The potential of cultural and creative industries in remote areas

Wilhelm Skoglund & Gun Jonsson

Wilhelm Skoglund
PhD, Mid Sweden University, 831 25, Östersund, Sweden
wilhelm.skoglund@miun.se

Gun Jonsson
PhD, Regional Council of Jämtland County, 831 33, Östersund, Sweden
gun.jonsson@regionjamtland.se

English abstract

Abstract
In the last decades, many ventures and stakes into the creative and cultural industries (CCI) have been undertaken across the world. It has become somewhat more of a rule than exception that cities, regions and nations all have outspoken goals into this field. Research into the CCI tends to focus on larger cities and densely populated regions, and little research has focused on rural and sparsely populated regions.

In this paper, the purpose has been to investigate the impact on economy and employment of the cultural and creative businesses away from urban areas. A second purpose was to study ways of improving the sectors potential to grow in such regions. Thereby a contribution is made towards reducing the knowledge gap between rural versus urban areas in the field of cultural and creative industry studies.

The main methodology of the study can be characterized as interactive, as the researchers have closely followed a venture, called Drivkraft, into stimulating CCI in a remote context. The results point towards lack of efficiency and effective ways on behalf of the public sector to support the growth of CCI. In the studied venture, commercial actors themselves are shown to be better able to perform such a task. The study also shows that the CCI can be a strong contributor of employment and business opportunities in remote and sparsely populated regions as well, with high numbers of micro-businesses in our example case.

Keywords: cultural and creative industry, regional development, organization, learning

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1. Introduction

In the last decades, many researchers claim that we have entered a “new economy”, with competition based more on qualitative, symbolic and cultural aspects rather than cost and standardization. This new economy includes many branches, whereof one is called the cultural and creative industry and includes sectors such as neo-artisanal manufacturing, cultural goods and services, as well as the high tech and financial sector. (von Friedrichs & Skoglund, 2010; 2011) In addition to symbol, quality and culture, the cultural and creative industry is often theoretically characterized as being organized in extended networks of firms, and fluid and competitive labor markets. The networking aspect has shown to trickle down into the importance of specific places and geographic clusters, where creativity and innovation thrive. (Scott, 2006) Much of the research regarding the “new economy” has also focused on an urban perspective, from Florida (2006), pointing towards a new “creative class” of people gather in specific metropolitan areas, to Scott (2006) and Power (2003), who point out the tendency of the cultural and creative industries to gather in specialized clusters in and around large urban locations. It is a sector which research commonly tends to point out as important mainly in urban concentrations.

In this article, the authors make an attempt to investigate the cultural and creative industries (CCI) with the main perspective on its possible impact on economic growth away from large urban concentrations. It was done by gathering statistical data (from Statistics Sweden, 2012) on the county of Jämtland, a very peripheral and sparsely populated region in northern Sweden, and comparing with other entities and business sectors. This study also focuses on how to strengthen the CCI in a rural and peripheral region such as Jämtland. This was done by closely following a venture (“Drivkraft”) into strengthening the CCI in the county. Apart from gathering and preparing statistical data on the region, the approach of the study also includes an interactive and ethnographically inspired character. For a time period of one year in 2010/2011, the authors were allowed to participate in all of “Drivkrafts” activities. They had full access for observations, continuous interviews with businesses as well the managers of the venture, which made it possible to better outline the needs of the sector in a remote and rural region such as Jämtland.

2. Changing industrial patterns

The shift from traditional to creative industry is characterized by Hartley (2005) through a number of new industrial paradigms (fig. 1), evolving since the 1990s. These include a technological revolution regarding the flow of information, highlighting SMEs and micro-businesses, aiming for synergies instead of scale, a switch towards a consumer focus in production, and also to companies typically acting in multiple business sectors.

<table>
<thead>
<tr>
<th>Past Industry – Manufacturing paradigm</th>
<th>Creative Industry – Service paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large-scale enterprise</td>
<td>Micro-business SME:s</td>
</tr>
<tr>
<td>Industrially organized (factory of office)</td>
<td>Project organized</td>
</tr>
<tr>
<td>Led by entrepreneurs</td>
<td>Consumer -led</td>
</tr>
<tr>
<td>Production key to added value</td>
<td>Consumption end key to value</td>
</tr>
<tr>
<td>In defined sectors</td>
<td>Dispersed into other service sectors</td>
</tr>
</tbody>
</table>

Figure 1. Epoch-making shift in industry transformation. (Hartley, 2005)
What then is this new industry? Some search its roots as far back as the 1940s, when Adorno & Horkheimer (1997) criticized the mixture of culture and economy. They claimed that the economization of culture, at the time indicating film and radio, lead to cultural uniformity and a sort of industrialization also of the private sphere. Since then, most of the critical voices have silenced and the general angle of this field has switched towards a focus on its contribution to economic growth. It is today considered a driving force for the whole global economy. From a European perspective, it employs over 6.5 million people, it has a turnover of more than 654 billion €, and contributes with 2.6% of EU GDP, with continuous indications of strong growth. A comparison with the car manufacturing industry (271 billion €) or the turnover of ICT manufacturers (541 billion €) shows that this sector is of major importance for Europe and its nations. (KEA, 2006; Power & Nielsén, 2010)

The CCI emerged from the mix that exploits the fuzziness of the boundaries between: creative arts and cultural industries, freedom and comfort, public and private, state-owned and commercial, citizen and consumer, political and personal. (Hartley, 2005) The main starting point of this concept's journey in more modern times was the UK Labor party’s attempts to restructure English cities, beginning in the 1980s. During this time, UK politics and administration started discussing the potential importance of culture in the economy, initially at the Greater London Council, with the argument that clusters of small businesses in the cultural sector could provide society with an economical upswing. Successively, this turned into more common and local approaches on cultural industry as a measure for economic growth, employment and structural changes. (O'Connor, 2007) One good example of this is the Tony Blair government, launching “Cool Britannia” in the 1990s to establish the British focus on a new attitude, a new national branding, away from traditional industry towards new paths of producing wealth and prosperity (Nielsén, 2006).

Notably, this field consists of many different perspectives and varying terminology, from creative industry to cultural industry and experience economy. In the middle of 1990s the concept “creative industries” was established the UK and in the end of the 1990s the Swedish knowledge foundation (KK-stiftelsen) launched the concept “experience industries”. The previous perspective emphasizes the importance of inspiration and creativity, often derived from a cultural core, while experience focuses on the consumer's perspective, and attempts to understand the sensations, emotions, motivations, memories and individual feelings that make us consume in the way we do. (Pine & Gilmore, 1998; Knowledge Foundation, 2011)

Researchers have accordingly discussed and defined the sector in a multitude of ways. Cunningham (2004) emphasizes the rapid growth in the industry and he further argues that it is the foundation for the knowledge-based economy. Pine & Gilmore (1998) discusses experience economy, which is characterized by specific, memorable experiences, existing only in the head of the consumer, rather than the traditional consumption of a good or product. Power (2003) and Pratt (1997) refer to the cultural industry, which is a type of common production system, characterized by interaction between companies, common labour market, and technology transfer. Power (2003) specifically elevates the importance of networks in the sector, and how they embrace the sector, from knowledge creation to production. Sacco (2011) further broadens the network perspective into a Culture 3.0 phase, where the interdependency between the cultural industry sectors is becoming more and more intertwined with other sectors of the economy, and society as a whole. From Florida’s (2002; 2006) perspective, there is a creative class arising, which he elevates, gathering in cities and urban regions
with high talent, tolerance and technological skill. Scott (2006) also points toward creative skill gathering in urban concentrations, a perspective supported by studies on the Nordic CCI by Power (2003).

However, critical perspectives do still exist. Hansen et al (2005) argue that theoretical perspectives, for example Florida (2002; 2006), don't consider contextual differences between differing cities and regions, and they also question the argumentation for weak social bonds and quasi-anonymity for the creative class to thrive. Gibson & Kong (2005) discusses the diversity of perspectives and definitions on the sector as problematic, thus indicating difficulties reporting on and researching the field all together.

Despite some differences of opinion, most researchers still agree upon the sectors importance on the economy, and vice versa. In this article, we use a rather pragmatic approach, calling the sector CCI, but basing it in the Swedish knowledge foundations definition (creative businesses with the main goal of delivering or creating different forms of experiences) and classification of the CCI-sector in sub categories: architecture, computer- and videogames, design, film, photo, art, literature, market communication, media, fashion, music, gastronomy, theatre/drama, tourism and experience based learning. (Knowledge Foundation, 2011)

3. The core of the creative and cultural industry

From research to politics, the agreement is high upon the importance of the creative sector and its potential to provide employment and economic development. The core of development in most perspectives and aspects is knowledge, and the creative sector is clearly a knowledge driven sector by definition. Upon his studies on entrepreneurs in the creative sector, Rae (2004) constructed a model on how learning is best enabled and occurs in this sector, hence also giving a clue on efficient ways to develop the sector and the companies within it. His model has three main themes; the first is that learning potential is derived from a background of family, friends and social life. This theme, personal and social emergence, has sub themes including identity and self-perception, the family’s way to handle conformity and breaching of norms, and how this background has shaped your identity to handle the possibility of reshaping the surrounding environment. The second theme, contextual learning, concerns connecting ones experience with others experience in the field. The sub themes include the importance of learning and knowing the specific field, generally and in detail. Other subthemes in this category is networking and participating in the specific field and that experience tells you what works and not, hence practice becomes theory. The third main theme, negotiated enterprise, deals with the enterprise as a social organization that is not created in a social vacuum. The third themes subthemes are the need and ability to communicate in order to establish mutual goals and visions, and share work. The other subthemes are creating shared values, norms and meanings to an organizational culture, a culture with communication patterns allowing ideas to flow freely in order to enable growth and the last subtheme is the creation of networks and social capital with the environment, including suppliers and customers. This is what creates the company’s identity, its story.

The implications of the model are mainly aimed towards entrepreneurial education in creative sector, but also entrepreneurship from a broader perspective. The other main implication is its potential for small firm growth, learning and thus development for entrepreneurs and small firm managers in the creative sector.
Raffo et al (2000) also refer to issues of poor suitability of general education and support in terms of the sector. Actors in the sector often criticized formal business training as lacking in detailed understanding of business realities in the sector, the “trainers only know what they themselves teach, they do not know what their training participants know”. Hence, the trainers and developers need to enhance knowledge of the sector in order to enable support to its businesses, and learn how to transform tacit knowledge into explicit knowledge.

To sum up the knowledge and learning perspectives of Rae (2004) and Raffo (2000), both studies claim that the sector is poorly understood from a policy and education perspective, and its entrepreneurs don’t consider themselves entrepreneurs. The development of knowledge, hence learning, ought to be more practical, context specific, dialogic, hermeneutic and reciprocal, in order to promote the sectors potential for growth.

Our angle to approach the questions of the impact of the CCI and how to improve and come further in CCI development issues in the peripheries derives mainly from a knowledge and learning development perspective. Thus, we attempt to add a rural perspective to Rae (2004) and Raffo et al (2000).

4. The creative and cultural industries in a rural area

The empirical case study in this article is taken from the county of Jämtland, a remote region in the northern part of Sweden. Sweden, which compared to most countries in Europe, is very sparsely populated (fig. 2).

Even if the density of population is low in Sweden, several Swedish regions have comparable numbers (100) per square kilometer to countries like Hungary, Slovenia and Spain. Jämtland however, is one of Europe’s most sparsely populated regions, with 126 000 inhabitants, 1.4% of the Swedish population, and only 2.6 inhabitants per square kilometer. The remoteness is also a characteristic, with 1100 km to Skåne in the south of the country, which borders to continental Europe. Remoteness, which in previous studies has been pointed out as a negative for the development of CCI (Mellander et al, 2008 & Nilsson, 2008).

Still, the numbers of the CCI in the county of Jämtland show that the sector can be of great importance also in a remote, sparsely populated place. In a mapping of the CCI sector in the county,
it turned out that the CCI stands for in total nearly 1,977 businesses, which is more than 10% of the total amount of businesses in the county. The sector also embraces more businesses than many of the traditionally strong industrial sectors in the county, such as energy production, workshop industry, construction industry and the transport sector. The agricultural sector (including forestry) and public health, as well as tourism (which in this study is considered separate from CCI) are the only bigger sectors. The sector is growing as well, with previous studies from 2008 (Holmberg, 2008) showing 1,900 businesses in the sector. The figure below further illustrates an overview of the CCI in Jämtland.

<table>
<thead>
<tr>
<th>Number of CCI</th>
<th>1977</th>
<th>Women/men (owners in percent)</th>
<th>44/56</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>4000</td>
<td>Owners with CCI business in two or more sub sectors (percent)</td>
<td>58</td>
</tr>
<tr>
<td>Proportion of CCI self employed (percent)</td>
<td>65</td>
<td>Turnover (mil Euro)</td>
<td>360</td>
</tr>
</tbody>
</table>

**Figure 3. An overview of the CCI in Jämtland 2011**

Compared with a European perspective, the CCI contributes with over 8 percent of the county’s gross regional product, which is considerably higher than the EU figure. It also employs more people in Jämtland than the EU, with 3.1 percent compared to 1.3 of total population, respectively. Further relevant aspects of the sector include its tendency towards self-employment, frequent ownership by women, as well as a high frequency of multi-sectoral businesses in the CCI. Hence, it is a sector characterized by micro-businesses often involved in several sub-categories in the CCI, often owned by women.

Dividing the sector into its subcategories show that the largest percent of companies are within the gastronomic field, followed by design, theatre/drama, art, etc.

**Figure 4. Percent of CCI in Jämtland per sub categories**

The figure above (nr 4) also indicates that some subcategories are virtually non-existing as economic factors, whereas some basically provide the backbone for the region in that sense. To conclude, in a peripheral and very sparsely populated region such as the county of Jämtland, CCI can still play an important role providing business opportunities, employment and economic growth. Its
characteristics with high self employment and high female ownership can also serve as an ideal for other business sectors working with business creation and equal opportunities.

5. The case study in Jämtland, Sweden

Having established the importance of CCI in Jämtland, the next step is to find knowledge on ways to support its further development. The background of such a step here begins with the attitude of public organizations working with commerce and business development and support. These organizations are in Sweden, and thus also Jämtland, with few exceptions, based on requirements from traditional industry, e.g. steel, forestry, work shop, etc. During a meeting with commercial representatives from the CCI sector in Jämtland, they argued that the provided support “doesn’t match our needs”. They also claimed that they shared a relevant experience with a lot of other firms in the sector – “we are not treated like real businesses”.

A small survey to the Office of Business and Commerce in Östersund (county capital in Jämtland) told us that they didn’t know much about the concept of CCI. It was also argued that CCI was another name for the tourism sector or “a few musicians, artists or actors”. When asked what kind of support the CCI needed, the answer was: “they don’t contact us” or “they ask for money, that’s not that kind of support we are offering”, and “they have to adapt to our business development models”.

In this soil, the venture “Drivkraft” took off, which the authors studied closely for over a year. The interactive and ethnographically inspired approach made it possible to get close to the leaders of the venture as well as CCI businesses, and thus to reach the results which are summarized in this section. The purpose of “Drivkraft” was to pinpoint the CCI needs in Jämtland and the project agents did so by studying and working with the companies in the sector. The agent of “Drivkraft” was a publically purchased commercial actor, working in close cooperation with the sector. Following that process of the venture, it was discovered that the regional CCI lacked faith and trust in the support provided by the municipal and county authorities. The venture “Drivkraft” also arranged several network meetings for businesses in the sector, very well visited and appreciated. During the meetings regional CCI businesses started interacting and exchanging business ideas regardless of the main focus of the meeting. Several business representatives also pointed out that they “use to feel alone (because they don’t have any employees) and “meeting others with similar experience was stimulating”. It was also clear that the attention and credibility towards “Drivkraft” was based upon the trust on the venture agent, which was a business instead of a public representative, which was more acquainted to the sector in itself as well as running a business. The observable requirements from the regional CCI that resulted from studying “Drivkraft” are presented in Figure 5.
It was a general agreement that the CCI-sector in Jämtland needed practical and mutual goals. To summarize, the sector asked for support in brand development, new ways of distribution, as well as exchange of specialized know-how between the different CCI subcategories. Meeting and networking in common arenas or forums was also of high importance for the sector, as well as mentorship both within and outside the county/country.

In order to meet the needs of this developing sector, it seems crucial to build a structure that is flexible and offers educational programs, and beware of too rigid business support systems. Conditions are rapidly changing in this sector, and new emerging markets and companies require specific know-how, specifically the sector of social media. The “Drivkraft” working modelling itself also showed to be a well functioning method, with its emphasis on close cooperation WITH the sector, not just FOR it. And with a publically procured commercial agent as the executor of the project, instead of the traditional business support system. This study also shows that trust in and acceptance of the organisation identifying and working for the sector’s needs is a crucial factor.

6 Conclusion

It is the belief of the authors that deep knowledge on CCIs conditions is a prerequisite in order to improve them. The work of "Drivkraft" has the potential to supplement existing public support for traditional businesses in our studied region. At the same time, existing support models need to be adapted in order to meet CCI needs, not vice versa. Meanwhile, there is a risk of decreasing creativity by systemising, categorizing and standardizing these businesses too much according to traditional ways of doing business. The construction of separate organisations to meet the sectors needs could be a fruitful way to organise, an organisation working close with other parts of public commercial support systems.

Entrepreneurial learning within CCI is necessary, meaning how to grow as a person, as a business, and how to create your own niche in a regional context. According to Rae (2004) and Raffo et al (2000), dialogue and mutual understanding of CCIs are vital preconditions in order to enable the transformation of “tacit knowledge” (which is not formally learned and thus not valued as highly as formal knowledge) into practical activities in the respective businesses. In the case study of Jämtland, this shows to be of utmost importance, with a clear lack of communication, understanding, and practical knowledge from the perspective of the public business support system. A dialogical, as well as hermeneutical perspective upon approaching the CCI sector is thus a viable strategy. In “Drivkraft”, this was managed by using a publically procured venture leader, which had more
credibility as well as knowledge to function as a mentor. However, internal communication within companies as well as good relations between employees in companies hardly exists in the Jämtland context, simply because there is usually no more than one employee, the owner. This makes it ever more important for company owners to have well functioning supportive networks of other businesses, as well as friends and acquaintances.

The conclusions of Rae (2004) and Raffo et al (2000) are relevant in a remote and peripheral context such as Jämtland. However, the dominance of self-employed generates additional or differing needs. Internal communication and organisation issues need to be attended to by further extended networking, hot spots for the sector to meet, and a strong mentor-like public support function, supporting the business sector from a glocal perspective. A model for supporting the development of the CCI sector in Jämtland and similar regions is presented below. The model illustrates the support as a process, with the needs of the typically self-employed CCI business in the centre. Emergence and learning within businesses comes from extensive networking and meetings spreading tacit knowledge making it more explicit. The glocal perspective and formal business learning, as well as the organisation of communication capacity, is a function well suited for public support functions, such as mentoring. The mentorship should preferably be based on deep knowledge of the sector in its context, hence indicating continuous participation in all or most of the sectors activities, and working closely with the companies in need of support.

Figure 6. Learning process- self employed CCI (Skoglund & Jonsson 2011)

The model above (figure 6) is contextual, but constructed from deep qualitative studies from an extended time period. It is therefore applicable, but needs adjustments depending on the context where it is used.

Finally, most studies of the CCI sector have focused on densely populated, urban areas. Researchers also tend to point out such regions as most suited for growth in the sector. In this study, the authors showed that this sector can be of vital importance also for peripheral and sparsely populated regions. Even though there might be less potential for expansion and significant economic growth within each company (remoteness and low density of population), there is definitely potential for the number of CCI businesses to grow also in regions such as the county of Jämtland. With the above model, the authors have attempted to add a rural dimension to existing theory on cultural and creative industries and perspectives on its development.
References


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1 Own translation.

2 In this study, tourism is excluded in order to separate other sectors from tourism, which is also often more connected to the geographic place than specific knowledge or social processes. We also added sport, which is often included in other definitions.