

Cultural Enterprise Formation and Cultural Participation in America's Counties

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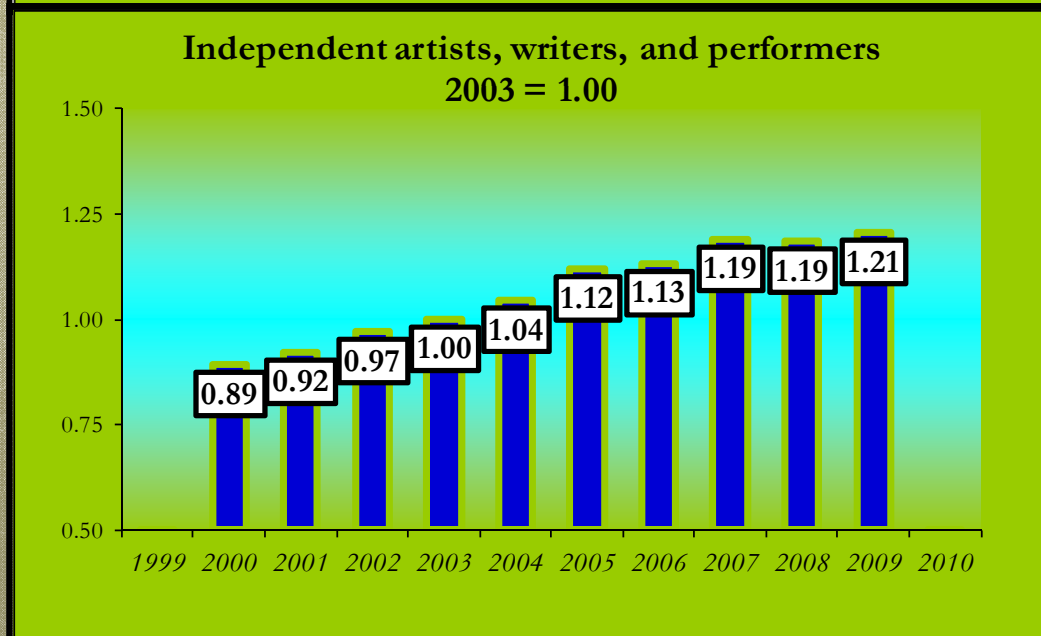
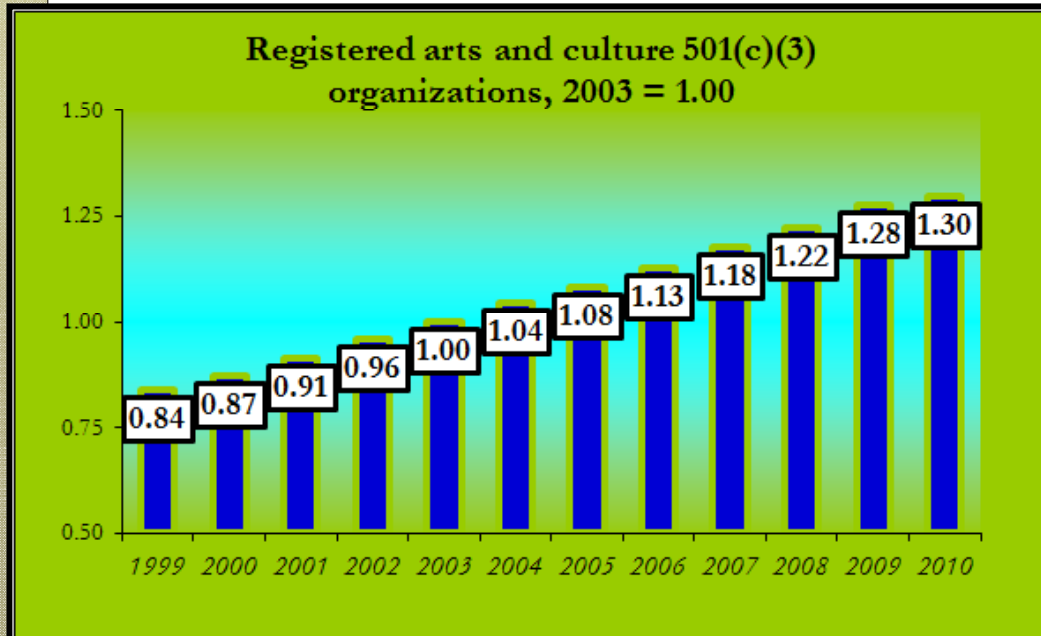
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Bach in Bethlehem

- The Bethlehem Bach Festival was last weekend and this weekend – annually since 1912
- 100 years since the renewal of the Festival after a multi-year hiatus
- The Choir and Festival were renewed through a multi-pronged effort by determined business and community leaders
- A classic example of community arts and entrepreneurship that has been sustained
- Neither an anachronism, nor unique



Vigorous entry into the arts *



Year	Arts nonprofits	Solo artists
2000	76,249	508,608
2009	113,188	687,699
Net Annual Growth	5.3%	3.9%
Net Total Growth	48.4%	35.2%

* Source: National Arts Index 2012

Background issues

- Nonprofit and commercial social enterprise
- The nature of enterprise in the arts
- The community environment
- Strategic management of early stage organizations
- This is part of the Local Arts Index project of Americans for the Arts, which measures more than 70 indicators of vitality of the arts at the county level

Communities as environments for arts enterprise

- Open systems, responding to change (Jacobs)
- New growth theory and the role of entrepreneurship (Romer)
- Creative class arguments and critiques (Florida, Pratt)
- Centrality of the city (Glaeser)

Enterprise, social and otherwise

- Macro and micro pressures to create enterprise
- Responsiveness to individual opportunity and to social need
- The randomness and volatility of enterprise may well suit the arts development process

Community development and the arts

- The arts may be national, but the arts experience is typically local
- Cultural capital as a source of definition and identity (Green and Haines)
- Cultural vitality measurements – the Local Arts Index, Jackson *et. al.*
- Distinctive occupational and industry structures (Florida, Pratt)

Achieving sustainable performance

- Strategic management of early stage enterprise
- Key issues:
 - Economies of scale and/or scope
 - Managerial and operational skill
 - Sufficient capitalization
 - **Monitor and navigate competitive / arts market and macro / community environments (Porter)**

Measures of arts enterprise

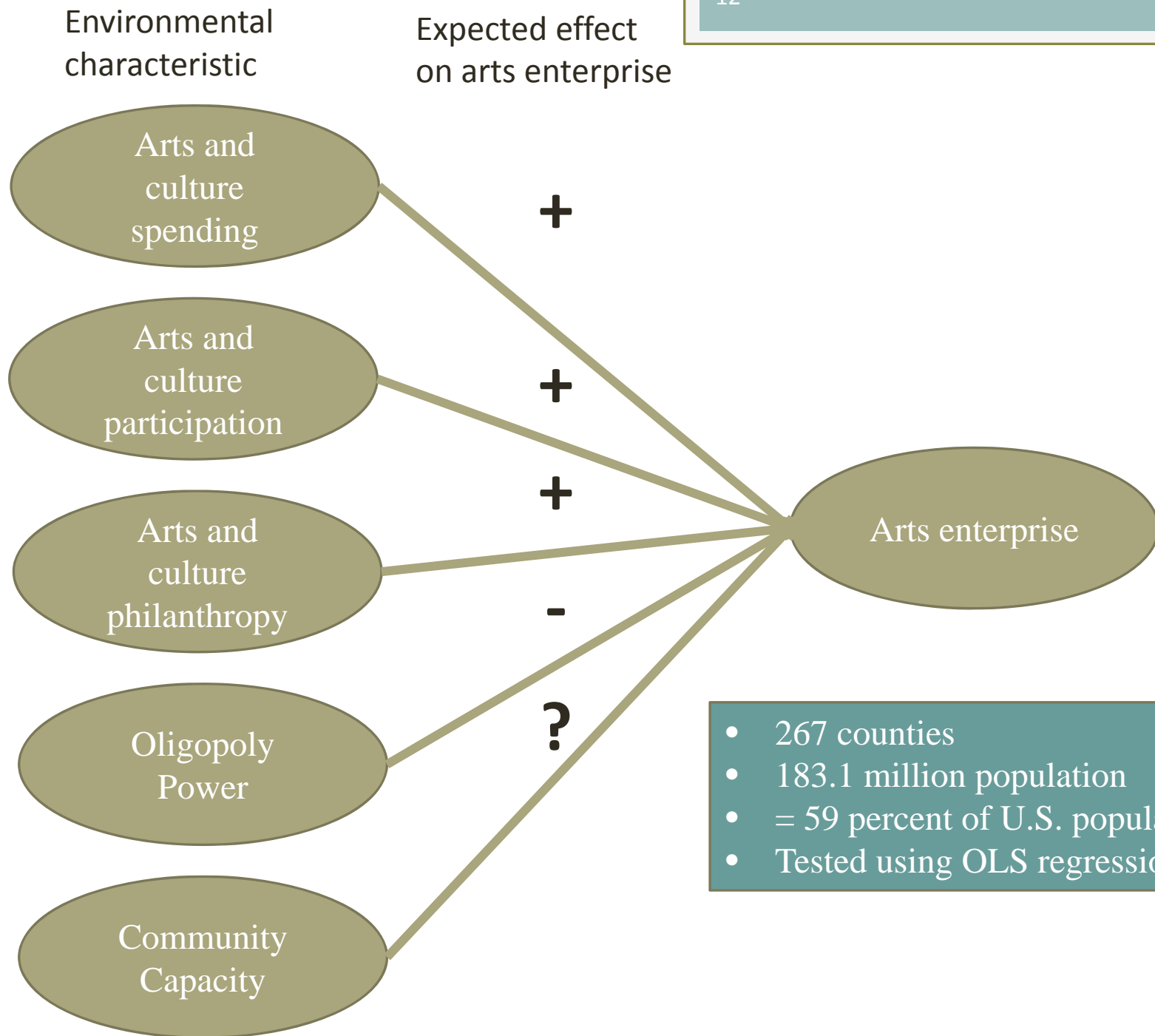
- “Millennial” arts organizations (IRS rule dates since Jan 2000 in 2009 Core Files from NCCS)
 - Share of total arts nonprofits in each county
 - Also, share of county arts nonprofits revenue
- “Independent artists, writers, and performers” from Census Bureau 2009 Non-Employer stats
 - Calculated in number of solo artists per 100,000 population

Arts market environmental characteristics: Four measures

1. **Per capita expenditure** on a series of arts and culture products (Claritas estimates for 2009)
2. 2009-2011 cumulative index of **participation** in a series of arts and culture activities (Scarborough Research)
3. 2009-2011 share of households **supporting arts** and culture or public broadcasting (Scarborough)
4. **Oligopoly power**: market share of four largest arts organizations (min 20 arts nonprofits)

Community environmental characteristics: four measures

- The tides that may lift or sink all boats:
 1. Median household **income** (2005-2009 ACS)
 2. **Population density** (2010 Decennial Census)
 3. Median **age** (2005-2009 ACS)
 4. Percent with **Bachelors degree** (2005-2009 ACS)



- 267 counties
- 183.1 million population
- = 59 percent of U.S. population
- Tested using OLS regression

Descriptive statistics (county level)

	Minimum	Maximum	Mean	Std. Deviation	Median
Millennial share of nonprofits	11.6%	70.0%	33.1%	9.1%	32.1%
Millennial share of revenue	-0.5%	76.9%	18.5%	14.8%	14.1%
Solo artists per capita	61.1	1,826.7	255.2	170.8	218.08
Arts philanthropy	10.3%	81.7%	31.0%	11.1%	29.0%
Consumer expenditure per capita	\$122.35	\$515.79	\$316.47	\$59.46	\$313.83
Cultural participation index	99.1	304.2	188.4	36.4	187.90
Oligopoly power / four-firm concentration ratio	21.0%	97.1%	56.3%	15.7%	56.3%
Population density	21.3	69,468.4	1,961.7	5,569.8	731.4
Median age	23.2	50.7	37.1	3.7	37.0
Percent with bachelors	8.8%	36.5%	19.8%	5.4%	19.2%
Median household income	\$30,034	\$112,021	\$58,848	\$14,598	\$55,466

Significant Results /

Competitive environment

Dependent variable	Millennial share of nonprofits	Millennial share of revenue	Solo artists per capita
Model	1	2	3
Arts and culture philanthropy	-	-	+
Cultural expenditure per capita		+	
Cultural participation	+		+
Four firm concentration ratio			-
F (sig)	6.377, (.000)	4.655, (.001)	35.450, (.000)
R ²	.075	.052	.341

Significant Results /

General environment

Dependent variable	Millennial share of nonprofits	Millennial share of revenue	Solo artists per capita
Model	4	5	6
Population Density			+
Median Age	-		+
Percent with Bachelors	+		+
Median Household Income			-
F, sig	12.108, (.000)	N/S	62.405, (.000)
R ²	.143		.480

Significant Results /

Combined environment

Dependent variable	Millennial share of nonprofits	Millennial share of revenue	Solo artists per capita
Model	7	8	9
Arts and culture philanthropy	-		+
Cultural expenditure per capita			+
Cultural participation			
Four firm concentration ratio			-
Population density			+
Median age	-		+
Percent with bachelors	+		+
Median household income			-
F, sig	7.806, (.000)	N/S	46.153, (.000)
R ²	.170		

Effect of competitive environment forces on cultural enterprise formation

- Community arts philanthropy – deters new nonprofits, supports solo artists
- Cultural participation – supports new nonprofits and solo artists
- Oligopoly nonprofit power deters solo artists (but not new nonprofits)

Effect of general environmental factors on cultural enterprise formation

- Younger populations – deters new nonprofits, supports solo artists
- Better-educated population – supports new nonprofits and solo artists
- More crowded counties – supports solo artists
- Higher household income counties – deters solo artists

Effect of competitive and general forces on cultural enterprise formation

- Community arts philanthropy – deters new nonprofits, supports solo artists
- Cultural participation – supports new nonprofits and solo artists
- Oligopoly nonprofit power deters solo artists
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Discussion based on these preliminary results

- Community environmental factors appear to have more overall effect than do art market environmental factors
- Solo artists are a more responsive set of arts enterprises – they thrive in big cities
- New arts nonprofits aren't deterred by existing oligopoly power, nor enticed into being by community philanthropy

Where next, after this exploratory study?

- Going from specific years to multi-year rollups
- Improving the measures for more precise analysis
- Link market and environmental conditions at the time of organizational founding
- Seeking other measures of cultural enterprise
- Integration with other elements of the Local Arts Index and other local arts vitality research

Thanks!

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