



# HOW LONG IS A PIECE OF STRING?

Q & A ABOUT CULTURAL AND CREATIVE INDUSTRIES



# FOREWORD

The task of cultural policy is to provide access to art and culture but this does not necessarily imply that all artists should become businessmen. On the other hand, the artistic core, as described in the concentric circles model by David Throsby is a necessary condition for cultural and creative industries to be able to develop. Without theatre, there would be no film industry. Without art, there would be no cultural industry.

A strong cultural and art policy is therefore necessary for the development of cultural and creative industries in the region.

The cultural values created by a cultural business are not the objective from a business point of view, but they are a positive side-effect. Business policy has the task of supporting cultural businesses as it benefits the sustainable development we have established as a goal for Region Västra Götaland in the strategy VG2020. The cultural and creative industries contribute to creating a robust and sustainable business sector in Västra Götaland.

It is therefore necessary to have a strong, sector-adapted business policy to support the development of the cultural and creative industries in the region.

The two committees in Region Västra Götaland, Cultural Affairs Committee and Regional Development Committee have decided on a joint action programme to develop the cultural and creative industries in the period 2014-2016.

It is a strength and a necessary condition that the action programme is a joint one by the two committees. Developments within the cultural and creative industries require measures both within cultural policy as well as business policy and coordination – clarity between these two policy areas is a key to success.

The following brochure comprises a basis for discussion and a “quick guide” to how two different policy areas can support one another in practice. It is designed in a Q&A format in the hope that it can become a support in discussions and measures in the cultural and creative industries.

Photo: Bert Leandersson



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# INTRODUCTION BY THE AUTHOR

Discussions on art, culture and business are often complex, sometimes controversial and quite often confusing. The concepts used are often unclear and disputed. All too often, the discussions are held simultaneously at different levels and are consequently mixed together.

These pages are designed as a quick guide with a focus on cultural businesses, a “Cultural entrepreneurship for dummies” in Q&A form. They range from general issues and questions of principle to concrete questions that cultural entrepreneurs and local and regional politicians responsible for the development of culture and business face every day. The aim is to relate these to relevant and up-to-date research in this field, where this exists, and to important policy documents.

Nätverkstan is an organisation that has worked – practically and theoretically – with questions of culture and entrepreneurship for almost fifteen years, and been active in a number of cultural policy projects. During 2011 and 2012 Nätverkstan was commissioned by the City of Göteborg, within the project Utveckling Nordost (development north-east) to work on a so-called cultural incubator. The questions and answers presented here arose from discussions in this work and from a number of processes and projects that the Region Västra Götaland’s Cultural Affairs Committee and Regional Development Committee have worked on and in which Nätverkstan has been involved in various ways. During the period 2010-2012 we worked on a project initiated by Region Västra Götaland called Knep (Swedish acronym for cultural businesses’ entrepreneurs programme). The lessons learned from this work have been important in producing this guide. It can also be regarded as an independent sequel to the knowledge review we wrote in 2011 at the request of the region: “Eagles and anthills: What do we know about cultural enterprises?”

We hope that the questions here will be relevant in even more contexts than these.

This discussion is an important one.

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# COMMON AND UNCOMMON QUESTIONS ABOUT CULTURE, ART AND “CULTURE AND ENTERPRISE”

## WHAT IS CULTURE?

The word culture is one of the most central concepts in the Swedish language, as is its counterpart in most other languages. This means that there is no simple definition. Culture is a disputed concept. However, one often simplifies this by talking about two different concepts of culture: one anthropological or *sociological* (culture as a life form) and one *aesthetic* (the art genres). All discussions on cultural entrepreneurship must take into account this dynamic of the concept of culture.

## WHAT IS ART?

This question has been debated throughout history, as long as art has been created. And it will continue to be debated. That is how things should be. Our starting point is that art and culture are not equivalents. Artistic expressions and works are part of the greater quantity that is culture. To put it another way: all art is culture – but not all culture is art.

## HOW IS CULTURAL LIFE ORGANISED?

Cultural activities are run both privately and publicly in the form of voluntary activities. Moreover, there is considerable cultural creativity that takes place in more or less organized forms.

Increasingly often, cultural life is described as an *ecosystem*. This is a metaphor used to describe the complexity of cultural life, as well as the interdependence between many different actors. Cultural life is also like an ecosystem in the sense that it is difficult to predict what consequences an intervention in the system will have.

## HOW EXTENSIVE IS CULTURAL LIFE IN SWEDEN?

There is no one who has an overall picture of cultural life in Sweden. This of course also depends on how we define the concept of culture.

If we look at the cultural labour market, we can observe that the Swedish employment service culture section has 95,000 people registered (this also includes those who run their own companies, which is a growing percentage).

The attempts made to calculate the scope of the cultural economy have produced varying results, with estimates of three to ten per cent of the labour market.<sup>1</sup> It is consequently a much larger percentage of the labour market than the percentage organized by the Swedish employment service. Public expenditure support to culture amounts to almost SEK 24 billion/year. On a general government level, cultural policy comprises somewhat less than one per cent of state expenditure.

It is important to bear in mind that cultural life is greater than both cultural politics and the market for cultural goods and services.

### HOW ARE CULTURE AND ART FINANCED?

The means of financing culture have varied throughout history. The economist Pier Luigi Sacco has pedagogically drawn the history of cultural funding in three epochs: from *Culture 1.0* (culture is financed using funds from outside, patronage, from the patrons of ancient times to today's public sector cultural policy) through *Culture 2.0* (culture is economically profitable, such as in the music and film industries of the 20th century) to today's *Culture 3.0* (a digital economy where the border between producer and consumer is dissolved and new business models take form, where both pirate copying and digital transfers are blooming). According to Sacco, these three epochs and rationalities all co-exist today – and should do so.<sup>2</sup>

The discussions on cultural entrepreneurship are thus mainly within the context defined by Sacco as Culture 2.0.

### HOW IS SWEDISH CULTURAL LIFE FINANCED?

According to figures from the Swedish Arts Council, one third of Swedish cultural life is financed by public sector funds (around SEK 24 billion/year; the national and local governments provide the majority of the funding and roughly equal amounts, the county councils/regions provide a smaller but growing share) and two thirds is financed by private means, that is, as private consumption of cultural goods and services (households' cultural expenditure is estimated to be around SEK 45 billion/year). Of all the regions and county councils, Region Västra Götaland provides the most, with SEK 906 million a year, followed by Region Skåne which provides SEK 664 million a year and Stockholm county

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1 The most important study is still the KEA's *The Economy of Culture in Europe* (2006), where the cultural labour market is stated as 3.1% and culture's share of the EU's total GDP is said to be 2.6%. In 2007, Region Västra Götaland commissioned a survey of "the cultural and event sector" of the region, which showed that this comprised 7 per cent of the region's total labour market. Swedish researcher Johan Fornäs claims that the estimates in various studies of culture's share of the economy actually vary between five and sixty per cent (!), depending on which definition of culture is used, see Fornäs (2012).

2 See P L Sacco *Kultur 3.0: Konst, kultur, utveckling*, Nätverkstan 2013.



council, which provides SEK 373 million.<sup>3</sup> Private sponsorship of cultural activities is almost negligible in Sweden. In several other European countries and in the United States, foundations are important sources of funding for culture. This is not the case in Sweden.

One can say in general terms that public funding, like the (negligible) sponsorship belongs to Sacco's Culture 1.0 context, while the private consumption of culture can largely be referred to Culture 2.0.

#### WHAT IS MEANT BY THE COOPERATION BETWEEN "CULTURE AND THE BUSINESS SECTOR"?

Here, too, there is widespread confusion over the concepts. It is important to distinguish between at least three possible relationships between cultural life and the business sector: 1) cultural life *receives support* from the business sector (sponsorship, various forms of cooperation, etc.); 2) culture *to* the business sector (to simplify: companies are given artistic competence, for instance, to develop products, services and personnel or to make culture available to more people); 3) culture *as* business (an economic perspective on culture life, with whose help one can note that this is a dynamic although often small-scale part of the business sector as a whole).

The discussions on cultural enterprises concern the third relationship: culture *as* business.

<sup>3</sup> Figures from 2011 (cultural allocations excluding the state funds, art purchases and folk high schools). See the brochure *Sambällets utgifter för kultur 2010-2011. Kulturfakta 2012:1* (Society's expenditure on culture, 2010-2011. Cultural facts), The Swedish Agency for Cultural Policy Analysis 2012, p. 26.

# COMMON AND UNCOMMON QUESTIONS ABOUT COMPANIES AND ENTREPRENEURSHIP

## WHAT IS A COMPANY?

The Swedish word for company comes from the verb to undertake something. It is thus a form of action or activity, similar to the English word enterprise. It also has a secondary meaning, which means to take risks, to dare to do something. This can also apply to the English word enterprise, as in “that was a very risky enterprise”.<sup>4</sup>

A company can have different legal forms, such as AB (private limited liability), HB (general partnership), KB (limited partnership), sole proprietorship or economic association – or (in line with the above definition) no legal form at all. A company has owners (private or public, actual people or legal entities or a mixture of all of these).

The alternative to a private company is a public company or non-profit organization.

## IS A COMPANY ALWAYS RUN FOR PROFIT?

Yes, unless the owners explicitly decide otherwise. The activities of a private limited company in Sweden are regulated by the Swedish Companies Act. This states that: “where the company’s operations, in whole or part, shall have an object other than the generation of profits, such fact shall be stated in the articles of association.”

The smallest common denominator for measuring the results of a company’s operations is money. Is it doing well or badly? The annual accounts will show the answer.

A company cannot make a loss year after year – if so, it will be ruined. A company must therefore show a profit. But does it have to *maximize* its profit?

## DOES A COMPANY HAVE TO MAXIMIZE ITS PROFIT?

No. There are a number of mechanisms for limiting a company’s inherent endeavour to maximize profits. The company may itself formulate and allow itself to be governed by various *policies* (against child pornography, arms trading, drugs, etc.).

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<sup>4</sup> There is a Swedish cultural economic research tradition that is based on this definition of the word for company. It is based on Pierre Guillet de Monthoux’s works.

The company can have directives from the owners or wording in the articles of association that limit the requirement to maximize profit in favour of other aims. The fact that this is not a particularly easy balancing act to achieve is visible in the governance of publicly-owned companies. Conflicts of interest often arise.

For some years now Sweden has had a legal company form known as “limited liability company with limited profit distribution”, the purpose of which is to limit the owners’ withdrawal of money from the company (which means that the endeavour to maximize profits disappears).

### WHAT IS AN ENTREPRENEUR?

In some contexts, one distinguishes between the company owners and entrepreneurs. For instance, culture company owner Max Valentin distinguishes between innovators, entrepreneurs and company owners. These are three different functions, which can be but are not necessarily combined in one and the same person. The entrepreneur, according to this division, is the one who takes an invention to market, which assumes a large portion of imagination and drive. The company owner manages it.

A classical definition of an entrepreneur is a person who “moves resources from an area where they are of little use to one where they are of greater use”. The Austrian economist Joseph Schumpeter considers that the entrepreneur plays a central role in the development of the capitalist economy; the entrepreneur is the main figure in the processes of “creative destruction” that drive capitalism forward.

In new liberal economic theory – the central point of which is a fixed belief in market rationality – the entrepreneur does not play such a large role.

Dutchman Giep Hagoort claims that entrepreneurship is more than just economics (an idea that is also much discussed in the debate on “social entrepreneurship”).

### IS AN ARTIST AN ENTREPRENEUR?

Yes, absolutely, perhaps especially in the sense of the original meaning of the French word in the Middle Ages “one who gets something done”. It is only in recent years that the word has become so closely linked to companies, running businesses and commerce.

# COMMON AND UNCOMMON QUESTIONS ABOUT CULTURAL COMPANIES

## WHAT IS A CULTURAL ENTERPRISE?

To put it simply, it is all cultural activities that are run in the form of a company. Both a potter who works part-time and the Disney group are thus cultural companies. Moreover, public sector cultural activities are often run in company form (such as Göteborgs Stadsteater AB, Göteborg City Theatre), which doesn't mean that they are dependent on the market for their survival. In these cases, the line between company and public administration is unclear and debatable.

## IS A CULTURAL ENTERPRISE ALWAYS DRIVEN BY PROFIT?

Yes and no. A company needs to show a positive result, or it will make a loss and be unable to survive.

There is nothing to prevent a company that has as its main driving force a financial surplus from *at the same time* producing cultural values. But according to Giep Hagoort (see below) such a company cannot be described as a cultural enterprise. For a company to qualify as a cultural enterprise, the financial aims must be subordinate to the artistic aims. However, this does not mean that such a company can run at a loss.

## WHAT WORDS SHOULD I USE

### WHEN TALKING ABOUT CULTURE AND COMPANIES?

There is considerable confusion over the terms here. There is discussion of everything from “the experience industry” and *copyright industries* to “cultural and creative industries” (in a bureaucratic context the acronym CCI is often used). Much of this is unclear. Moreover, talk about particularly “creative businesses” often gives offence (what company isn't creative?). The Swedish Agency for Growth Policy Analysis has recommended use of the work cultural enterprise. This is good advice.

## HOW CAN YOU DECIDE

### WHETHER A COMPANY IS A CULTURAL ENTERPRISE?

The Dutch researcher Giep Hagoort has described a cultural enterprise as having “two centres of gravity”; one commercial and one artistic. Thus a key word in this



context is balance. What characterizes a cultural enterprise is that the artistic aims are superior to the financial ones. The finances are means of attaining the artistic aims. Not vice versa. In that case it would not be a cultural enterprise.<sup>5</sup>

The Creative Industries Development Services, CIDS, in Manchester gave a pragmatic reply to this question at the end of the 1990s: “If they think they are, they are”. This is an inclusive, democratic definition. The entrepreneur can determine for him- or herself whether or not what he or she is doing is culture.

#### HOW IS VALUE CREATED IN A CULTURAL ENTERPRISE?

One way of describing how values are created in companies is by describing value chains. An influential model in a cultural economic context was presented by the Australian economist David Throsby (see appendix, figure 1). He describes the relationship between art and cultural enterprises as concentric circles in water, as an analogy of how value is created in other industries (technology, medicine). An innovation (or a work of art) can be commercialized, and will then leave the centre of the circle and move out into the cultural economy, where other actors often take over.

This value chain can exist in its entirety in one and the same organization, although this is rare. It is more common that the different functions in the model are carried out by different actors. From an economic point of view, it is therefore important that all of the links in this chain of value are strong – that none of them breaks. Cultural policy therefore has to take responsibility for the artistic core being combined to actively strengthen these links together with business policy. It is in this zone that the different policy areas can meet to resolve concrete problems.

Another distinguishing feature of the cultural economy is that the creation of value might take a long time. It may take decades after an investment before economic value is realized. The British economist Sarah Thelwall uses the concept of “postponed value” to describe this process.<sup>6</sup>

<sup>5</sup> See Giep Hagoort *Art and entrepreneurship*, Nätverkstan 2013.

<sup>6</sup> See Sarah Thelwall, *Size Matters: Notes towards a Better Understanding of the Value, Operation and Potential of Small Visual Arts Organisations*, Nätverkstan 2013.

## ARE CULTURAL ENTERPRISES GOOD FOR CULTURAL LIFE?

They can be. But they can also be bad.

For a long time, traditional Swedish cultural policy had the aim of “counter-acting the *negative* impact of commercialization” (our italics). At the same time, they used cultural enterprises to realize other aims (e.g. through literature and film policy). Cultural policy has thus worked both *for* and *against* the market. Above all, however, it has *complemented* the market, that is, through covering up for what economists call “market failures” (i.e. the market’s inability to supply, e.g. opera).

On a more overall level, there is criticism of what in the 1970s was called cultural imperialism (and is today referred to as “soft power”), that is, the dominance of a few large cultural and media enterprises on the global cultural markets.

Another way of putting the question of whether or not cultural enterprises are good for cultural life is to ask: what organizational form is most appropriate for a specific expression of culture or artistic activity? The answer to the question probably varies from one situation to another. In some cases, however, a company form may be the best. Then the company contributes to the creation of art.

## CAN ALL CULTURAL ACTIVITIES BE ORGANIZED AS COMPANIES?

Probably. But not all cultural activities can survive on a market. Some artistic expressions are therefore less suited to being conducted in the form of a company, such as opera and theatre (which does not prevent many public sector cultural activities nevertheless being organized in the form of companies, however they are not dependent on the market, but receive public funds for their operations).

## DOES A CULTURAL ENTERPRISE DIFFER FROM OTHER COMPANIES?

Yes. But not entirely. A cultural enterprise is like any other company subjected to regulations and legislation and must pay taxes and employer contributions. Nevertheless, many cultural entrepreneurs see themselves as different from “ordinary” entrepreneurs. Without doubt there is a *subjective perception* of being different – whether or not this is the case

But even if one disregards this subjective perception, there are a number of arguments in favour of cultural enterprises’ “differentness”. For instance, the argument regarding cultural enterprises’ product orientation, “the accumulation logic of art consumption” and the conception of cultural goods and services as “unique”.<sup>7</sup>

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<sup>7</sup> For a compilation of six arguments in favour of the differentness of cultural enterprises, see David Karlsson (2010), p 117.

### WHAT DOES IT MEAN THAT A CULTURAL ENTERPRISE IS PRODUCT-ORIENTED?

This means that one's work is based on one's creation, one's own product, not on market demand. An artist does not carry out market surveys. The opposite of product-oriented is market-oriented.

### WHAT DOES "THE ACCUMULATION LOGIC OF ART CONSUMPTION" MEAN?

This means that the consumption of cultural expressions does not lead to saturation, but to greater demand. The more music or film you consume – the more you want to consume. If one has learnt to love opera, one wants to see more performances. The literature lover does not say: "Now I have read five novels this year, that's enough!" The same phenomenon is discussed by producers as "audience development".

### WHAT DOES IT MEAN THAT CULTURAL PRODUCTS AND SERVICES HAVE A "UNIQUE" CHARACTER?

This is a claim that is made in political contexts, for instance, in connection with negotiating international trade contexts. Not least France has considered it important to claim this "cultural exemption" in the free trade area. UNESCO claims in a convention signed in 2005 that "cultural activities, goods and services are vehicles of identity, values and meaning" and "must not be treated as mere commodities or consumer goods".<sup>8</sup> Sweden has ratified the UNESCO convention. The fact that cultural goods and services have a "special nature" may not be a philosophical or economic fact. But it is a political fact.

This willingness to emphasize the special position of cultural goods is linked to the identity-creating role of culture. National identity (like regional, local and even individual identity) is expressed to a large degree in cultural terms. Then, to reduce these cultural expressions to goods on a market can be perceived as bargaining over something so valuable that its value cannot be measured in monetary terms.

### WHAT DEMANDS DOES "DIFFERENTNESS" OF CULTURAL ENTERPRISES MAKE OF COMPANY ADVISERS?

Firstly, an understanding is needed that cultural enterprises actually differ from other companies. It may also be necessary to have special branch knowledge, to be able to give concrete advice in the unique case.

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8 See Karlsson (2010) p. 123

# COMMON AND UNCOMMON QUESTIONS ABOUT THE RELATIONSHIP OF CULTURE TO THE ECONOMY

## CAN ALL CULTURE BE BOUGHT AND SOLD?

This is more of a philosophical question. We may note that as the market economy has grown in historical terms and covers an increasing share of human trading, cultural expressions and works of art have become goods on a market.

However, this must not lead to confusion between the *value* of the cultural expression and its *price* on the market.

## WHERE DO YOU DRAW THE LINE BETWEEN COMMERCIAL AND ARTISTIC ACTIVITIES?

It is not certain that there is such a line. A novel on a shelf in a bookshop is *both* a work of art *and* a product on a market. It is not the case that half of the pages in the book are artistic and half of them commercial – the book as a whole is at the same time commercial and artistic. It is thus not a question of either-or, but (in some cases) both-and.

## WHY DO ARTISTS HAVE SUCH A COMPLICATED ATTITUDE TO MONEY?

This can at least partly be explained by what is usually referred to as “the reversed economy of art”, that is, the circumstance that if an expression of art is commercially successful it is considered artistically weak. Of course, things are not that simple. But it is not entirely untrue, either.

## WHAT DOES “THE REVERSED ECONOMY OF ART” MEAN?

There is often an inverse relationship between cultural capital and other capital, that is, ordinary money. Researchers link this relationship to the emergence of autonomous artistic fields (where other and own rules apply). The French sociologist Pierre Bourdieu dates the emergence of these autonomous fields to the breakthrough of modernism in the early 1900s, while other researchers say they arose earlier.<sup>9</sup>

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<sup>9</sup> For an introduction, see for instance Donald Broady “Foreword” in Martin Gustavsson et al Konstens omvända ekonomi (The reversed economy of art) (2012)..

Photo: Patrick Sörquist



“In the world of art,” says Bourdieu, “which is a reversed economic world, the most anti-economic ‘craziness’ is in some way ‘sensible’, because one there admits and rewards altruism.”<sup>10</sup>

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10 Pierre Bourdieu, *Practical reason* (1999), p. 166, [French original 1994].

# COMMON AND UNCOMMON QUESTIONS ABOUT CULTURAL ENTERPRISES, CULTURAL POLICY AND BUSINESS POLICY

## WHY SHOULD CULTURAL POLICY CONCERN ITSELF WITH CULTURAL ENTERPRISES?

One answer to this question concerns the changed role of cultural policy. Modern Swedish cultural policy, formulated in 1974, distinguished cultural life as its own “sector” in society and made it the object of a general policy. Today there is no longer talk of society being divided into separate sectors. On the contrary, the need to work across the sectors is often stressed, to have a holistic approach and to cooperate over the administrative and political borders.

From this perspective, there are apparently many areas where the aims of cultural policy coincide with the aims of other policy areas: education, labour market, integration, regional development, public health, and so on. A cultural investigation in 2009 called this a “policy of aspects”. Perhaps one can talk about the “expanded field of cultural policy”.

The area where cultural policy can cooperate with economic policy is cultural industry policy. However, one condition for this cooperation is that both economic policy and cultural policy are clear in themselves.

## SHOULD CULTURAL POLICY SUPPORT CULTURAL ENTREPRENEURSHIP?

No. Stimulating cultural entrepreneurship is an economic policy task. The task of cultural policy is to give each citizen access to art and culture.

Of course, cultural policy can be helped by cultural enterprises in attaining the cultural policy aims (this is the case, for instance, with support for literature and film policy), but making a cultural enterprise bloom cannot itself be an objective of cultural policy. Cultural enterprises can thus be a *means* for cultural policy, but never an *objective*.<sup>11</sup>

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<sup>11</sup> See Karlsson (2010), page 133, on how traditional Swedish cultural policy in certain aspects was constructed to work through the market and not against it as is often stated.

## SHOULD ECONOMIC POLICY SUPPORT CULTURAL ENTREPRENEURSHIP?

Yes. The reasons for this concern are growth and employment opportunities. Cultural enterprises contribute to the creation of future jobs.

Of course, cultural enterprises create cultural value, but this is a positive side-effect from an economic policy point of view, and not the objective of the measures.

In the best of worlds, cultural policy measures and economic policy measures are coordinated and cooperate.

## DOESN'T SUPPORT TO CULTURAL ENTERPRISES RISK DISTORTING COMPETITION?

Maybe. There is a risk of this. It is therefore important to distinguish between cultural policy and economic policy objectives.

There is concern over distorted competition both from the right-wing and left-wing blocs in politics. The left say: "The state shall not give money to Bonniers" (= large family-owned publishing company). The right say: "*Public Service* is disloyal competition on the media market".

Cultural policy can and should be designed so as to promote cultural values, not individual companies. If it does so (for example the Swedish national literature support in which a literary work is selected for support and not a publisher), it actually promotes competition. It then makes it possible for many actors to compete on at least similar terms.

Business policy shall, when supporting cultural enterprises, give the same consideration to competitive conditions as in support to other companies. The key concepts here, as in many other contexts, are transparency and clear game rules.

## HOW DOES ONE PURSUE AN OVERALL POLICY TO SUPPORT CULTURAL ENTERPRISE?

One condition for an overall policy is to have an overview of the field in which one wishes to implement measures. This is not always the case with regard to the cultural economy, but in Region Västra Götaland and also Region Skåne, this problem has been resolved with joint action programmes for cultural and economic policy. One way of approaching this complex field is to distinguish between different levels and perspectives.

At Nätverkstan we have made a distinction between three perspectives: the *eagle perspective* (macroeconomic issues, statistics for the area, etc.), the *ant perspective* (which concerns the conditions and development potential for the individual cultural enterprise) and the *anthill perspective* (which concerns clusters, cooperation between different cultural actors and enterprises, "industrial atmosphere" and

local development). We have developed this three-part perspective further in a report commissioned by Region Västra Götaland, where we point out that different measures are needed at these different levels – but that these measures should be connected.<sup>12</sup>

### HOW CAN ONE SUPPORT CULTURAL ENTERPRISE WITH PUBLIC MEASURES?

This can be done with general measures (low rate of VAT on books) or through directed measures (advice, training, project funds, cheques to “buy” consultants, incubators and so on).

The influential (in this field) British consultant Paul Owens answers the question of how one can best support a new cultural enterprise as follows: “Give them their first customer!”<sup>13</sup>

The difficulty is to conduct an *overall* policy to support cultural enterprises. Many measures implemented have the nature of isolated measures – it is unusual to have an overall view and to think long-term.

### ARE PUBLIC MEASURES TO SUPPORT CULTURAL ENTERPRISE A MEANS OF UNDERMINING CULTURAL POLICY?

Not necessarily. They might, of course, if a policy for cultural enterprise is allowed to replace cultural policy (with the new liberal argument that culture should survive on market terms). But there is nothing to say that this must be the case.

In the best of worlds, economic measures instead cooperate with a strong cultural policy on measures to support cultural enterprise. In the same world, politicians realize that a strong cultural and arts policy is a necessary condition for a robust cultural economy. Without theatre, no film industry. Without art, no art enterprises.

### WHAT IS AN INCUBATOR?

The incubator phenomenon arose at US universities in the late 1950s. The task of the incubator is to commercialize research results, that is, ensure that in particular technological and medical discoveries are transformed into products and goods on a market. As researchers are rarely entrepreneurs, this process required support.

The basic idea is that a young and fragile company needs support during its initial building-up phase, before it has become sufficiently strong to survive on the market. The purpose is thus to stimulate the emergence of economically-

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12 Karlsson & Lekvall (2011).

13 Interview with Paul Owens, London, autumn 2010. See also Karlsson & Lekvall (2011).

sound and commercially-successful companies, although the incubators themselves are rarely driven as companies (they are usually financed with public funds or organized as foundations).

### WHAT IS A CULTURAL INCUBATOR?

A cultural incubator is an incubator for cultural enterprises. A few of these have emerged in Sweden recently. Arciv/Krenova in Umeå, Stenebyinkubatorn in Västra Götaland (no longer active) and Transit at the University College of Arts, Crafts and Design in Stockholm were the first. Region Västra Götaland runs or co-finances several cultural incubators: Brewhouse in Göteborg (music), Innovatum in Trollhättan (animation, film), Gothia Science park incubator in Skövde (computer games and simulation) and ModeInk in Borås (textiles). It is worth noting that despite the large number of cultural incubators there are several art forms that lack an incubator (literature, theatre, visual arts, etc.).

As of 2012, there is also a cultural incubator as part of the City of Göteborg's UNO project. This has been based on a broad cultural concept, been process-oriented and small-scale. It has largely worked in the two first phases of the five-stage process described in the so-called Utrecht model (Figure 2 in the appendix). Here there has also been important work on method development.

The existing publicly-supported arenas and places for artistic development and production – such as collective workshops, media workshops, guest studios and residential grants, etc. – are reminiscent of the way that incubators work, but lack the measures and methods dealing with business and company development.

### HOW CAN ONE BEST SUPPORT AN INDIVIDUAL CULTURAL ENTERPRISE WITH PUBLIC FUNDS?

The research group led by Giep Hagoort in Utrecht has been commissioned by the EU to produce a model showing how various public measures should be implemented during the development of a cultural enterprise. In brief, the model aims to understand how a company grows and changes to be able to apply suitable public measures during the respective phase of a company's life cycle. For instance, early on in the life cycle, support to the individual entrepreneur has the most benefit (and is best given at a local level), while an established and mature company has greater benefit from sector support (which is best designed at EU level or national level). In between there are a number of other measures that can be implemented. (See appendix, Figure 2).<sup>14</sup>

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14 See further in Hagoort (2013).

# COMMON AND UNCOMMON QUESTIONS ABOUT CULTURE-DRIVEN DEVELOPMENT

## WHAT DOES “CULTURE-DRIVEN DEVELOPMENT” MEAN?

Recently, there has been lively discussion on the topic of “culture as a driving force” in regional and local development. There are many examples of this and the academic literature on this subject is comprehensive. In Västra Götaland, too, there are good examples of how cultural resources have comprised a mobilizing force for the development of a place or society, from Skärhamn and Fengersfors to Trollhättan and Vara.<sup>15</sup> There is no doubt that cultural resources can be decisive in social development processes. However, one should distinguish between culture-driven development and culture-driven growth. The former is often initiated as part of cultural policy with the aim of producing more art and for more culture to reach members of society and it may lead to economic growth but does not need to do so. The latter is often initiated as part of economic policy with the aim of creating economic growth and may lead to more art being produced and to more culture reaching members of society although it does not need to do so.

## HOW DOES ONE BRING ABOUT CULTURE-DRIVEN DEVELOPMENT?

The most systematic response to this question comes from Pier Luigi Sacco. In his work on a cultural strategy for Vancouver in Canada, Sacco produced a matrix for analysing the cultural development potential of a specific place, which contains no less than twelve dimensions and five sorts of capital (see appendix, Figure 3). This matrix can also be used as a checklist in less complex contexts.

## HOW DO YOU CHART THE CULTURAL RESOURCES OF A PLACE?

Here, too, Sacco is the most methodical. He and his colleagues have developed a method for gathering and processing large amounts of information on a place’s cultural resources (buildings and activities). This method has been tested in Halland and at the time of writing this is also being tested in Skaraborg (two counties in West Sweden).

Surveying the cultural resources of a place is also central to the method known as *Cultural planning*.

<sup>15</sup> For an up-to-date compilation, see for instance *Att hitta känslan* (Finding the Feeling), Kultur i Väst (2012).

## WHAT IS CULTURAL PLANNING?

This is a method of planning public sector activities where cultural resources are given a central role. The starting point is that a rich cultural life can provide a significant contribution to the development of a town or village. The method originally comes from Britain and has been tested in Sweden for almost ten years now. There is a Swedish national network for *Cultural planning* and Region Västra Götaland runs a *Cultural planning laboratory*. Ten or so municipalities in the region claim to work with this method. *Cultural planning* is not the same as investing in cultural enterprises – but the methods can very easily be combined.

## WHAT IS THE SOCIAL ECONOMY?

This concept has become increasingly common in Swedish discussions over the past fifteen years, partly through influences from the EU. The social economy covers activities mainly driven by public or members' interest, and not profit, as their main driving force. Similar concepts are “third sector” or “idea-driven organization”. The social economy has a strong ideological relationship with the cooperative movement.

Important parts of the cultural economy can be said to border on or be a part of the social economy. Many cultural enterprises can be described as “livelihood companies”, where the aim of the company is more to keep operations going rather than to maximize profit. The operations are their own purpose. Culture has an intrinsic value, at least for the cultural entrepreneur.

## DO CULTURAL ENTERPRISES CONTRIBUTE TO SOCIAL DEVELOPMENT?

Yes, without doubt. The question is in what way, and to what extent this can and should be measured. Pier Luigi Sacco claims that a robust cultural life has “indirect effects” on at least eight levels: innovation, welfare, sustainable development, social unity, new entrepreneurship models, life-long learning, soft power and local identity.<sup>16</sup>

## DO CULTURAL ENTERPRISES CONTRIBUTE TO ECONOMIC GROWTH?

Yes. Here, too, the means of measurement are precarious, however. The EU's important KEA report from 2006 (still the only overall compilation for the EU area) says that “cultural and creative enterprises” grow by 12.3% *more than* the economy as a whole. Cultural industries thus have substantial growth potentialhelhet.<sup>17</sup>

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16 Sacco (2013).

17 KEA (2006).

## APPENDIX



Figure 1: David Throsby's concentric circles model of the cultural industries. Originally 2001

Support to the entrepreneurial life-cycle				
Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
The ground is prepared	Start	Building up	Expanding	Contacts created
Support to the entrepreneur				
	Support to the company			
Local government support				
Regional support				
	National support			
	Sector support			
			EU support	

Figure 2: The Utrecht model for public measures to support cultural enterprises. See Hagoort 2013.

Quality	Quality of cultural supply (QCS)					
	Quality of local government (QLG)					
	Quality production of knowledge (QPK)					
Development	Development of local entrepreneurship (DLE)					
	Development of local talent (DLT)					
Attraction	Attraction of external firms and investment (AEF)					
	Attraction of external talent (AET)					
Networking	Internal networking (INW)					
	External networking (ENW)					
Sociality	Management of social criticalities (MSC)					
	Skills building and education of the local community (SBE)					
	Local community involvement (LCI)					
		Natural capital	Physical capital	Human capital	Social capital	Symbolic/Cultural capital

Figure 3: Sacco's matrix to chart the resources of a place for cultural development. See Sacco 2013.

# LITERATURE

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# HOW LONG IS A PIECE OF STRING?

Q&A ON CULTURAL AND CREATIVE INDUSTRIES

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