

Arts-Based Entrepreneurship

in the New Economy and the Competition State:
Developing Policy Options to Fit a Different Context

Margaret J. Wyszomirski & Woong Jo Chang



How might the changing political-economic context from the Industrial-Welfare State Model to the New Economy-Competition State model open new opportunities for policy innovation concerning the issue of public support for artists?

Grounded in a Kingdon –three policy streams and window of opportunity framework

- With an expansion of the political stream from explicitly focused on the political actors and events to the political/economic/technological context as it is channeled by political actors, events and processes.
- With focus on Policy stream:
 - the choice of policy instruments (Hood, 1986; Salamon, 1989; Linder & Peters, 1989; Howlett & Ramesh, 1995)
 - The links between problem and policy streams as they influence instrument choice
- With policy design outline and criteria (Howlett, 2011)
 - Arts-based Entrepreneurship

The Arts-based Entrepreneur model has potential to be a “tributary stream” to other policy and problem streams, such as

- Creative and cultural industries
- Creative cities (Landry, 2000; Scott, 2000) & Capitals of Culture (Palmer & Richards, 2007; Coqliandro, 2001)
- Artisan model of Small business development (Heying, 2010)
- The Competition State (Cerny, 1997)
- Career Development thru “crossover” (Markusen, 2006); career portfolios (Ball, Pollack & Stanley, 2010); “boundaryless careers” (Arthurs & Rousseau, 1996)
- Arts entrepreneurship (Birley, 1986; HKU, 2010; Ageson, 2008 & 2010; Beckman, 2010)
- Creative Class (Florida, 2002)

Industrial-Welfare State Assumptions	Cultural Policy Assumptions of the US Patron State
Late 19 th c. ~ Post World War II	1966-1996
Mass production / Mass consumption	Increasing artistic production/Expanding public access
Firm/Corporation/Organizational model with division of labor	501c3 NPO model with increasing specialization and professionalization of labor
Bottom line: Profit and efficiency	Bottom line: Artistic vitality and organizational sustainability and accessibility
Info flows “up the chain of command”	Drive to institutionalization, isomorphism focusing on best practices & professional management
Advantage from increasing scale or scope of operation	Growth mode: Budget, programming, audience, diversity
Market failure of knowledge endeavors	Subsidy/Patronage/Leverage in response to market failure

New Economy State Assumptions	Potential New Cultural Policy Assumptions
Decentralization	Entrepreneurial
Networked forms of organizations; ecology & network of multitasking individuals	Industry clusters, diversification within organizations, niche among organizations, micro-enterprises
Rise of knowledge and service economy	Rise of creative class
Flexible specialization & artisan economy model	Arts-based specialization and authenticity
Rediscovery of importance of places	Renewed emphasis on local lifestyle and culture in creative cities
Breakdown of the welfare state consensus	Breakdown of subsidy consensus; Voluntary sector failure (Salamon, 1983)
Corporate social responsibility bottom line; emphasis on moral economy	Emphasis on public value
Emergence of the competition state (Cerny, 1997)	Creative & Cultural industries perspective

Comparing IWS policy models

Traditional Artist Support Model	Arts Organization Support Model
<ul style="list-style-type: none"> • Subsidy assumption 	<ul style="list-style-type: none"> • Subsidy assumption based on market failure and leverage assumptions presumed on philanthropic insufficiency
<ul style="list-style-type: none"> • Buy time for creative work, both directed and free style 	<ul style="list-style-type: none"> • Financial support for organizational operations via projects
<ul style="list-style-type: none"> • Emphasis on validation and material conditions • Focus on creative development of individuals 	<ul style="list-style-type: none"> • Focus on both artistic development and development of organizational capacity • Focus on organizational proliferation and field development • Special initiatives for under-institutionalized disciplines where seeding organizational capacity was needed e.g.) literature, folk arts, expansion arts as well as in development of intergovernmental partners at the state and local arts agencies
<ul style="list-style-type: none"> • Facilitate artistic productivity (or creative capacity) rather than operational capacity of artists 	<ul style="list-style-type: none"> • Over time many Programs had categories specifically for organizational development and support for professional management (including Challenge and Advancement Programs)
<ul style="list-style-type: none"> • Sense of professionalism linked to artwork portfolio, reputation, and unique character 	<ul style="list-style-type: none"> • Sense of professionalism linked to artistic excellence, organizational capacity, and field norms
<ul style="list-style-type: none"> • Less emphasis on audience/market development 	<ul style="list-style-type: none"> • Strong emphasis on organizational capacity building in audience development and marketing, fundraising capacity, and strategic planning

Investing in Creativity (2003)

- To expand our thinking about what mechanisms interact to create a hospitable – or inhospitable – environment of support
- Six elements:
 - Validation
 - Demand/markets
 - Material supports

} Old Economy

 - Training and professional development
 - Communities and networks
 - information

} New Economy
- Begins to question the IWS model

Types of Creative Risk

- Uncertainty in Creation
- Uncertainty in Consumption
- Risk in Career

- *(original)* a person skilled in an applied art; a craftsperson, a person or company that makes a high-quality, and distinctive product in small quantities, usually by hand and using traditional methods.
- *(recent)* a person who brings professional skills and ideas to the practice of creation in an entrepreneurial manner, conducted in flexible, informal structures, and on a small production scale.

someone who assumes the risk of identifying an opportunity to do something new and finds an innovative way of taking advantage of that opportunity without assurance of success

(Birley, 1986; HKU, 2010)

An entrepreneur who practices at the scale of an artisan developing creative and cultural ideas, products, and services.

- *Creative Entrepreneurs*
- *Cultural Entrepreneurs*
- *Arts-based Social Entrepreneurs*
- *Project-oriented Entrepreneurs within an Arts Organization*
- *Commercial Arts Entrepreneurs*

Creative Entrepreneurship Projects

- **Foundation Initiatives**
 - Creative Capital
 - Center for Cultural Innovation
- **Local Projects**
 - San Jose Creative Entrepreneur Project
 - Build Your Own Business Program by Queens Council on the Arts
 - Chicago Artists Coalition

- Artisan Centers
- NEA Appalachian Creative Economy Conference
- New Mexico Native American Artisan Trail

# of Employees	# of Arts Businesses	Cumulative # of Arts Businesses	Percentage	Cumulative Percentage
All firms	1498	1498	100%	100%
0	51	51	3.40%	3.40%
1	675	726	45.06%	48.46%
2	293	1019	19.56%	68.02%
3	110	1129	7.34%	75.36%
4	64	1193	4.27%	79.63%
5	91	1284	4%	83.63%
Above 5	214	1498	16.37%	100%

The Number of Arts Organizations in Columbus with Less than Five Employees

Types of Arts-based Micro-enterprises

- Individual Arts-based Entrepreneur
e.g.) One-man band
- Informal Arts-based Micro-enterprise
e.g.) Community artist collective
- Micro Ensemble
e.g.) Small ensemble theatre

Findings from the Columbus Study

- Trade off of monetary compensation for artistic satisfaction
- Close relations with audiences/patrons/volunteer workers
- Densely networked locally
- Mobilization of resources via Bricolage
- Learning community, flexible specialization, and development of diverse skillsets
- Second jobs in arts-related activities; shift from self-subsidization to creative cross-fertilization

Policy Challenges: Structural Eligibility

If artists are regarded as micro-enterprises, must they be 501(c)3?

Policy Challenges: Capacity Building

How can the business know-how and organization capacity of arts-based microenterprises be enhanced?

What can we learn from building organizational capacity and creative city development efforts?

How can arts-based micro-enterprises be better prepared to operate in the networked environment and the digital era?

A Crucial Political Challenge

How can the arts policy community become comfortable with challenging the assumptions of the Industrial-Welfare State/Patron State?

How can arts policy community be more innovative and creative in shaping future of the emerging new economy and competition state?

Thank You

