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Entrepreneurship, cultural cluster and the evolution of creative city atmospheres: The case study of design industries in Taipei

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Abstract

Entrepreneurship is a crucial dynamic not only driving clustering of cultural/creative industries but also fostering the evolution of creative city atmospheres. Existing research of local cultural entrepreneurship have more focused on organizational and management practice of cultural industry in western experience, rather than less concentrated on the socio-spatial dynamics of cultural entrepreneurship as the evolution mechanism of creative city atmospheres in an Asia context. While the clustering of Taipei's creative design industries become a driving force of creative city atmospheres, what is the socio-spatial dynamics of entrepreneurship in a creative cluster? This article contributes exploring the socio-spatial dynamic relationship between entrepreneurship and the evolution of creative city atmospheres by case study of Taipei's design industry system. In order to examine this issue, this article draws on the evolutionary economic geography perspective to explore the market, socio-institutional, and spatial dimensions of creative design industries, which contributed to the emergence of entrepreneurship as key mechanisms driving the evolution of creative city atmospheres. In collusion, this article will explore the concept and socio-spatial nature of cultural entrepreneurship in contemporary Taipei's design economy. Meanwhile, I will argue three dimensions of local cultural entrepreneurship as the evolutionary dynamics of creative city atmospheres. This case study also has some implications on the planning of creative clusters and cultural projects

Keywords: entrepreneurship, evolution, cluster, creative city

Introduction

Entrepreneurship is a crucial dynamic not only driving clustering of cultural/creative industries but also fostering the evolution of creative city (Scott 2006). Current researchers are given attention to the relationship between spatial agglomeration and design creativity within the Western city context (Reimer, Pinch and Sunley 2008, Leslie and Rantisi 2006), the analysis on the development of design industry in the Asian city context remain less answered.

The case of creative design industry plays as a crucial sector which upgrades the economic development in Taiwan, while Taiwan's cultural industries have increasingly turned toward a new development path of post-industrial economy. The transformation of cultural industries influenced by the rise of global internet piracy then spurred a new growth on new form of cultural and creative entrepreneurship which embedded in Taipei's cultural industry cluster. Meanwhile, Taiwan government have been aware of the potentials of creative design industries and promote a localized creative city atmospheres by launching a national project, Creative Taiwan (Taiwan Executive Yuan 2002), and a city mega project, World Design Expo. The aim of promotion projects obviously attempted to position Taipei as a crucial creative place for production and consumption of creative product in an Asian city context. However, the strategic policy interventions in the promotion of creative city can not be effective to achieve the goal of promoting design industry without understanding the socio-spatial nature of cultural entrepreneurship. It is important to integrate the dynamics and entrepreneurial features of creative design industries into creative city atmospheres. Although many scholars have elaborated on the board research of entrepreneurship in the multi-disciplines (Henry 2007), less attention is given to the regional dimension of cultural entrepreneurship in relation to the clustering of creative design industries as the driving evolution force of creative city.

Taipei is a major location for design service and value-adding activities within the

Chinese-speaking region. It provides an interesting empirical base to explore what is the relationship between place and creative design industries in an emerging urban design economy. The use of case will further understand how creative entrepreneurship is constituted and sustained as an evolutionary dynamics of creative city atmospheres. The empirical case could generalize empirical contributions to compare other design cities and regions.

The paper is structured in four parts. First, this paper gives a critical review on the socio-spatial dynamics of cultural entrepreneurship. The second section explains the nature of cultural entrepreneurship in the design industry. The third section explains the socio-spatial dynamics of cultural entrepreneurship of creative design industry in Taipei. Finally, this paper summarizes the conclusion and policy implications.

The socio-spatial dynamics of cultural entrepreneurship: a critical review

The concept of entrepreneurship, from Schumpeter's (1936) viewpoint, is a new invention process which mobilizes new resource, new production process, and the use of new skills. Although many scholars have elaborated on the entrepreneurship, this concept remains an elusive concept and a board definition without a consensus. Various researchers continually examined different dimensions of entrepreneurship, such as the entrepreneurial motivation, the personal characters of entrepreneur, and behavioral nature of entrepreneurs in terms of micro-level analysis. Recently, the linkage between the entrepreneurship development of cultural industries and creative city atmospheres has gained increasing attention in academic and planning policy field. The creative entrepreneurship is an important linkage between cultural cluster and creative city atmospheres. Therefore, current research examines two approaches on the innovative and entrepreneurship of cultural industries and the development of creative city.

First, urban researchers stressed that the macro-level analysis of spatial

agglomeration is a prerequisite of product innovation in the cultural economy (Bassett, Griffiths and Smith 2002, Drake 2003, Scott 1999, Storper and Venables 2004). In this context, urban creative environment then become the key factor of attracting 'creative class' in the global mobile society (Florida 2002). That is because spatial agglomerations of cultural industries not only foster rapid organizational transactions of cultural production but also encourage face-to-face contacts of cultural workers to seek further collaboration which is a necessary condition for creative stimuli (Bathelt 2002, Bassett et al. 2002). In a cultural cluster, local embeddedness and untraded dependence of cultural industries has constituted a urban creative field (Scott 1999, Scott 2006) and collective 'local buzz' effect that underpin the emergence of innovation energies and creativity in the production innovation (Asheim 1999, Bathelt, Malmberg and Maskell 2004, Storper and Venables 2004, Benner 2003). However, cluster concept, as indicated by Pratt (2004), was based on the rationalist economic logics of individual business preferences rather than on the various specificities of cultural industries. The problem is that it is difficult to give an explanation of why do cultural firms constantly agglomerate in the contain cities by using the existing theoretical concept.

Second, the organizational innovation literatures focus on the micro-level analysis of organizational learning, beyond the urban agglomeration argument, is crucial for cultivating entrepreneurs' competences and generating firm routines, integrating diverse knowledge into creations of cultural production. This experience process of innovative product is a form of entrepreneurship. As some scholars argued the project-based 'creative ecology' was organized by a community network that explain the knowledge creation dynamics across different cities and industrial cluster (Wenger and Snyder 2000, Amin and Cohendet 2004, Coe and Bunnell 2003, Coe and Johns 2004). The transnational innovation of cultural product then is viewed as a complex mobilization process of firm competences and related industrial actors. The role of creative

entrepreneurship, such as collective behavior of searching novelty and cultivating innovative competence, had induced creative individuals to agglomerate at certain cities as well as fostered evolution of creative city atmospheres (Cole 2007, Bathelt and Graf 2008).

Cultural entrepreneurship is consisted of two socio-spatial organization of cultural industries: spatial cluster and project network. They are simultaneously crucial for the competitive advantage-building and product innovation (Maskell and Lorenzen 2004). As Scott indicates,

Creativity is not something that can be simply imported into the city on the backs of peripatetic computer hackers, skateboarders, gays, and assorted bohemians but must be organically developed through the complex interweaving of relations of production, work, and social life in specific urban contexts.

Beyond the rationalist concept of creativity, this article has developed two arguments to examine the socio-spatial dynamics of cultural entrepreneurship in a cultural industry cluster. First, the cultural industry entrepreneurship is a network mobilization of diverse industrial actors within the internal and external relationship of project-based organization. Second, spatial clustering of cultural industries can shape an entrepreneurship culture that facilitates the evolution of creative city atmospheres.

Analysis framework: an evolutionary economic geography perspective

The network and cluster are not mutually excluded. Instead, this paper argues an evolutionary perspective to understand the socio-spatial dynamics of cultural entrepreneurship. As Jeffcutt and Pratt indicated,

Creativity requires a context and organization. This is not to suggest creativity is all context. Whilst it is clear that some context and organization settings enable creativity to flourish, the truth must lie in a complex interaction of the two – which we may better think of as a duality rather than dualism. (Jeffcutt and Pratt 2002, p.226)

Obviously, this statement implies an evolutionary thinking of creativity and place

context. This article draws on evolutionary economic geography (Martin and Sunley 2006) in order to explore two arguments. Recently EEC has become a crucial approach to explore contemporary economic landscapes and innovation activities. Scholars have used the concepts of selection, variety and retention to explain the innovation and learning process of a creative cluster (Bathelt and Boggs 2003), and the organizational dynamics of innovation networks (Staber 2008). The benefit of evolutionary economic geography is better to explore the nature of cultural entrepreneurship which situated in the spatial context. This paper then draw this perspective to integrate two analysis units, firm's behaviour and environment, into an interactive relationship between industrial cluster and place's atmospheres. Using this framework, I try to identify current limits of conventional wisdom on the debate of entrepreneurship, cultural economy cluster and creative atmospheres. Meanwhile, I draw on EEC to explore three dimensions of cultural entrepreneurship, labeled as economic, socio-institutional, and material dimensions, become a dynamic of evolution of creative city atmosphere.

The research strategy

Following this analysis framework, I used qualitative methodology to analyze the entrepreneurship of the design production system in Taipei city as well as understanding the driving forces of evolution of creative city atmospheres. This article follows a process-based methodology to explore the socio-spatial dynamics of cultural entrepreneurship and evolutionary forces of creative atmospheres. This research strategy is constituted by two methods. First, tracking actor-network of design industries is the first step to understand the networking and organizational transaction between clients, project teams of design industries and suppliers. The author grounded at Taipei city in order to trace the actor-network of the design ecology and its client relationship. Through this process, the key informants of design industry network was contacted in order to explore what are the evolutionary forces of Taipei creative atmospheres, and

what is the socio-spatial dynamics of creative entrepreneurship? Second, the use of grounded theory is the way to conduct interpersonal interviewing as well as to collect the 'in-depth' viewpoint of design industries. The major issue of interview will focus entrepreneurial process and its socio-spatial dynamics of creative entrepreneurship and the evolution of creative city atmospheres.

The nature and particularities of local cultural entrepreneurship in Taipei's design industries

This article argue that the concept and nature of cultural entrepreneurship is a project-based entrepreneurial action as well as a dynamic process between mobilizing entrepreneurs' creative resources and selecting influences of urban environment. This process of entrepreneurial activities facilitates the emergence of innovation synergies. In this regard, cultural entrepreneurship is not only embedded in a cultural industry cluster but also become a driving force to evolve creative city atmospheres in contemporary urban cultural economy. This article indicated main features of cultural entrepreneurship as following:

- (1) Creative design industries are a non-linear and iterative entrepreneurial governance process due to the need of customization and differentiation.
- (2) Design companies conduct new projects, situated in an oversupply feature of local labor market, followed a reputation-based mobilization logic, to enroll creative workers
- (3) Interactive relationship of clients and design companies is important to innovation development of creative design industry. This emergence of cultural entrepreneurship is embedded in localized design ecology in Taipei.

The socio-spatial dynamics of cultural entrepreneurship of local design industry

1. Spatial dynamic of cultural entrepreneurship

The value of design industry in Taiwan is NT\$57.5 billions dollar (US\$1.91 billions). Taipei city is the major marketplace of design service and product. Local design companies are all most of SMEs due to the small market scale of Taiwan design. Figure 1 and Table 1 show the major location of creative industries in Taipei urban region. It implies that Taipei as a capital city of Taiwan could attract more cultural economy activities than other cities. This finding is similar to the empirical work of Pratt (1997) and Scott (1997) which emphasized the specialization and clustering of cultural industries in a primary city. However, the spatial proximity of design industries is different from the traditional thinking of industrial cluster which stress on the vertical and horizontal linkages between firms. Instead, local design companies are following a client-oriented and consumer-oriented commercial relationship that resulted in a spatial concentration on Taipei urban region. Local design companies could be benefited from this spatial context. There are two major effects emerged from this spatial context. First, the proximity effects of design industry are to track consumers as well as to discover the potential clients rather than to build collaboration relationships with other designers. Second, the temporary cluster of design companies, such as design events, is more important strategy for the product innovation and creativity stimulation, rather than seek to be located or to be embedded in an intensified linkage of industrial cluster.

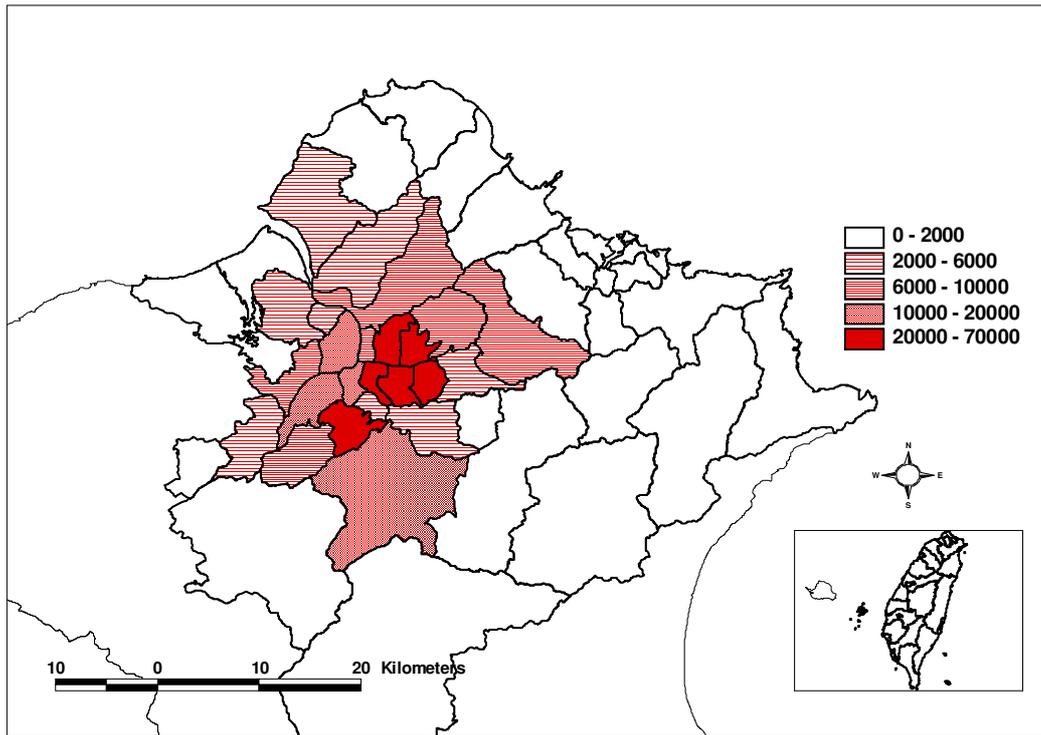


Figure 1 The major location of cultural industries in the Taipei urban region

Table 1 The Employment distributions of cultural industry

	Total	Location		
Advertising	31,094	Taipei 17,919 (57.63%)	Taipei County 3,319 (10.67%)	Taichung 2,184 (7.02%)
Firm	2,202	Taipei 1,754 (79.65%)	Taipei County 398 (18.07%)	Kaohsiung 47 (2.13%)
Media	30,925	Taipei 19,294 (62.39%)	Taipei County 2,409 (7.79%)	Kaohsiung 1,902 (6.15%)
Performing Art	2,300	Taipei 1,440 (62.61%)	Kaohsiung 174 (7.57%)	Taipei County 133 (5.78%)
Design	45,694	Taipei 24,381 (53.36%)	Taichung 4,058 (8.88%)	Taipei County 3,719 (8.14%)
Publishing	35,485	Taipei 27,667 (77.97%)	Taichung 3,206(9.03%)	Tainan 1,348(3.80%)
Music	4,140	Taipei 3,444 (83.19%)	Taipei County 495 (11.96%)	Kaohsiung 78 (1.88%)

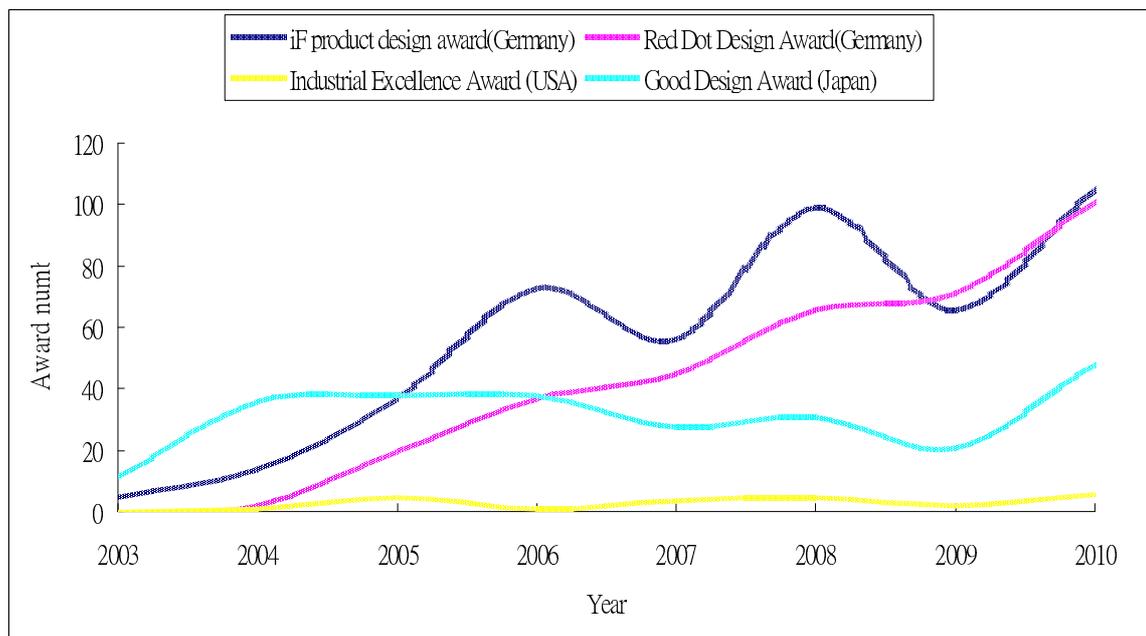
New Media	50,04 1	Taipei 33,831 (67.61%)	Taipei County 4,297 (8.59%)	Taichung 3,130 (6.25%)
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2.Social dynamic of cultural entrepreneurship

Due to the intangible design service and creativity, the design product and service are a quality-based production process which involved with diverse industrial actors, including designers, clients, distribution and marketing agencies, and intermediators. This qualified process of product is very dynamic rather than static. In order to qualify creative products and service, the role of reputation is a crucial factor to influence the enrollment of a designer into production innovation process as well as to promote their design product. As Christopherson (2002) noted, ‘who you know matters equally as much as what you know.’ Due to the needs of reputation, local designers and companies are located in Taipei urban region in order to access gatekeeper and to gain professional reputation through participating field configuring events, such designer week, festival, creative marketplace. This social interactions of design community are crucial for maintaining individual career development and position because you have to be good as last work (Blair 2001).

Compared to Western city context, the role of state actively plays as an intermediary to provide subsidies for local design companies to participate international design award. Figure 2 show the growth of Taipei’s design industries are increasingly recognized as a crucial design place by international design organization. This figure has two implications. First, centre government adopt an ‘inside-out’ strategy to extend Taipei’s marketplace by promoting their design products in Greater China and encourage export local design service and products by attending Cultural/Creative Industry Expo in Shanghai and Nanjing. Second, centre government adopt a ‘outside-in’ strategy to promote local entrepreneurship in order to create an image of design capital by

increasing opportunities for local design companies to winning the international award. This strategy obviously shows that the Taipei's design industries are the export-oriented sector which much relies on the international visibility in order to gain international client. Compared to self-organization of design companies, the state is much important role to promote the international visibility of design industries.



Source: National Council of Cultural Affairs (2011)

Conclusions:

The role of creative entrepreneurship becomes the crucial mechanism in the evolution of creative city atmospheres. This paper identifies three dimensions of dynamics in a creative cluster and atmospheres.

(1) The economic dimension: the role of consumer and client

Identifying the opportunity of niche market is the factor to drive entrepreneurship of creative design industries. Then entrepreneur have to explore the dynamics of market relationship in order to maintain innovation development of design industries in Taipei.

Composed to the economic logic of mass production, the decision-making and innovation process of creative design production is a recurring process of qualification and re-qualification by various creative gatekeepers, consumers and industrial actors. This innovation of design industries is an outcome of non-linear and interactive relationship between creative designers and consumers. Especially, the role of product qualities involved with collaborations between design producers and consumers is crucial economic dimension of firms which recognized and experienced by consumers and clients. In this regard, creative designers is not a 'lonely artist,' rather that a creative entrepreneur which integrate consumer's demand into product. As Grabher et al., (2008) also indicated that consumers would be active involved in the innovation process of cultural products through various channels. As one entrepreneur of design companies commented the nature of design industries is to give clients an image of resolution capacity which maintains clients' demand. Meanwhile client's idea is a crucial push to stimulate creativity of design product. Under the emerging quality-based competition, the entrepreneurship of design industries has not only reconfigured the dual relationship between designers and clients, consumers but also recognized the new development model by encourage strategic collaboration between designers and local consumers.

(2)The social-institutional dimension: reputation and temporary cluster

The social interactions of creative design communities, local governments, and creative industries would generate the institutional-building of art or economic evaluation on artists and related creative workers. These institutions would be able to evaluate the qualities of cultural product but also play as an intermediary role to help connect the artistic creativity with economic exploitation. As Amin and Thrift(2002) argue a concept of 'light institution', like chart show, artistic award, events, conference, is not only crucial for core business development of creative design industries but is advantageous for tracking opportunities,' The events is important for the accumulation

of reputation capital in terms of Taipei's design companies. This is because a periodic regional gathering becomes a crucial entrepreneurial site to urge entrepreneurial actions through social interactions of creative designers. The design events also help creative entrepreneurs collect global market information of design product and manage global clients' relationship. This institutional infrastructure therefore is important to support cultural entrepreneurship in Taipei, since it provided a temporary cluster for creative designers with innovation inspiration as well as a help them seek clients abroad and diffuse their reputation.

(3) The material dimension

The various urban physical spaces also have played a creative intermediary role supported the unintentional interactions and networking of creative designers and related workers. Large cities then are not a simple container of cultural creativity, rather than an active participant in shaping a creative production. Urban landscapes such as street landscape, studio and cultural venues, have become the innovative elements integrated into parts of the innovative and creative source of design industries. This is because creative designers will routinely source local creativity through participating in diverse cultural and creative events in Taipei. Meanwhile The cluster development of design industries will help individual workers to access gatekeepers and manage risks in an unruly process of innovation production Thus city itself has become as an intermediary platforms of creativity where cultural industries are located as well as a spatial ensemble of diversity, tolerant and reflective field which stimulate the emergence of creative synergies.

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