissions, this system included enterprises established for a specific purpose by the Estonian Artists’ Association, and these enterprises with their small-series manufacture and unique and experimental special commissions mainly in the fields of applied arts, interior design and design provided the artists with a stable income, separate from state commissions. A notable share of the production and design work of these enterprises was made as exports.

The collapse of state socialism in late 1980s and the (re)gaining of independence in 1991 drastically reduced the state financing of culture, leaving a number of culture spheres struggling. At the same time, new possibilities for private cultural entrepreneurship emerged, including wide-range publishing, private television and radio stations, architecture offices, etc. The 1990s were characterised by the radical reshaping of the natural urban environment of Tallinn; the industry left the city, particularly the centre, the freshly-vacated territories took on new functions: commercial, service and also housing. However, the local creative industry gained less from this process than one might think. There were very few commissions of public art for the new urban environment taking shape in Tallinn. The new shopping centres springing up were usually not architectural gems, on the contrary, the ordering parties were inclined to try and save money on the architecture. Many industrial enterprises essential for the fields of applied arts and design went bankrupt due to the decline in commissions and were liquidated. Although in the new economic situation, numerous private galleries were established for visual and applied arts, limited resources of the state and private collectors no longer made it possible for most artists to support themselves with their work.

As the socio-economic situation stabilised in late 1990s, the Estonian cultural economy/creative economy had been divided into two rather distinct groups. On one hand, there were new enterprises in fields such as publishing, advertising and architecture, which were well-adapted to the market and, in their ideology and organisational culture, were similar to enterprises in the new sectors (financial services, IT) in other post-socialist cities. On the other hand, there were museums, national theatres, public radio and television, which were virtually unaffected by the market and which aimed to preserve the patterns of activity and ideology of former cultural institutions (as opposed to creative enterprises). The latter sectors often witnessed conflicts of values and ‘ideological confusion’. The number of cultural enterprises/creative enterprises, however, kept rising during this period of transition; also, numerous creative professionals registered as self-employed persons.

2004: Nordic influence – transfer of goals and concept

The first signs of the transfer of CI ideology into Estonia (Tallinn) can be noticed at the beginning of the first decade of the twenty-first century. The influences came from the Nordic countries, more precisely from Sweden. This meant that the concepts of CI that was disseminated in Estonia proceeded from the approach of ‘experience economy’. Tallinn played the role of central actor in this period.

The Nordic approach came through several international projects Tallinn was involved in during the 1990s. In the end of the 1990s Tallinn was involved in the Interreg/Phare project The Baltic Palette (1998-1999). Although the project was largely about spatial development in Central Baltic...
Sea Region, it also mapped the cultural situation and potential in these cities. The project argued that the metropolitan regions’ innovative capacity is strongly linked to the synergies with “their social, academic and cultural institutions, which are instrumental in creating new economic clusters, built on the scope and depth of knowledge in the metropolitan economies”. For the first time, the city of Tallinn acknowledged that the aspect of cultural potential was relevant to the city’s development.

Another factor could be the fact that some of the people involved in the strategy-development process had also been involved in the international study “Baltic Cities: Economic Transformation through New Industries” in 1997 (Cooke et al. 2002). This study also stressed that cultural industries are one of the fastest growing industries and therefore need more understanding and also political attention.

The first policy document in Tallinn related to the issues derived from CI was the Strategy Tallinn 2025 (2004). This document used the term ‘experience economy’, mainly because CI was linked with the tourism sector and included all enterprises which provide emotions (i.e. culture, sport, leisure time activities, etc.). The strategy stated the general basis of Tallinn’s courses of development and also established conceptual objectives. Although the strategy did not contain the terms ‘creative industries’ or ‘creative economy’, there were three sub-strategies related to this topic: development of entrepreneurship and business environment, culture and tourism, as well as development of city’s living environment.

Yet it should be stressed that during this period the CI possessed no potential for growth of its own, and remained connected to tourism and urban development.

**2005-2006: British influence – transfer of structure and content**

This period of policy formation saw the adaptation of the United Kingdom approach in terms of the ideas, structure and content of CI development. The central actor during this period was the Estonian Ministry of Culture which initiated the first surveys about CI in Estonia (see Table 1). The statistical mapping was initiated by the British Council in Estonia, which introduced the subject as well as studies from the UK to Estonian ministries. The study processes included adapting the British definition of CI, with an additional clause about ‘collective creativity’. This national-level definition – “Those industries that have their origin in individual and collective creativity, skill and talent and which have potential for wealth and job creation through the generation and exploitation of intellectual property” – was also adopted by Tallinn.

Good opportunities were identified by state officials with adopting the definition and content to the cultural policy agenda. These national level studies provided a good argument for the Ministry of Culture to apply for finances from European Structural Funds. According to the interviewees this fast adaptation of a new concept can be explained with the…

*opportunity to gain access to European finances, because it provided them with the possibility of additional funding. And their budgets have always been the most limited. They were simply trying to find additional means to support their sector. (City representative.)*
Support from Structural Funds (Riiklik struktuurivahendite kasutamise strateegia 2007) was primarily applied for the creation of infrastructures to support the development of CI, valuing creativity and raising awareness of entrepreneurship and creative industries.

The British influences reached through state level also to city level. In 2006, the Tallinn City Government commissioned a research about the CI structure, volume and spatial locations in Tallinn (Tallinna loomemajanduse 2006). This report confirmed the results of the national study on the structure and volume of the CI in Tallinn and also demonstrated that the main area for creative people, activities and enterprises is the city centre (with Old Town).

The emergence of the concept of CI received two kinds of reactions from the cultural and creative people. On the one hand it was not warmly welcomed by the group of representatives of the cultural sector, as it "raised the hackles of the high-brow culture and arts circles." (City representative.)

On the other side, we can simultaneously note an increased activity in the CI sector. At that time several old industrial buildings and areas started to find their new functions as “an inspiring, carefully thought through, designed environments offering space and services.” (City representative.)

One of this type of flagship projects, the initiative of giving a new function to a former thermal power plant, came from the representatives of cultural circles, who came up with various visions. Increased activity in the CI sector was the result of recognising the shortcomings of existing conditions (the lack of pleasant places for socialising, dissatisfaction with public space, etc.); but also seeing opportunities for improving the situation.

The idea of the Cultural Cauldron is to create an interdisciplinary cultural space, an incubator for creative economy, striving towards a novel use of the industrial legacy, environment-friendly technologies; an open urban space and making use of the seaside area (Kultuurikatel 2009). Later on, the Cultural Cauldron acquired a central importance in the CI policy in Tallinn.

The same period saw the beginning of discussions on participating in the competition for the European Capital of Culture 2011.

2007: the first instrument for CI development

The year 2007 has one central keyword in CI development in Tallinn - European Capital of Culture 2011. That year, Tallinn successfully applied for this status and also founded the organisation to supervise the process (Tallinna Linnavolikogu 2007).

Tallinn’s application for the European Capital of Culture 2011 focused on valuing culture in the development of the city. It explicitly discussed the need to develop creative industries (using that particular term) and the application also featured broader statements connected to the development of a creative city. Therefore we might argue that this opportunity can be considered also as an instrument for the CI development in Tallinn.

Tallinn’s application for the Capital of Culture underlined new opportunities for developing the urban environment and mostly associated it with the concept of creative industries. The application reads:
… in order to achieve its goals Tallinn will consistently invest in its cultural infrastructure and urban environment and develop hi-tech and economic solutions for enhancing the management, economy and cultural life of the city. At the same time, plans to involve as much private finance and initiative as possible. Through design and construction, will initiate creative development projects to achieve more diversified use of new buildings and structures. (Everlasting Fairytale 2007, p. 6.)

Improving the position of CI by linking it with the development of the information and communications technology sector was also one of the central issues in Tallinn’s application. The fact that Estonia has attracted international attention by employing new technologies in its public sector to great effect was also seen as an important basis for the activity plan of the Capital of Culture:

*This serves as a foundation for developing new creative industries, as well as for the efficient management of public authority. As the Capital of Culture, has its best opportunity to date of presenting itself as a hi-tech living and working environment within a city that is both medieval and contemporary.* (Ibid. p. 26.)

Tallinn 2011 original application Everlasting Fairytale stated that the previously mentioned Cultural Cauldron was one of the four capital development projects. The Cultural Cauldron aims to become a variation on the internationally popular phenomenon known as culture factories (Everlasting Fairytale 2007, p. 33). Also the selection panel for the European Capital of Culture (ECOC) 2011 highlighted the development of the Cultural Cauldron and its importance in developing CI in Tallinn (Report of the Selection Meeting 2007).

**2008: mixed influences in policy development**

This period is characterised by the multiplicity of various influences, including in the documents approved at the city government level. On the one hand one can observe the continuing influence of the British approach on a conceptual level, as the studies, documents and activities stress the economic advantages of CI development. At the same time, on the other hand, the documents reflected a broader approach to the CI, which point out the relevance of socio-cultural and development issues in CI development.

In 2008, the city government approved the Development Plan of Tallinn 2009–2027, which was based on the strategy Tallinn 2025. Therefore a broader approach, based on the so-called experience economy concept can be noticed there. One of the objectives of the document is explicitly focused on developing CI through the following activities: development of theatre and concert activities, stimulating and diversifying creative activities, providing suitable conditions for new actions and activities, executing the European Capital of Culture project. The latter aspect indicates that the city considers the implementation of the European Capital of Culture project relevant to the development of CI in Tallinn.

Also the second document which expanded on CI issues – the Tallinn Old Town Development Plan 2008-2013 – is based on the broader approach to CI rather than the British concept (Tallinn Vanalinn 2008). The objectives of the development plan are mainly associated with tourism and business development in this area, but it also brings out the CI as a separate field for development and its importance in developing an attractive environment.

Another interesting development is that CI development has been incorporated into the Tallinn Innovation Strategy (2009): the aim of the strategy is to create significantly improved opportunities
for mid-term development of the companies and thereby to increase the competitiveness of Tallinn as a city and as a region. The strategy focuses on six key areas -- one of them is called ‘creative economy’. The innovation strategy and related programmes have used the term ‘creative economy’ to focus on CI’s ability to create an inspiring and attractive living and working environment (attracting talents and investments). Including CI in the innovation strategy is an interesting development, which, on the one hand, attributes great (economic) significance to CI, and on the other hand, enables to link the development of CI to the development of other economic sectors. There is also a hint of strong Scandinavian (especially Finnish) influence in that CI should be tied to various strategies and development programmes rather than the development of an independent sector.

At the same time the City government attempted to find an approach to the development of CI, which would be the most natural for the city. The Concept for the Vision of Creative Tallinn which proceeded from the creative city approach stressed that developing a creative Tallinn is important both from a social and economic point of view, as well as from the perspective of increasing the appeal of the environment. According to this vision, the discussion of the conceptual approach with the team of Tallinn 2011 and finding potential synergy was one of the first steps in moving towards a creative Tallinn (Loova Tallinna visiooni konseptsioon 2008, p. 110).

That year also revealed changes in the Tallinn 2011 process, which was no longer as centred on CI as initially envisioned in the application. According to the first monitoring of Tallinn as the European Capital of Culture 2011 the focus of Tallinn’s programme had changed (Report of The First Monitoring and Advisory Meeting 2008). The monitoring revealed that the development of CI had been somewhat neglected and the foundation has mostly focused on creative projects of the cultural programme (Ibid.). As a direct outlet of CI, the Tallinn city government now considered financing investments which are mainly connected to the Cultural Cauldron. This U-turn was partly caused by the austerity policy brought on by the global economic crisis, but also by the priorities of the foundation.

From the CI sector side this period saw many significant bottom-up initiatives characterised by cooperation. In 2008 the Estonian Design Centre and the Estonian Architecture Centre were founded. In 2007-2008 the majority of new urban quarter (Rotermann quarter) was also completed which marks the birth of a new (creative) type of urban space in Tallinn. This also reflects some changes in the mentality of real estate owners. This area has managed to attract creative people during the economic recession and in 2009, the Creative Area opened its doors with galleries and shops.

2009-2010: seeking for own goals and implementing policy instruments

In 2009, several important activities took place on all three actor levels: national, city and CI sector level. On the national level, two studies were completed on CI statistical mapping and on the potential of CI sub-sectors with suggestions for policy development (see Table 1). These studies again demonstrated that CI is concentrated in Tallinn: the majority of CI enterprises and institutions are based in Tallinn (ca 47%), excluding museums, libraries and handicraft (Eesti loomemajanduse 2009). Therefore, in the context of Tallinn, we can speak of a significant concentration of creative entrepreneurship.

The second study offered possible goals for developing CI by suggesting that the aim for developing CI in Estonia could be the creation of economic and environmental value through increasing
connectivity between sectors and the attractiveness of the living environment. This would lead to increased international competitiveness of the companies and a higher profile for Estonia in attracting both people (talent, tourists) and investments, and increased satisfaction with the living and working environment among local people (Potential of Creative Industries 2009). The study argued that the support system of culture needs to be widened for it to become a better partner to the business support system and to avoid “white spots” between these two support systems.

Regarding innovation and entrepreneurial policies, these both have to appreciate the additional (economic) value contributed by the creative sector to the entire economy. The study also pointed out the need for a more interdisciplinary approach and integration between technical, business and cultural/creative fields of study and supporting creativity in education in general (Ibid. pp. 141-142).

Interviewees pointed out that after five year of development the state level, at least the representatives of the more actively involved public sector, has acknowledged the importance of CI. We can also find the following statement from the Ministry of Culture Development Plan 2009-2012:

CI has come to be recognised as a vital part of the national culture and economy, playing an important role in increasing the sustainability of culture, widening the opportunities for creative people, raising additional value in the economy and promoting tourism. (Kultuuriministeeriumi 2009, p. 10.)

In addition the launching of several CI support programmes (from the Structural Funds) underlined the policy focuses of CI: CI Awareness Programme, Support for Training for CI enterprises and organisations and the largest one: Support for CI Support Structure (Loomemajanduse tugistruktuuride 2009). This programme has prompted various fields and local governments across Estonia to initiate incubators of CI and centres for information and development. In early 2010 the first decision regarding the support programme were made, and the Cultural Cauldron as well as the Tallinn Creative Incubator received funding. The former has also a central role in the context of Capital of Culture 2011, because through support structures, the creation of the operational environment and support services for the CI Development Centre of the Cultural Cauldron is endorsed.

The opening of the Tallinn Creative Incubator (2009) marked a significant step in CI policy in Tallinn. This is one of the central activities for CI in the Development Programme for Small Enterprises of Tallinn 2010-2013, which includes CI-related activities in the context of entrepreneurship. The programme anticipates the development of the creative incubator and also the development and implementation of special support schemes for creative entrepreneurs (Tallinna väikeettevõtluse 2009, pp. 20-21).

On the grass roots level, that year witnessed several initiatives; e.g. the Tallinn Music Week festival aimed at exporting Estonian music was launched. This festival proved that the debate on whether music is art or business has become a thing of the past. In the words of one interviewee:

Music Week was purely a product and they did not even pretend that they were talking about great culture or anything like that. They were talking about music as a business and it was perfectly fine / …/ And I think, for that reason, it is a step forward. (City representative.)

The other important initiative that should be highlighted is the birth of a new area for creativity – Telliskivi. This is a good example of private initiative in restructuring a former industrial complex into a multifunctional creative centre. The interviewees pointed out that the development of the Cultural Cauldron has been instrumental in the emergence of similar new initiatives.
Regarding the developments associated with the programme of Capital of Culture 2011, it now (February, 2010) largely consists of a list of events, with just the Cultural Cauldron left as the only project involving environment development. On one hand it is a natural choice following a sharp decrease in financial means, on the other hand, it is sad to note how little remains of the project which initially enabled such an extensive development of Tallinn’s CI.

It could be summed up, based on the research report “The Creative Industries in Tallinn, 2009”, that the compactness and mobility of Tallinn, (relatively) low prices and also the high level of culture consumption speak in favour of developing CI, especially CI entrepreneurship in Tallinn. However, Tallinn’s CI position is weakened by the lack of suitable meeting places, an insufficient exchange of information and weak social networks, shortcomings in the support system of the public sector, characterised by bureaucracy and the absence of a centre where people could turn for enquiries; also, relative lack of openness and tolerance could be used to characterise Tallinn (Loomemajandus Tallinnas 2009).

Based on the above it can be argued that foreign influences have played a very important role in the formation of Tallinn’s CI policy. In other words, the processes of the policy transfer are clearly visible. When it comes to policy transfer in the case of Tallinn, we can mainly talk about a transfer of ideas, concepts and also policy goals. As the policy is still under development, Tallinn is still in search of the right instruments (although some of them are already implemented), administrative techniques and/or institutions. Still, we might argue that to some extent, the administration of CI policy has been influenced by the Nordic countries, especially when we see that CI is included to the innovation strategy and therefore related to the policy goals of the knowledge-based economy. In the first document, the ‘experience economy’ approach to the CI was also influenced by the Nordics. The general concept of CI has nevertheless been transferred from the UK.

The transfer of policy ideas and goals from the Nordic countries is quite natural, as the countries share quite a close set of cultural (historical) ties. According to the socio-economic conditions Tallinn is not very similar to the Nordic countries or the UK, as Tallinn is still in the process of catching up with Western economies. However, this fact could make Tallinn somewhat more similar to UK, as this country also experienced economic restructuring and urban renewal during the 1980s and 90s. As to the institutional settings all countries in European Union follow the similar rules. Still the institutional capacities in Tallinn and other Western countries differ enough for understanding why Tallinn has not been able to copy policy packages in full. In the end it is also good, this way city has been forced to select some good practices and adapt them to the needs specific to Tallinn.

It can be said that the policy transfer at the first stage was mostly voluntary, as the term experience economy justified a policy that focused on cultural enlivenment for becoming an attractive tourism destination. Following the adopting of the CI definition and striving for a more specific CI policy, it could be argued that the transfer took on a character which Dolowitz and March have called ‘indirect coercive transfer’. As the policies of European countries become increasingly similar, the goals set on European level also favour a convergence of policies. Therefore, the Tallinn city government also does not wish to fall behind its international partners and competitors ‘on important public issues’.

Not unlike the previous argument, we might claim that according to Heichel et al. the economic pressure has been the strongest factor in transferring the CI concepts and policy goals, as the goals transferred from the British approach largely relate to the international competitiveness and...
economic added value which CI can offer. Also, the important instruments implemented so far – incubators, start-up grants – have set the goal of enhancing the business capacity of CI companies in Tallinn.

Phenomena of social innovation in the development of Tallinn’s CI policy

In this section we use the theory of social innovation (see section 1.2) in analysing the development of Tallinn’s CI policy. We argue that in the context of the process of the CI policy development these social innovation characteristics can be used in order to highlight the following factors in the CI policy development process: 1) the key drivers, 2) novel aspects, and 3) wider impacts.

The previous section enabled us to describe how the foreign influences have been quite strong key drivers in the CI policy development. At the same time we may argue that there was also a clear social need for a new type of (policy) practices to emerge. The dynamics of the city’s post-socialist development had reached a point where people began to realise that banking on the city as a business environment alone could not be successful in the long term, not even from a strictly economic perspective. Instead of an industrial city, Tallinn had become a service-economy based city, which created a significantly better context for CI. The economic situation improved considerably and the accompanying increase in demand - driven by the residents’ purchasing power – included what the CI had to offer; creative professionals were presented with new opportunities and there were also fresh possibilities in state and city budgets for subsidising the development of CI.

At the same time, the process described above revealed an increased activity in the CI sector itself. There were various initiatives springing up at the grass root level and these activities were increasingly taking place under the slogan ‘creative industries’. This was due to recognising the prospect of accessing additional finances, but also identifying the shortcomings of the present situation or new challenges.

In a situation where a social need accompanied by outward pressure called for action, the idea of applying for European Capital of Culture gradually became the third key driver in the development process of CI policy in Tallinn. We argue that at the beginning of the process of applying for Capital of Culture worked as an additional accelerator for the discussions on developing CI in Tallinn.

We may claim that in terms of the objective reasons for Tallinn’s socio-economic situation and the action of the CI sector, there was a perceived social need, and that external pressure also prepared the ground for the emergence of the concept of CI into the policy documents in Tallinn.

As to the novel aspects in policy making the social innovation criteria enables highlighting of the following changes that the process of development of Tallinn’s CI policy has brought about. These are:

- novel meanings within cultural, entrepreneurial and innovation discourse;
- enhancement of interaction processes and the change in interaction;
- novel activity patterns and behaviours.
The process description revealed that these changes took place inside the CI sector and in policy-making – on both state and local (Tallinn) level. We may also argue that these changes in the CI sector and in the public sector are interconnected and mutually influence each other.

According to the social innovation criteria, **attributing meaning** to new things is one of the underlying factors for the changes to take place and to diffuse. We can conclude that in the course of the process described previously, the concept of CI was increasingly adopted by different professionals – representatives of the CI sector, policy-makers, and also the business sector. Two factors, which have affected the meaning attribution to CI and which have resulted in changes in Tallinn policies, can be highlighted.

On the one hand, we can talk about state level influence which introduced the term ‘creative industries’ to policies of the city of Tallinn. It could be explained as indirect coercive transfer from national level policy to city level, as it is more beneficial for the city to follow state level concepts and instruments which have been introduced for enhancing the CI sector. This way, Tallinn can also use these instruments to stimulate its own development. However, as described before, the importance of CI was established in strategic documents on the level of the city of Tallinn already before it merited attention on the state level (e.g. using the term ‘experience economy’ in Tallinn’s long term strategy already in 2004).

On the other hand, we may talk about attributing meaning by the professionals of CI sector who have perceived the importance of CI and have made efforts for being heard on the public sector level and to influence the public sector to pay more attention to supporting the development of CI. These efforts have involved various bottom-up initiatives which have been associated or can be associated with CI (e.g. Cultural Cauldron, Telliskivi – an environment for creative industries, Tallinn Music Week, etc.).

The factor which best demonstrates the genesis of meaning and reflects the change on policy-making level is the fact that CI have come to appear in several Tallinn policy documents. As described in the process description, in the case of Tallinn the history dates back to 2004 when CI (then the term ‘experience economy’ was used) first appeared in the development documents of Tallinn. In 2009, the concept ‘creative industries’ spread to several development documents of Tallinn. In the course of this process, several different terms have been used in different policy documents, therefore, it can be concluded that although CI are visible in the policy documents, general awareness is still in the stage of development. The lack of awareness of CI among the representatives of the CI sector itself, but even more in the public sector and especially in the business sector has also been highlighted by different studies (e.g. Eesti loomemajanduse potentsiaal 2009). The process description also allows us to claim that there have been only a few initiatives from the business sector. According to the interviewees, the adoption of the concept of CI has been the most modest in the business sector:

*And on the other hand – what the artists circles are saying – is that the people of the business sector need to be taught about culture. How to handle culture. Which is horribly difficult. How can you go and tell him that. He will think that you are trying to teach him art history - or to take him to the theatre. But that is not it. (City representative.)*

In conclusion, we may claim that compared to the initial years (2004), a certain shift in the understanding of CI has taken place. CI has become meaningful on policy level, at least to some extent. As one interviewee illustratively described:
/.../ this area [CI] has been hidden, the end of the consumerism boom has led to very senior officials and politicians to use the term 'stimulating the CI' which is nice. Before, they were talking about creative losers and artistic people with greasy hair. Now they have come to understand that it means something completely different. (City representative.)

Regarding interaction processes, social innovation is based on continuous interactive learning, mutual cooperation, etc. In Estonia’s case, we may notice quite a clear shift towards closer co-operation on different levels: between different cultural sectors, cultural sectors and the public sector, and within the public sector; vertically – between state and local level - as well as horizontally – between different departments. We argue that this development has been influenced by the emergence of the concept of CI.

As described in the prologue, different cultural fields have been functioning quite independently in Estonia. The concept of CI enabled a common ‘roof’ or ‘platform’ for the cultural sector:

_It seems to me that the peculiarity of our creative and cultural spheres is the fact that the sectors have always been really isolated from each other. Despite the fact that there are very few people involved. /.../ Theatre people, ceramists, musicians and architects do not have that many contacts. They may have contacts on a personal level but there is no co-operation between different fields. Bringing in CI and the question whether or not we have a common platform for the first time created the opportunity and also the question what would we gain from sitting together at the same table. /.../ At least this term has introduced the subject of co-operation._ (City representative.)

Also, new activist groups were emerging, coming together behind new initiatives related to CI (e.g. case of Cultural Cauldron, Tallinn Music Week).

On the level of policy-making, CI have also brought along new reasons and perspectives for co-operation, including co-operation between different ministries. The interviewees pointed out certain changes in the extent of co-operation between cultural and entrepreneurial policies: “/.../ CI have had a great impact /.../ ending with the fact that Enterprise Estonia is even discussing the subject of culture – that is only thanks to the cause of CI”. (City representative.)

It has also fostered co-operation between state and local level (an issue that has been (and still is) quite problematic in Estonia). To quote an interviewee:

_This is an instance where the Ministry of Culture has co-operated with the city of and consulted them and planned things in advance. Usually we have this tradition that the state and the city do not get along. But in the field of CI, this co-operation has been really good and we have an exchange of information and whatnot. I don’t know of any other field where this works so well._ (City representative.)

The process of completing the application for the Capital of Culture was characterised by co-operation. Among the reasons why Tallinn’s application was approved, the commission listed the involvement of a wide range of interest groups and organisations in the planning of the project; very close co-operation with the other candidate city Turku in Finland was also praised (Tallinna Linnavolikogu 2007).
Accordingly, bringing together different sectors and professionals is becoming a key issue in the formation process of CI policy. As one interviewee said: “Yes, I do think that that is one of the most important keywords, to bring together different, seemingly separate fields”. (City representative.)

In addition to increased co-operation, we may also notice other changes in activity patterns and behaviours. These new patterns are visible on policy-making level (both Tallinn and state level) as well as within the CI sector itself.

On state level, the turning point was when CI established themselves in the National Strategic Reference Framework 2007-2013 (2007). This led to CI supporting measures on the national level (see Table 1).

In the context of Tallinn, we may notice a greater emphasis on integration between cultural and entrepreneurial and innovation fields. Including ‘creative industries’ in the Tallinn innovation strategy (2008) as one of the six priority areas and developing the Cluster Development Programme (2008) for supporting six clusters, creative industries among them, can also be regarded as a very important change in policy practices in Tallinn. The other example which demonstrates the change in social – policy – practices is the establishment of the Tallinn Creative Incubator (in 2009) - a new element in the CI support system. It is also an example of how attributing meaning to CI has also led to certain action on public sector level. Quoting an interviewee:

*We would not exist if it were not in the interests of the city, you cannot look at it as if this foundation is someone’s interest and idea - no, it has come about because the city has seen a need to create it and then it has been launched, not the other way around. It is, after all, one of many measures for endorsing entrepreneurship.* (City representative.)

It is also important to highlight the changes in the practices of the CI sector itself, although initially – during the first years – the cultural sector showed certain resistance to the concept of CI. By today many new practices among the CI sector have emerged: Tellisikivi, Tallinn Music Week, Design Centre, Architecture Centre etc. to name but a few. We may also argue that the planning of Tallinn 2011 had a stimulating effect on people in the CI sector because one of the consistent themes in the application for the Capital of Culture was selecting a programme of activities in a bottom up manner.

Thirdly, what wider impacts have those changes brought and what may they bring along?

As the CI policy in Tallinn is still only taking shape, we can mainly talk about the possible impact or signs of impact of the emergence and development of the concept of CI. However, we argue that the impact is broader in nature and the change in policies can be seen as one element in this development, acting both as a the cause and the engine for change. Based on the developments described above and proceeding from the theory, we find that in the context of Estonia and Tallinn, we can, in conclusion, talk about the following possible influences connected to CI:

• Changes have taken place within the CI sector. The paradigm of CI and actions connected to it have brought the creative people together as a stronger force in the society. This has included an increased awareness of their important role in the economic success of the state and the city. We can also find indications of the private sector functioning in a new manner. Private capital has consciously set about creating complete (urban) environments which value creativity and can be interpreted (at least in their aims) as creative environments. However, it is not yet certain whether
the creative sector will embrace them. In conclusion: the existing agents have changed and new agents have emerged.

- The functions of structures and institutions have changed. On one hand the institutions have taken on a wider range of functions, on the other hand, there are multifunctional organisations emerging or that have already emerged (e.g. Cultural Cauldron). Also new structures for developing CI, such as the Tallinn Creative Incubator, have emerged.

- The emergence of CI has also influenced other policies, such as entrepreneurship policy and innovation policy; it has broadened them and made them more ‘humane’ – less technocratic. The policy documents refer to new co-operation patterns between economic and cultural fields (e.g. Tallinn Innovation Strategy). Culture has become one of the drivers in achieving economic success; the CI have been placed among six priority areas in the innovation strategy, etc.

Policy-making has become more ‘social’. The keywords ‘inclusion’ and ‘co-operation’ are gaining central importance, also in the public sector. The increasing impact of the third sector on policy-making (e.g. the case of Cultural Cauldron) should also be noted. In order to comprehend this complex process, the authors sum it up in the following Figure (see Figure 1).

**Figure 1. CI policy formation process in the context of social innovation characteristics.**

*Source: The authors*
Conclusions

Based on the analysis of this article we argue that the concept of social innovation is suitable for comprehending the emergence and legitimisation of the ideology of creative industries and for analysing the “location” of policy in this process. The social innovation concept:

- provides a framework of context, which enables us to better describe and comprehend the emergence of policies, the changes they contain and the influences they bring along;
- allows for the treatment of the process of the development of policies in the interaction of various actors and factors and the comprehension of their interconnections;
- enables the treatment and analysis of the shift between the initial and the following stage(s) as well as the main differences between these stages, thereby pointing to their innovative aspects.

There were objective preconditions for the development of CI in Tallinn: the need to change patterns of thinking and activities in the cultural sphere, the city transforming from an industrial city into a modern service sector based city with an open mentality. The transfer of international (Nordic, British) CI ideologies had a great impact. Initially, adapting the paradigm of CI was difficult for the cultural circles, however, in the course of the process, an increasing number of representatives of the creative sector became its bearers, introducing many significant initiatives. These developments were also supported by the policy formulation process. By now, CI is included in various development documents on state and city level, albeit in a different form and content; there have been significant steps in developing the infrastructure of CI. All this indicates a certain institutionalisation – the practice of CI becoming a part of everyday life.

In the case of Tallinn, it is important to emphasise that two parallel processes took place here: developing CI on the one hand and applying for the Capital of Culture in 2011 on the other hand. In an early stage, these two processes amplified each other, later on they diverged. One of the important aims in the application for the Capital of Culture was to use it for developing CI in the city, making the environment more attractive and linking CI to the developments in the sectors of economy, information and communication. In the following process, CI was sidelined, cultural and social keywords like variety, multiculturalism, multiactorism gained a central significance. On the level of Tallinn policy, however, we can talk about the focus of CI taking on a more specific form and linking it more closely with entrepreneurial and innovation policy.

The analysis demonstrates that during nearly a ten-year period, it is possible to achieve significant shifts through rather intense activity. It is also possible to identify, according to the characteristics of social innovation, the following novel aspects: new meanings within the cultural, entrepreneurial and innovation discourse; enhancement of interaction processes and the change in interaction; novel activity patterns and behaviours. However, we need a longer period to assess the wider social impact and scope of these changes.

To sum it up, the following three conclusions can be made:

- The Tallinn case confirms that policy transfer is possible even between regions of different economic development level provided it is supported by a common institutional background.
(EU-based) and certain cultural proximity (transfer of the Nordic experience) or common traits related to the restructuring of economy and environment (transfer of the UK experience);

- Based on the Tallinn analysis, it can be argued that applying for the European Capital of Culture provides a city with an efficient basis for boosting the activity and joint operation of the cultural-creative sector besides the opportunity of presenting itself in the international arena. However, the realisation of this boost in activity, dependent on the contact and its changes, could move either towards the intensification of the CI or on the tracks of more traditional cultural programmes;

- A progress in CI would occur in case of interaction and mutual augmentation between the cultural-creative sector initiatives and the public sector activities. The presence of both is necessary for the new policy focus and new types of directions for activities to emerge and be implemented.

We find that the question whether CI concepts and policies can be considered causes for social innovation, offers important input for further discussions. The authors of this article claim that using the principles of the theory of social innovation has made it possible to assess the developments in CI from a new perspective. It can be assumed that taking a look at cities which have a longer history in developing CI provides valuable material on the functioning of long-term chains of impact, and significantly develops and diversifies the discussion on social innovation.

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