



# **Management Decision**

Small creative industry firms: a development dilemma?

Ian Chaston

## **Article information:**

To cite this document:

lan Chaston, (2008), "Small creative industry firms: a development dilemma?", Management Decision, Vol. 46 lss 6 pp. 819 - 831

Permanent link to this document:

http://dx.doi.org/10.1108/00251740810882617

Downloaded on: 14 October 2016, At: 04:44 (PT)

References: this document contains references to 38 other documents.

To copy this document: permissions@emeraldinsight.com

The fulltext of this document has been downloaded 3019 times since 2008\*

# Users who downloaded this article also downloaded:

(2011), "Small businesses in the new creative industries: innovation as a people management challenge", Management Decision, Vol. 49 lss 1 pp. 29-54 http://dx.doi.org/10.1108/00251741111094428

(2000), "Benchmarking brand management in the creative industry", Benchmarking: An International Journal, Vol. 7 lss 5 pp. 360-372 http://dx.doi.org/10.1108/14635770010359900

Access to this document was granted through an Emerald subscription provided by emerald-srm:132724 []

#### For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit www.emeraldinsight.com/authors for more information.

# About Emerald www.emeraldinsight.com

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

\*Related content and download information correct at time of download.

# Small creative industry firms: a development dilemma?

Small creative industry firms

Received December 2007

Revised February 2008 Accepted February 2008

# Ian Chaston

CENTRUM Catolica, Pontificia Universidad Catolica del Peru, Lima, Peru

819

#### Abstract

**Purpose** – The purpose of the paper is to examine whether the standard support service intervention model of providing training programmes to stimulate business growth is an effective economic regeneration model in the case of small creative industry firms.

**Design/methodology/approach** – A survey of small creative firms was implemented in the south west UK. The aim of the survey was to gain owner/manager views about participation in training.

**Findings** – The results reveal the majority of firms are interested in a lifestyle based on fulfilling creative aspirations. Very few respondents exhibit any interest in participating in training schemes aimed at enhancing business performance.

Research limitations/implications – The limitations of the research are that it only relates to creative industry firms and was restricted to a single geographic area and only generated data from micro-enterprises. The implications of these findings are discussed in relation to whether regional development agency policies in rural areas should primarily be directed towards supporting industry-led expansion of existing creative industry small firm clusters.

**Practical implications** – The results provide useful guidance in relation to avoiding public sector expenditure on support schemes that are unlikely to stimulate significant economic growth in the small business sector. Additionally a more cost effective approach to stimulating growth in small creative firms outside of metro-city areas is presented

Originality/value – Previous researchers have raised questions about the benefits of offering business training to small firms. This study provides additional knowledge in relation to this issue. More importantly, however, the study offers conclusions about the possible need for support agencies to radically revise their current strategies in relation to stimulating growth and new job creation in the creative industry sector.

**Keywords** Creative thinking, Economic development, Small enterprises, Training, Business support services

Paper type Research paper

#### Introduction

The successful entry of the Pacific Rim nations into global markets for consumer goods such as cars and electronic equipment in 1970s and 1980s clearly evidenced that Western nations could no longer depend on their manufacturing industries as the primary source of economic growth. Ability to counter key variables such as Pacific nation lower labour costs were perceived as insurmountable obstacles. More recently Western firms have began to recognise that knowledge now represents a critical asset through which to achieve and sustain competitive advantage (Toffler, 1990). The validity of such thinking is demonstrated by Western nation firms' success in the new industries such as computer software, the Internet and telecommunications.

In the 1990s, there was a tendency by Governments to focus economic policy on seeking to support high technology industry as the primary opportunity through which to build knowledge-based economies. More recently, however, the concept of



Management Decision Vol. 46 No. 6, 2008 pp. 819-831 © Emerald Group Publishing Limited 0025-1747 DOI 10.1108/00251740810882617 knowledge workers has been extended to other industrial sectors. One area which is being recognised as increasingly important for sustaining economic growth is the creative sector which encompasses areas such as the pure arts, performing arts, design, film, television and publishing.

In Australia, for example, PMSEIC (2003) published a broad ranging report which examined the country's creative industries and identified strategies through which knowledge workers in these industries could make a greater contribution to GDP. This document has subsequently provided the template for defining the Australian Government's policy in relation to economic development strategies for this sector of their economy. Similar views have been expressed in policy documents prepared for the Singapore (Wong *et al.*, 2006) and UK (The Work Foundation, 2007) Governments.

In the case of the UK, underpinning a national policy in relation to economic development of creative industry are subordinate policies evolved at the regional level by the country's Regional Development Agencies (South West RDA, 2007). The problem facing some of the RDAs, however, is that the commercial wealth generation core of the creative industries, such as film, television, computing and publishing, are primarily located in major cities. Hence those RDAs responsible for evolving support policies for mainly rural areas face the dilemma that the vast majority of their creative industry operations are micro-firms (i.e. between one and nine employees) most of whom are active in the field of pure arts and crafts (South West RDA, 2006; Welsh Assembly Government, 2006; The Scottish Government, 2004).

It is very usual that the owner/managers of such operations have located their firms in a rural area as the basis for achieving significant commercial success. Instead their location decision is frequently based on a preference to sustain a preferred lifestyle. Seeking to assist economic growth of knowledge workers in this type of small firm is unlikely to be the easiest of processes. To assist such actions, further understanding is required about the managerial orientation of small rural creative industry firms. Hence the purpose of this paper is to present pilot level research into generating information about small creative industry firms in the south west UK. As the focus of this study is only concerned with small creative firms, no conclusions that may be reached should be extended to other sectors of the UK rural economy until further research is undertaken.

#### Artistic orientation

The aims of Government agencies are often defined in terms of implementing policies to achieve national or regional economic development through stimulating growth within the small and medium-size enterprise (SME) sector. Such ideas are rooted in the idea that the primary goal of all firms, no matter their size, are explicitly economic in terms of undertaking trading activities to achieve higher sales and profits. In reality, however, only a minority of small firms are driven by financial objectives (Birley, 1982). The remainder usually perceive their entry into self employment as a route through which to fulfil lifestyle goals such achieving an effective work/life balance, spending time with their family or living in a preferred geographic location (Carson, 1985).

The creative industry is a prime example where lifestyle is commonly much more important than financial gain. In part this is due to self employment issues such as work/life balance and the importance of family. However, another dominant influence

industry firms

is the widely prevailing philosophy of "arts for arts sake." This view encapsulates the ongoing dilemma of the creative person, should they produce output which is personally satisfying, or generate output for which there is market demand? Fillis (2002) and Townroe and Mallalieu (1993) have found some empirical evidence that creative integrity causes many craft persons to believe that responding to market demand is a demeaning activity. For these individuals remaining true to their beliefs of the need to express themselves through their art totally vitiates any concept related to involvement in the pursuit of commercial gain.

In all sectors of the creative industry, there are some individuals who clearly believe that the market should determine output and others who feel this concept is detrimental to their artistic freedom. An excellent example of this scenario is the film business. In this industry, the activities of the Hollywood studios in their ongoing battle to generate record global sales by producing the next blockbuster is in stark contrast with the small independent European film producers for whom artistic content is usually the prime motivation driving their endeavours (Kerrigan and Ozbilgin, 2004). Some researchers have posited that the creative person's dilemma is essentially that of being "market" versus "product" orientated. For example Tregaer (2003) in her study of 20 small craft businesses, found there were a diversity of orientations. Some owner/managers clearly placed overwhelming priority on adhering to the continued use of traditional production processes and sustaining employment opportunities for craft workers. Their fundamental aim is to ensure the ongoing existence of their chosen craft. These individuals can be contrasted with others for whom understanding and responding to market demands is a fundamental business strategy perceived as being critical in the achievement of personal success.

Paige and Littrel (2002) adopted a somewhat broader approach when seeking to understand the attitudes and values influencing the behaviour of people in small creative industry firms. To ensure identification of all of the possible relevant variables in their study of owner/managers of craft shops in the Southern Highland region of the USA, these researchers instigated a two phase process of in-depth interviews followed by a large scale postal survey. Key factors influencing the behaviour of respondents included achieving personal happiness, independence, work/life balance, reinforcing local craft traditions, elevating craft traditions, personal gratification from working with crafts and expressing their own artistic skills. The quantitative data set generated by the survey permitted cluster analysis revealing four groups for whom certain key variables influenced their business activities. Cluster 1 placed greatest emphasis on personal expression from working with crafts and using their artistic skills. Cluster 2 were owner/managers for whom personal happiness, personal expression through involvement in craft activities and financial success were equally important. Cluster 3 were motivated by wanting to reinforce local craft traditions and achieving financial success. Cluster 4 seemed indifferent to most issues other than enjoying the location where they have chosen to live and the independence offered by self employment.

Another dimension of the activities of small craft industry firms is provided by McCauley's (1999) large scale research using in-depth interviews of small Scottish arts and craft firms in relation to their performance in export markets. The data acquired revealed that for many respondents, their primary focus was on producing an object from which they as the creative person received great personal satisfaction. Their entry into exporting then tended to be a somewhat random event when they encountered an overseas buyer visiting Scotland who was seeking new, innovative expressions of Gaelic crafts. These unplanned outcomes can be contrasted with other artists who perceived higher fees could be commanded for their works by entering overseas markets. In these latter scenarios, the artist researched international variation in market need as an antecedent to both starting on a new creation and identifying an appropriate distribution channel for their work.

In view of the mixture of attitudes reported by both Paige and Littrell and McCauley's studies it seems reasonable conclude that at one extreme, some creative peoples' only concern is their ability for self expression. At the other extreme, other individuals are driven by their desire for commercial success. Hence it seems reasonable to posit that these different behaviours can be contained within the context of an "Artistic orientation." Within this orientation, there is a continuum of behaviours ranging from total focus on creative output, a varying mix of creative output and financial gain through to a total commitment to financial success.

This proposal concerning artistic orientation generates the first null hypothesis of this study; namely:

H1. The aims of small creative arts firms are primarily driven by a desire to be financially successful.

### **Entrepreneurial orientation**

Entrepreneurship has been defined as the process of "creating something different by devoting the necessary time and effort, assuming the accompanying financial, psychological, and social risks and receiving the resulting rewards of monetary and personal satisfaction" (Hisrich and Peters, 1992). Gartner (1988) argued that entrepreneurship could be defined in terms of innovative behaviour allied to a strategic orientation in pursuit of profitability and growth. There have been a number of empirically-based efforts to describe the attributes of entrepreneurship in terms of personality traits, attitudes and management behaviours. The trait-based perspective has predominated and continues to be applied, as exemplified by Utsch et al.'s (1999) investigation of the differences between entrepreneurs and managers in East Germany. They observed that entrepreneurs exhibited greater levels of self-efficacy, higher order need, readiness to change, interest in innovation, a Machiavellian attitude (or "competitive aggression") and a need for achievement than did individuals who were perceived as managers. The other key difference was that the managers showed a desire for higher control and not granting employees any significant degree of autonomy.

Gartner (1988) attempted to draw a clear distinction between entrepreneurs and owner managers in small business. Similarly Stewart *et al.* (1998) found that many small business owners were more comparable to managers in larger firms than to entrepreneurs. The latter were found to exhibit higher ratings in relation to variables such as a desire for achievement, a risk-taking propensity and a strong preference for involvement in innovation. These findings suggest, therefore, that an entrepreneurial orientation is concerned with growth and innovation (Georgelli *et al.*, 2000).

The issue of entrepreneurship may also be linked to the wider agenda of regional or national economic growth. For example, Kuratko and Hodgetts (1998) noted the importance of new and smaller firms in the US economy and in particular, in job creating, fast-growing businesses versus lifestyle businesses. The former type of firm,

industry firms

referred to as gazelles in Birch's (1979) terminology, are identified by Kuratko and Hodgetts (1998) as being leaders in innovation. They cited evidence of the total number of innovations, innovations per employees, and numbers of patents in support of this assertion. Olsen *et al.* (2000) argued that most employment growth is attributable to the minority of firms that grow quickly. They also noted that business owners' motives for growth are not homogeneous and "appear to reflect experiential and situational differences".

Hyrsky (2000), in a factor analytical study of small business managers in Europe, North America, and Australia identified work commitment, energy, innovativeness, risk taking, ambition, achievement and egotistic features as dimensions of entrepreneurship. Georgelli *et al.* (2000) described "being entrepreneurial" as a willingness to take risks, being innovative and an ambition to grow. They went on to suggest that the core competencies for entrepreneurship are a capacity for changing business processes, the launching of new products and services and a planning capacity. They noted that not all small businesses are equipped with these capabilities, nor are all managers necessarily predisposed towards them.

Covin and Slevin (1988) defined entrepreneurial style in terms of the extent to which "managers are inclined to take business-related risks (a risk-taking dimension), favour change and innovation (an innovation dimension) and compete aggressively with other firms (a pro-activeness dimension)." On the other hand, a non-entrepreneurial style in Covin and Slevin's (1988) terms, is characterized as being risk-averse, non-innovative, passive and reactive. They described their development and use of a measure of entrepreneurial style based on previous theorising and research by Khandwalla (1977) and Miller and Friesen (1982). Their research led to the creation of one of the first fully validated tools for measuring entrepreneurial orientation.

Although many authors have included the dimension of business success in their definition of entrepreneurship, it is important to note that Covin and Slevin's validated tool for quantitatively measuring entrepreneurial orientation does not include any variable concerned with assessment of financial performance. This latter variable is also omitted from by a number of other researchers in presenting their conclusions about the attributes exhibited by entrepreneurs. Hence it seems reasonable to posit that the outcome of entrepreneurship is about creating something which is different to that which currently exists. This permits the proposal that even in small creative arts firms, where the owner/manager is not orientated towards commercial success, it can still be the case that such an enterprise will exhibit entrepreneurial behaviour. This proposition generates the second research null hypothesis; namely:

#### H2. Small creative arts firms are not entrepreneurially orientated.

Stewart *et al.* (1998) suggested that the difference between entrepreneurs and small business owners is one area for further research that may add to a more complete understanding of the entrepreneur. They propose that a pertinent question for entrepreneurship theory and small firm management practice is the following:

What are the behaviours that characterise management in small businesses (differentiated in terms of entrepreneurial orientation) and how do these relate to firm type in terms of financial performance?

Gartner (1988) argued that trait-oriented research has not proved wholly adequate in explaining the phenomenon of entrepreneurship and advocated examination of motivation and personal behaviour as an alternative and more promising way forward. Previous research and theorising suggest that a number of managerial behaviours may be associated with an entrepreneurial style. For example, Moss Kanter (1982) argued that there is a strong association between accomplishments in innovation and a participative, collaborative management style.

From a conceptual perspective, scholars have previously compared and contrasted the entrepreneurial and administrative (or managerial) domains. For example, Hodgetts and Kuratko (2001) drew a distinction between entrepreneurial style (characterised by creativity, innovation, and risk-taking behaviours) and managerial style (characterised by planning and organisational behaviours) and proposed that "the ability to remain entrepreneurial while adopting administrative traits is vital to the venture's successful growth". Hisrich and Peters (1992), building on the work of Stevenson and Sahlman (1986), contrasted entrepreneurial versus managerial approaches in terms of five key business dimensions-strategic orientation, commitment to opportunity, commitment of resources, control of resources, and management structure. Within this overall context, competence-based frameworks present complementary framework for the analysis of managerial behaviours. Mukhtar (1998) in a study of entrepreneurship suggested that all firms operate inside a global competence space and in each business, specific competencies may be identified. Furthermore, he proposed that entrepreneurial style is an appropriate predictor of performance in terms of high-growth innovative organisations or low-growth (lifestyle or small business owner) types. These views permit the specification of the third research null hypothesis; namely:

H3. Entrepreneurial orientation has no impact on the financial performance of small creative arts firms.

#### Research methodology

To implement this study, a survey was mailed to 500 small arts and craft enterprises which appear to have been in business for at least three years within the south west region of the UK. Potential respondents for inclusion in the sample frame were identified by using the *Yellow Pages* and the membership lists of South West Guilds of Artists. Within the sample frame there were painters, sculptors and producers of items including textiles, jewellery, ceramics, glass, wood and pottery. The questionnaire was mailed to the owner/manager at each of the businesses identified.

In the survey, entrepreneurial orientation was measured using the Covin and Slevin's (1988) scale with three minor modifications:

- (1) the large firm specific item from the original seven-item scale was dropped;
- (2) wording was made more generalised to apply to both one person enterprises and a firm with employees; and
- (3) a five-point scale was used ranging from "very strongly disagree" through to "very strongly agree".

This scale and variants have a long tradition in the strategic management literature (Atuahene-Gima and Ko, 2001) and have consistently demonstrated reliability and validity. Business performance was measured using the technique validated by

industry firms

Chaston and Mangles (1997) in which the firm is asked to comment on sales growth over the last three years in relation to the five-point scale of "sales declined by more than 10%, sales declined by 1-10%, no change in sales, sales increased by 1-10%, sales increased by more than 10%".

As no scale appears to exist in the literature for measuring artistic orientation, the cluster variables from Paige and Littrell's study were utilised to develop a six-item scale which asked respondents to comment in relation to their degree of agreement with the following questions:

- Financial success is much more important than personal success.
- Financial success is much more important than achieving personal independence.
- Financial success is much more important than achieving a good balance between my family/personal life and work.
- Financial success is much more important than reinforcing the artistic culture within my local community.
- Financial success is much more important than expressing my artistic skills.
- Financial success is much more important than the personal pleasure of using my artistic skills.

Prior to using this new scale in the survey, it was reviewed with 16 different owner/managers in the creative arts industry. All of them understood the nature of the questions and felt the issues raised were important in relation to the decisions that are made by people running a small creative business.

#### Results

In order to minimise the influence of the variance which may exist due to the heterogeneity of data sources, it was decided to remove the influence of differences which may exist between start-up versus existing businesses; and the size of businesses. Hence returned survey forms from businesses which have traded for less than three years and those with more than ten employees were removed from the sample to be analysed. This action resulted in 107 useable forms, which represents a response rate of 21.4 per cent.

In order to make some assessment of the potential influence of non-response, a variance analysis was undertaken comparing the responses from the first 57 respondents with the 50 respondents whose forms were received later. There was no indication of a statistically significant variance between these two groups. This would suggest that non-response is not a cause for major concern in relation to the validity of the conclusions to be drawn from the data acquired.

The breakdown of creative activity in relation to the nature of the output of respondents was painters (38 per cent), sculptors (5 per cent), textiles (22 per cent), jewellery (10 per cent), ceramics (6 per cent), glass (4 per cent), wood (3 per cent) and pottery (12 per cent). Although a visual inspection of the data indicated some variation between these different forms of creative endeavour, an analysis of variance was not significant at p < 0.005.

The properties of the entrepreneurship and the artistic scales were investigated by computing internal consistency (Cronbach's alpha) and item total correlations. For

entrepreneurship, item-total correlations were in the range 0.62 to 0.75, and the internal consistency was 0.86. The item-total correlations for the artistic orientation scale were between 0.56 and 0.68 and internal consistency was 0.74. Both of these parameters (item-total correlations and Cronbach's alpha) are in excess of the minimum values suggested by Nunally (1978). These results are, therefore, taken as evidence of an acceptable level of internal consistency for the two scales utilised in this study.

The overall average mean score for all respondents in relation to the six-item artistic orientation scale was 3.02. This result suggests that in small creative industry firms, achieving financial success is not as important as other issues such as self expression and work/life balance. Further analysis, however, revealed that the average mean score for firms with an individual mean score equal or greater to the overall mean score was 4.15, whereas the overall mean score for firms with an individual mean score lower than 3.02 was 2.16. A t-test value comparing these two subgroups was significant at p < 0.005 indicating that a statistically significant difference exists between these subgroups. The implications of this finding is that some respondent firms can be considered to be place a high level of importance on financial performance, whereas others are less interested in this aspect of their business activities.

The overall average mean score for all respondents in relation to the six-item entrepreneurship scale was 3.14 suggesting that small creative industry firms do not exhibit a strong entrepreneurial orientation. Further analysis, however, revealed that the average mean score for firms with an individual mean score equal or greater to the overall mean score was 4.06, whereas the overall mean score for firms with an individual mean score lower than 3.24 was 2.28. A t-test value comparing these two subgroups was significant at p < 0.005 indicating that a statistically significant difference exists between these subgroups. The implication of this finding is that some respondent firms can be considered to be entrepreneurial whereas others are non-entrepreneurial.

As shown in Figure 1, utilising the sub group mean scores for artistic and entrepreneurial orientation permits the classification of respondent firms into one of four types. These are:

- (1) creative-conventional;
- (2) creative-entrepreneurial;

#### ENTREPRENURIAL ORIENTATION

Entrepreneurial

		72	r
ARTISTIC ORIENTATION	Financial	Financial- Conventional (% of Firms: 27% Mean. Perfm.:3.98)	Financial- Entrepreneurial (% of Firms: 9% Mean. Perfm.: 4.09
	Creative	Creative- Conventional (% of Firms: 46% Mean. Perfm.: 2.71)	Creative – Entrepreneurial (% of Firms: 18% Mean. Perfm.: 2.23)

Conventional

**Figure 1.** Creative firm orientation

industry firms

- (3) financial-conventional; and
- (4) financial-entrepreneurial.

The numbers of each type of firm are provided in Figure 1, accompanied by the respective mean financial performance score for the group. It is apparent that although the majority of respondents can be considered to place greatest emphasis on creative achievement, it is the more financially orientated respondents who enjoy the higher than average sales growth from their endeavours. T-tests revealed no statistically significant difference at the p < 0.005 in performance between creative-conventional and creative-entrepreneurial firms or between the performance financial-conventional and financial-entrepreneurial firms. There, was, however a statistically significant difference at p < 0.005 between the firms exhibiting a creative orientation versus respondents exhibiting a financial orientation.

## Conclusions

The overall average mean score for all respondents in relation to the six-item artistic orientation scale at 3.02. This outcome appears to vitiate the H1 hypothesis that "the aims of small creative arts firms are primarily driven by a desire to be financially successful" However, the t-test result comparing the two subgroups' (creative orientation versus financial orientation) responses to the six-item artistic orientation scale were statistically significant at the level of p < 0.005. This latter outcome suggests that there is a difference between small firms in relation to the importance they place on the financial performance of their business. Hence this suggests a revised opinion in relation to H1 in that it can be concluded that the aims of some small creative arts firms are primarily driven by a desire to be financially successful.

The overall average mean score for all respondents in relation to the six-item entrepreneurship scale was 3.14. This result would appear to provide support for hypothesis H2; namely that "small creative arts firms are not entrepreneurially orientated." A t-test value comparing the two subgroups (conventional versus entrepreneurial) was significant at the level of p < 0.005. Under these circumstances it would seem reasonable to propose a revised conclusion in relation to hypothesis H2 in that some small creative arts firms do exhibit an entrepreneurial orientation.

The mean scores shown in Figure 1 and the accompanying statistical analysis indicated there was no statistically significant difference in the sales growth performance of financial-conventional firms versus financial-entrepreneurial firms. The same outcome was also found in relation to creative-conventional versus creative-entrepreneurial businesses. In view of these results it would appear this study provides support for hypothesis H3 that "entrepreneurial orientation has no impact on the performance of small creative arts firms." In contrast, however, a statistically significant difference was apparent between firms exhibiting a creative orientation versus those exhibiting a financial orientation. Under these circumstances it would appear to be the case that the nature of a creative firm's artistic orientation will have impact on sales growth over time.

#### Regional development implications

As Western nations seek new opportunities to stimulate the expansion of the knowledge-based sectors of their economies, it is understandable that the creative industries have become the subject of increasing interest. In the UK, for example, creative industries now generate an annual Gross Value Added of £60,800 billion, annual exports worth £14.9 billion and provide 1.9 million jobs spread across more than 120,000 businesses (DCMS, 2007). One outcome of Governments now putting national emphasis on up-weighting assistance for this sector of industry is that support agencies responsible for regional economic development are now identifying the creative industry sector as a priority in their operational strategies.

Many regional development agencies were originally established to co-ordinate economic regeneration in areas which in the past, have performed poorly in terms of wealth generation and levels of employment. In the UK, many such regional development agencies are now emphasising the opportunities for economic growth which exists by expanding the employment base within the large number of small creative firms already based within their region. Proposed support intervention strategies typically focus on enhancing the commercial or entrepreneurial skills of owner/managers as the basis for creating new employment opportunities.

The question which is raised by the results of this research study, however, is whether such ideas have any real potential for success. This observation is made because a key conclusion of this study is the majority of small creative firms are managed by individuals who are more interested in sustaining a lifestyle orientated towards involvement in creative output than being financially successful. Hence it seems rather unlikely that one could persuade them to dramatically alter their artistic philosophy to the point where they now wish to participate in business growth support programmes leading to the creation of new jobs within their businesses.

The other issue is inward investment, which is often a key component of the strategies being implemented regional development agencies. Some of these organisations are already beginning to comment about the wealth generation prospects of attracting large, creative firms to relocate to their area. This philosophy does seem to appear to ignore a key sector characteristic; namely that key wealth generation creative industry sectors such as film, television and advertising are invariably clustered in and around a major metro-city such as London, Berlin, New York and Los Angeles. Hence it seems extremely unlikely that many of these organisations would be interested in a business relocation package because acceptance of such a proposition would cause them to lose critical day-to-day contact with key customers who will remain based in a major metro-city area.

#### Further research

To minimise the influence of data heterogeneity causing variance problems that might complicate the analysis, this study was restricted to creative micro-enterprises based in the south west UK. Hence to determine whether any of the issues concerning entrepreneurial behaviour and lifestyle business motivation are also applicable to small firms in other business sectors, it would be beneficial to undertake further research into these other sectors. There is also a need for future research to cover additional geographic areas in both the UK and other countries. Finally there is the clear need for research about larger creative firms operating in overtly commercial areas such as film or television to determine whether these organisations exhibit different characteristics in relation to the issues of artistic and entrepreneurial orientation.

A key limitation in this study is the use of a survey tool to generate a sufficiently adequate volume of data that can be utilised in the quantitative assessment of respondent opinions. This approach does not generate the richness of understanding that can come from an interview-based, qualitative study of owner/manager attitudes, motivations and opinion. Hence there is a need to complement the findings of this study by qualitative research designed to probe the reasons behind the majority of small creative firms' business philosophy which focuses on creative output, while concurrently placing much less emphasis of the issue of creating a financially successful business.

#### References

- Atuahene-Gima, K. and Ko, A. (2001), "An empirical investigation of the effect of market orientation and entrepreneurship orientation alignment on product innovation", *Organization Science*, Vol. 12 No. 1, pp. 54-74.
- Birch, D.L. (1979), *The Job Generation Process*, MIT Program on Neighbourhood and Regional Change, Cambridge, MA.
- Birley, S. (1982), "Corporate strategy and the small firm", *Journal of General Management*, Vol. 8 No. 2, pp. 82-6.
- Carson, D.J. (1985), "The evolution of marketing in small firms", European Journal of Marketing, Vol. 19 No. 5, pp. 7-16.
- Chaston, I. and Mangles, T. (1997), "Competencies for growth in SME sector manufacturing firms", Journal of Small Business Management, Vol. 35 No. 1, pp. 32-43.
- Covin, J.G. and Slevin, D.P. (1988), "The influence of organizational structure on the utility of an entrepreneurial top management style", *Journal of Management Studies*, Vol. 25, pp. 217-37.
- Department for Culture, Media & Sport (DCMS) (2007), Creative Industries Economic Estimates: Statistical Bulletin, Department for Culture, Media & Sport, London.
- Fillis, I. (2002), "Barriers to internationalisation: an investigation of the craft micro-enterprise", European Journal of Marketing, Vol. 36 No. 7, pp. 25-44.
- Gartner, W.B. (1988), "Who is an entrepreneur is the wrong question", Entrepreneurship Theory and Practice, Vol. 13 No. 1, pp. 47-64.
- Georgelli, Y.P., Joyce, B. and Woods, A. (2000), "Entrepreneurial action, innovation, and business performance: the small independent business", *Journal of Small Business and Enterprise Development*, Vol. 7 No. 1, pp. 7-17.
- Hisrich, R.D. and Peters, M.P. (1992), Entrepreneurship: Starting, Developing, and Managing a New Enterprise, Irwin, Boston, MA.
- Hodgetts, R.M. and Kuratko, D.F. (2001), Effective Small Business Management, Harcourt College Publishers, Orlando, FL.
- Hyrsky, K. (2000), "Entrepreneurial metaphors and concepts: an exploratory study", International Small Business Journal, Vol. 18 No. 1, pp. 13-34.
- Kerrigan, F. and Ozbilgin, M. (2004), "Film marketing in Europe", Non-Profit and Voluntary Sector Marketing, Vol. 9 No. 3, pp. 229-38.
- Khandwalla, P.J. (1977), *The Design of Organizations*, Harcourt Brace Jovanovich, New York, NY.
- Kuratko, D.F. and Hodgetts, R.M. (1998), Entrepreneurship: A Contemporary Approach, The Dryden Press/Harcourt Brace College Publishers, Fort Worth, TX.

- McCauley, A. (1999), "Entrepreneurial instant exporters in the Scottish arts and crafts sector", *Journal of International Marketing*, Vol. 3 No. 1, pp. 67-82.
- Miller, D. and Friesen, P.H. (1982), "Archetypes of strategy formulation", Management Science, Vol. 29, pp. 770-91.
- Moss Kanter, R. (1982), "The middle manager as innovator", Harvard Business Review, Vol. 60 No. 7, pp. 94-106.
- Mukhtar, S.-Y. (1998), "Business characteristics of male and female small and medium enterprises in the UK: implications for gender-based entrepreneurialism and business competence development", *British Journal of Management*, Vol. 9 No. 1, pp. 41-51.
- Nunally, J.C. (1978), Psychometric Theory, McGraw-Hill, New York, NY.
- Olsen, P., Orser, B.J., Hogarth-Scott, P. and Riding, A.L. (2000), "Performance, firm size, and management problem solving", *Journal of Small Business Management*, Vol. 38 No. 4, pp. 42-58.
- Paige, R.C. and Littrel, M.A. (2002), "Craft retailers' criteria for success and associated business strategies", Journal of Small Business Management, Vol. 40 No. 4, pp. 314-32.
- PMSEIC (2003), The Role of Creativity in the Innovation Economy, Australian Engineering & Science Council, Canberra.
- South West RDA (2006), Regional Economic Strategy for South West England, South West RDA, Exeter.
- South West RDA (2007), Unlocking the Creative Business Potential of the South West, South West RDA, Exeter.
- Stevenson, H.H. and Sahlman, W.A. (1986), "Importance of entrepreneurship in economic development", in Hisrich, R.D. (Ed.), *Entrepreneurship and Venture Capital*, Lexington Books, Lexington, MA.
- Stewart, W.H., Watson, W.E., Garland, J.C. and Garland, J.W. (1998), "A proclivity for entrepreneurship: a comparison of entrepreneurs, small business owners and corporate managers", *Journal of Business Venturing*, Vol. 14 No. 2, pp. 189-214.
- (The) Scottish Government (2004), A Smart, Successful Scotland: Strategic Direction for the Enterprise Networks and an Enterprise Strategy for Scotland, Scottish Government Publications, Edinburgh.
- (The) Work Foundation (2007), Staying Ahead: The Economic Performance of UK's Creative Industries, The Work Foundation, London.
- Toffler, A. (1990), Powershift: Knowledge, Wealth and Violence at the Edge of the 21st Century, Bantam Books, New York, NY.
- Townroe, P. and Mallalieu, K. (1993), "Founding a new business in the countryside", in Curran, J. and Storey, D. (Eds), *Small Firms in Urban and Rural Locations*, Routledge, London.
- Tregaer, A. (2003), "Market orientation and the craftsperson", *European Journal of Marketing*, Vol. 37 Nos 11/12, pp. 1621-37.
- Utsch, A., Rauch, A., Rothfuss, R. and Frese, M. (1999), "Who becomes a small scale entrepreneur in a post-socialist environment: on the differences between entrepreneurs and managers in East Germany", *Journal of Small Business Management*, Vol. 37 No. 3, p. 3142.
- Welsh Assembly Government (2006), Wales: A Vibrant Economy, Department of Enterprise, Innovation & Networks, Welsh Assembly Government, Cardiff.
- Wong, C.Y.L., Millar, C.C.J.M. and Choi, C.J. (2006), "Singapore in transition: from technology to culture hub", *Journal of Knowledge Management*, Vol. 10 No. 5, pp. 79-91.

#### Further reading

Kaplan, R. (1987), "Entrepreneurship reconsidered: the anti-management bias", *Harvard Business Review*, Vol. 65 No. 5, pp. 84-9.

Mabey, C., Salaman, G. and Storey, J. (1998), Human Resource Management: A Strategic Introduction, Blackwell, Oxford.

Small creative industry firms

831

# Corresponding author

Ian Chaston can be contacted at: ichaston@pucp.edu.pe

# This article has been cited by:

- 1. José António Porfirio, Tiago Carrilho, Lisete S. Mónico. 2016. Entrepreneurship in different contexts in cultural and creative industries. *Journal of Business Research* 69:11, 5117-5123. [CrossRef]
- 2. Sofie Jacobs, Bart Cambré, Marieke Huysentruyt, Annick Schramme. 2016. Multiple pathways to success in small creative businesses: The case of Belgian furniture designers. *Journal of Business Research* **69**:11, 5461-5466. [CrossRef]
- 3. Sophie Bennett, Steven McGuire, Rachel Rahman. 2015. Living Hand to Mouth: Why the Bohemian Lifestyle Does Not Lead to Wealth Creation in Peripheral Regions?. *European Planning Studies* 23:12, 2390-2403. [CrossRef]
- 4. Mirva Peltoniemi. 2015. Cultural Industries: Product-Market Characteristics, Management Challenges and Industry Dynamics. *International Journal of Management Reviews* 17:1, 41-68. [CrossRef]
- 5. Maria Tunberg Department of Economics, Swedish University of Agricultural Sciences, Uppsala, Sweden . 2014. Approaching rural firm growth: a literature review. *Journal of Enterprising Communities: People and Places in the Global Economy* **8**:4, 261-286. [Abstract] [Full Text] [PDF]
- 6. Peter Naudé, Ghasem Zaefarian, Zhaleh Najafi Tavani, Saeed Neghabi, Reze Zaefarian. 2014. The influence of network effects on SME performance. *Industrial Marketing Management* 43:4, 630-641. [CrossRef]
- 7. Alistair R. Anderson Centre for Entrepreneurship, Aberdeen Business School, The Robert Gordon University, Aberdeen, UK Farid Ullah Centre for Entrepreneurship, Aberdeen Business School, The Robert Gordon University, Aberdeen, UK . 2014. The condition of smallness: how what it means to be small deters firms from getting bigger. *Management Decision* 52:2, 326-349. [Abstract] [Full Text] [PDF]
- 8. Lucia Naldi, Patrik Wikström, M. Bjørn Von Rimscha. 2014. Dynamic Capabilities and Performance. *International Studies of Management and Organization* 44:4, 63-82. [CrossRef]
- 9. Jenny Sandbacka Department of Marketing, University of Oulu, Oulu, Finland Satu Nätti Department of Marketing, University of Oulu, Oulu, Finland Jaana Tähtinen Department of Marketing, University of Oulu, Oulu, Finland . 2013. Branding activities of a micro industrial services company. *Journal of Services Marketing* 27:2, 166-177. [Abstract] [Full Text] [PDF]
- 10. Sue Shaw, Gill HomanHR Issues in the Computer Games Industry: Survival at a Price 122-141. [CrossRef]
- 11. Sabine HothoDundee Business School, University of Abertay Dundee, Dundee, UK Katherine ChampionDundee Business School, University of Abertay Dundee, Dundee, UK. 2011. Small businesses in the new creative industries: innovation as a people management challenge. *Management Decision* 49:1, 29-54. [Abstract] [Full Text] [PDF]
- 12. Tony Garry, T.C. Melewar and Len Tiu WrightAnne BroderickDe Montfort University, Leicester, UK Tony GarryUniversity of Canterbury, Christchurch, New Zealand Mark BeasleyDe Montfort University, Leicester, UK. 2010. The need for adaptive processes of benchmarking in small business-to-business services. Journal of Business & Industrial Marketing 25:5, 324-337. [Abstract] [Full Text] [PDF]
- 13. Simeon Nichter, Lara Goldmark. 2009. Small Firm Growth in Developing Countries. *World Development* 37:9, 1453-1464. [CrossRef]