



**A Comparative Analysis of the Creative
Ecology of Cultural and Creative
Industries in UK and the Southern
European Countries: Lace Market versus
Portugal, Spain and Greece**

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INTRODUCTION

The unique ecology of Nottingham's creative industry sector was the inspiration for CINET, the creative industries network funded by the EU's Leonardo programme.

CINET is a Leonardo da Vinci Transfer of Innovation Project funded by the European Union which brings together creative industry clusters in Nottingham, Greece, Portugal and Spain. Its aim is to facilitate shared learning amongst entrepreneurs and to promote entrepreneurship in the Cultural and Creative Industries (CCIs) by developing the conditions for learning and collaborative advantage within small firm clusters.

CINET started with an analysis of Nottingham's creative ecology, not to provide a blueprint for other countries but as a generative resource to stimulate new thinking and innovative ways of supporting entrepreneurs in one of Europe's increasingly important sectors.

Geographical clusters of creative enterprises such as that found in Nottingham's Lace Market can become learning networks where entrepreneurs share knowledge and experience with each other and build "collaborative advantage" by working together. Nottingham's experience also demonstrates the important role that institutional actors such as local authorities, universities and colleges, social entrepreneurs and places of cultural consumption can play in sustaining and growing a dynamic creative economy.

In addition to its account of Nottingham's creative ecology, this eBook includes analyses of the sector in Greece, Portugal and Spain as well as reflections from experiences gained during the CINET project. These provide valuable insights into the emergence of the creative sector in Southern Europe and the types of learning interventions that will both enhance the success of individual entrepreneurs and maximise their contribution to the wider economy.

CINET partners are: *Universidade Aberta*, Lisbon (Portugal); *UK WON* (UK Work Organisation Network); *Universitat Oberta de Catalunya*, Barcelona (Spain); *Kentro Erevnon Panepistimiou Pireos* - University of Piraeus Research Centre, Athens (Greece); *Association for Education and Sustainable Development* (Romania); *DNA*, Cascais (Portugal); *Media Deals Association* (France)

We are deeply indebted to all the creative industry entrepreneurs and other stakeholders who gave up their very precious time to contribute to this report.

For more information about CINET please visit the website: <http://cinet.eu.uab.pt/>

José António Porfírio

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1. THE EU PERSPECTIVE: STIMULATING ENTREPRENEURSHIP IN EUROPE'S CULTURAL AND CREATIVE INDUSTRIES

Juliane Schulze and Alessandra Meloni, Media Deals (Coordinators)

Europe is widely depicted as the cradle of cultural heritage and the highest example of cultural diversity. Such asset has been even more recognised in recent years, when Europe has faced macro-economic challenges like the financial crisis and the stronger socio-economical competition in an increasingly globalised world.

The Europe 2020 Strategy¹ highlighted the need for Europe to rely upon such intrinsic potential to confront the new societal challenges:

“Smart growth means strengthening knowledge and innovation as drivers of our future growth. This requires improving the quality of our education, strengthening our research performance, promoting innovation and knowledge transfer throughout the Union, making full use of information and communication technologies and ensuring that innovative ideas can be turned into new products and services that create growth, quality jobs and help address European and global societal challenges. But, to succeed, this must be combined with entrepreneurship, finance, and a focus on user needs and market opportunities.”²

Ultimately, the increasing focus on creativity & entrepreneurship has been seen as the major drive to foster a culture of innovation:

“The interface among creativity, culture, economics and technology, as expressed in the ability to create and circulate intellectual capital, has the potential to generate income, jobs and export earnings while at the same time promoting social inclusion, cultural diversity and human development. This is what the emerging creative economy has already begun to do as a leading component of economic growth, employment, trade, innovation and social cohesion in most advanced economies”³.

But what exactly are we referring to, when it comes to “creative and cultural industries”? At European level, the Green Paper published in 2010 took a quite broad approach to the "cultural industries". It included all industries producing and distributing goods or services which, at the time they are developed, are considered to have a specific attribute, use or purpose which embodies or conveys cultural expressions, irrespective of the commercial value they may have. Besides the traditional arts sectors (performing arts, visual arts, cultural heritage – including the public sector), they include film, DVD and video, television and radio, video games, new media, music, books and press.

¹EC Communication, (March 2010b), Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth, COM (2010) p. 7

² Ibid, p.10

³ UNCTAD, (2008), The Creative Economy, UNCTAD/DITC/2008/2 , p. iii

Creative and Cultural Industries: the 12 sub sectors

- **Advertising**
- **Architecture**
- **Art Objects** – glass, ceramics, cutlery, crafts, jewellery
- **Broadcast Media**
- **Design** – fashion design, graphic design, interior design, product design
- **Film**
- **Fine Arts** – literary, visual, and performing arts
- **Games Software, New Media**
- **Libraries, Museums, Heritage**
- **Music**
- **Photography**
- **Print Media** – books and press

"Creative and cultural industries" (CCI) are those industries which use culture as an input and have a cultural dimension, although their outputs are mainly functional. They include architecture and design, which integrate creative elements into wider processes, as well as subsectors such as graphic design, fashion design or advertising".⁴

Faced with the change of context given by the increasingly relevant deployment of technology at all level of production, distribution and consumption, the CCIs have proven to play a major role in the economies of Europe, contributing to the competitiveness and growth of countries as a whole. Over the last four years, the European Union has clearly formulated the socio-economic relevance of the cultural and creative industries. A major study carried out in 2012 proved that the CCI account for 4.5% of GDP and employs 8.5 million people (nearly 4% of total employment).⁵ Notably, these figures could be even higher when considering the strong impact that the CCI have on innovation in other sectors⁶, triggering many spillover effects. Below graph describes the necessary measures governments need to take in order to create the right preconditions for the CCI, highlighting essential support programmes for strengthening the creative enterprises with the final objective of enabling spillover effects with other sectors to increase innovation and competitiveness in numerous European key industries.

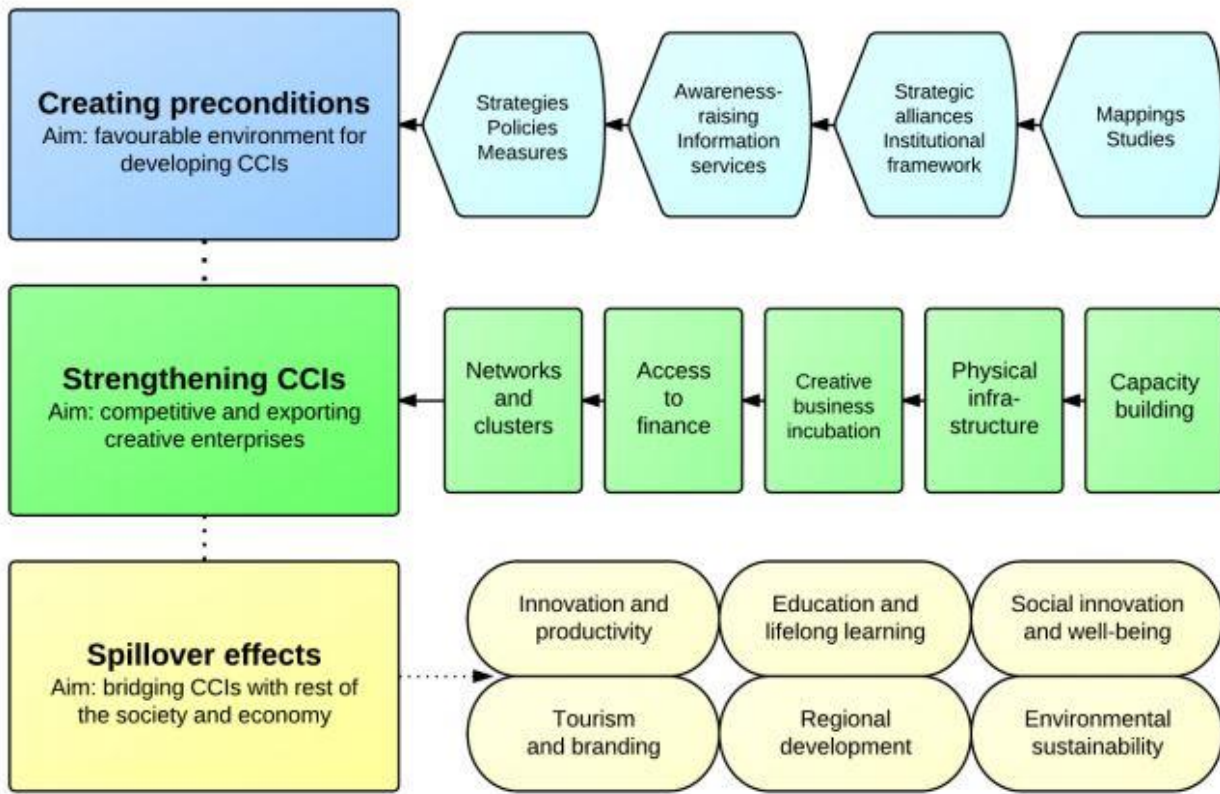
⁴ EC Green Paper, (April 2010), Unlocking the Potential of Cultural and Creative Industries, COM (2010) 18

⁵ Building a Digital Economy: The Importance of Saving Jobs in the EU's Creative Industries, March 2010. Download the full report at <http://bookshop.europa.eu/en/european-competitiveness-report-2010-pbNBAK10001/> Additional info at <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52012DC0537>

⁶ The link between innovation and creativity is now widely recognised. See for instance http://ec.europa.eu/research/innovation-union/pdf/competitiveness_report_2013.pdf

Framework for developing Cultural and Creative Industries (CCIs)

EU OMC Working Group on CCIs, 2012



Source: *How can cultural and creative industries contribute to economic transformation through smart specialisation? A policy handbook*. European Commission, Brussels 2012. Available at http://ec.europa.eu/culture/policy/strategic-framework/documents/structural-funds-handbook_en.pdf

Given that entrepreneurial skills and innovative approaches are regarded as crucial factors for success in business,⁷ the European Union now specifically supports entrepreneurship in the cultural and creative industries through a series of programmes and structural schemes active at local, regional and national level aimed at encouraging entrepreneurs to set up firms as well as to raise awareness about the risks and opportunities connected to such ventures. The most important EU Programmes focusing on sustaining the competitiveness of the business community in the CCI are listed below:

⁷ Lately, EU policy paid a great deal of attention to entrepreneurship as stated in the ENTREPRENEURSHIP 2020 ACTION PLAN composed in 2012. Full document and more info at http://ec.europa.eu/enterprise/policies/sme/entrepreneurship-2020/index_en.htm

Overview of current EU programmes supporting enterprises in the cultural and creative industries and beyond:

1. Horizon 2020

- Startup Europe
- SME Instrument

2. Creative Europe

- The Culture Sub-Programme
- The MEDIA Sub-Programme
- Creative Europe Loan Guarantee Facility

3. European Regional Development Fund & European Social Fund (ESF)

4. Europe Creative Industries Alliance (ECIA)

These programmes are briefly described in the following paragraphs.

1. Horizon 2020 : Startup Europe - Digital and Web Entrepreneurship:

H2020 is the major funding opportunity for research and innovation in Europe. Between 2014 and 2020 €80 billion of funding will be made available to support research, innovation and business competitiveness with the precise scope to ‘create an innovation friendly environment’ in EU, in which new products and services are developed, leading to jobs and growth.⁸ The programme covers the following broad strands:

- A) Excellent Science: scientific research, career development and training of researchers (*€24.441 billion - 31,73% of total budget*)
- B) Industrial Leadership. This is based around six sub-programmes, including communication technologies (ICT); (*17.16 million € - 22,09% of total budget*)
- C) Better Society: these tackle solutions to ‘societal challenges’ – major social and economic problems such as health, energy, environment and security (*€29.679 billion - 38,53% of total budget*)
- D) Other horizontal activities.

H2020 has a twofold structure:

- I. An ongoing programme of funding calls addressing specific topics. Each call is usually articulated in different actions: Research, Innovation and Coordination & Support. For the creative and knowledge industries, the major funding calls are to be found under the ICT sub-programme of Industrial Leadership.
- II. H2020 includes also **The SME Instrument**, an ongoing fund (worth €3bn up until 2020) for EU-based early stage small and medium sized enterprises (i.e. fewer than 250 employees) “to accelerate the exploitation of innovation” and help them to grow and expand their activities into countries.

Within H2020 the main EU initiative for supporting entrepreneurship in the cultural and creative industries is **Startup Europe** - a set of actions and projects designed to reinforce the existing business ecosystem of web and ICT entrepreneurs.

⁸ <http://addict.pt/wp-content/uploads/2014/05/ECBN-2014-A-Guide-to-Horizon-2020-Funding-for-the-Creative-Industries.pdf>

The project attempts to respond to the lack of a pan-European, truly international structure to support new businesses in the creative Industries. Such initiatives, although different in scope and focus, are equally inspired by a view of entrepreneurship as a valuable, fresh innovation driver for the economy. Startup Europe is segmented in the following sub-programmes:

Education & Skills

In March 2013 the Commission launched the [Grand Coalition for Digital Jobs](#): a “multi-stakeholder partnership that endeavours to facilitate collaboration among business and education providers, public and private actors to take action attracting young people into ICT education, and to retrain unemployed people.”

Today, the Grand Coalition is the largest collaborative effort in Europe aimed at offering more ICT training co-designed with the industry, and to implement job placements and empower the digital structure at educational level so to foster ICT awareness and competencies across several fields.

More than 80 stakeholders, amongst which big technological corporation like Adobe, BBC, Accenture, Cisco, smaller enterprises and NGOs have made pledges, that is concrete commitments to act to reduce digital skills gaps. Citizens can track the [pledge results online](#) and smaller coalitions are also active at [national level](#).

[The Open Education Challenge](#) is specifically addressed to companies. Launched in 2014 as a competition to identify and select the most promising European start-ups in the education sector, the Challenge supports them with a significant seed funding (up to €20,000 upon joining the Incubator in return for 6% stakes in the company) to help them expand their activities at continental level. The initiative aims at encouraging the use, study and development of IT in schools.

Additionally [The Startup Roadshow](#) provides young ICT entrepreneurs with workshops across 10 European cities to foster the importance of IT from a transnational perspective. Finally [The EU Code Week](#) operates in a similar direction, allowing people of all ages to familiarise themselves with and engage in coding, and where IT developers and coders meet to exchange knowledge.

Talent

This sub-programme underlines the importance of young entrepreneurs by awarding scholarships and research grants as well as organising events to assist emerging talent in the field.

[The Marie Skłodowska-Curie Fellowships](#) - the famous EU funding scheme for supporting academic and practical research across a wide array of disciplines - support researchers at all stages of their careers, both with direct funding and by offering work experiences abroad both in the public or private sectors. The scheme supports individuals at different career stages with different opportunities according to the field of research and the degree of advancement. The opportunities are posted on the official website and are updated on a regular basis.

In addition, since 2010, [The EIT ICT Labs](#), part of the European Institute of Innovation and Technology (EIT), has consistently mobilised talent, ideas, technologies, investments and business across Europe and beyond to create a transnational community around the most significant outcomes in the field of ICT innovation “for economic growth and quality of life”.⁹ The initiative works across Innovation and

⁹ In addition, [Women In ICT](#) is the section of Startup Europe specifically addressing women in the sector. Connected to the Facebook page [Every Girl Digital](#), the initiative addresses the disconcerting statistic that “30%

Education for individuals, research institutes, public bodies and businesses with a set of sub-programmes articulated into the so-called “action lines”:

- 8 action lines for innovation (Future Network Solutions, Future Cloud, Privacy Security & Trust, Health & Wellbeing, Smart Energy Systems, Urban Life & Mobility, Cyber-Physical Systems, and Smart Spaces);
- 3 action lines / schemes for Education (**Master, Doctoral and Professional schools**) to educate the IT entrepreneurs of tomorrow via online and offline lessons.

Within the programme, information technology start-ups can apply to **Idea Challenge**, the largest European start-up contest in information technology which awards the best start-up with money prizes up to €40,000 and the chance to be part of their Business Development Accelerator (**BDA**).

Another programme specifically addressed to young people is **Erasmus for Young Entrepreneurs**, a programme allowing talented young entrepreneurs to spend a period of time in another participating country, working with chosen experienced entrepreneurs. The European Commission covers travel, subsistence and accommodation costs in partnership with the hosting firm. The initiative values cultural exchange as a fruitful occasion for both parties to learn and share expertise, contributing to transnational mobility and diversity.

Interesting training opportunities and consistent funding is also offered by the **European Pioneers** accelerator programme which regularly selects European start-ups and provides them with 8 months of mentoring activities plus some equity-free funding ranging from €50,000 to €250,000 per project depending on business model, current status and financial needs.

Finally, competitions like **Tech All Stars** are aimed at celebrating and rewarding the most promising European web entrepreneurs with funding and further learning opportunities, especially by offering participation to international investment forums.

Capital

To accomplish the goal of helping European entrepreneurs start their businesses in Europe and to stay in Europe once their businesses are set up, Startup Europe also organises several activities in the field of capital in order to radically increase the funding opportunities for individuals and companies.

Along with the aforementioned **SME Instrument**, SMEs can also benefit from the **COSME Programme**, the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 to 2020 with a planned budget of €2.3bn. COSME will support SMEs in improving access to market and finance. More early stage companies can apply to the **FET Open Calls**, which acts for the enhancement of competitiveness and sustainability in the European market.

Additionally the Commission invites promising and competitive SMEs to apply for participation in the **Eurostars Programme**, a transnational funding scheme partly backed by national funds and partly supported by the European Union for a total of € 1.14 billion. The Eurostars-2 application system is now open¹⁰.

of the around 7 million people working in the information and communication technology (ICT) sector are women” (see <http://ec.europa.eu/digital-agenda/en/women-ict>)

¹⁰ The cut-off deadline is 18 February 2016 at 20:00 Brussels time.

In the same context, this sub-programme values the importance of “networking” processes with particular emphasis on crowdfunding and other collaborative methods of finance.

Whilst **The Enterprise Europe Network** and **The Small Business Portal (DG ENTR)** are mainly online portals to facilitate the access to the above-mentioned funding opportunities, initiatives like **The Accelerator Assembly** give entrepreneurs the opportunity to be part of a solid industry-led network and to meet online through an interactive platform as well as in on-site gatherings, providing a diverse range of event programmes and workshops.

With the aim of deepening the understanding of relatively new trends in the start-up world such as crowdfunding finance and the increasingly common practice of co-working, Startup Europe set up three activities: The Crowdfunding Network, The Co-working Assembly and The Web Investors Forum. The **Crowdfunding Network** and **The Co-working Assembly** are communities based on an institutional, European platform that helps to promote and establish these alternative and attractive practices. On the investors’ side, **The SEP Investors Forum** aims to provide a cohesive community of financiers of web and mobile tech enterprises to strengthen the European investment ecosystem.

Leadership

Startup Europe is committed to celebrating successful entrepreneurs, companies and innovation in order to foster best practices and inspire growth through the initiatives under the umbrella of *Leadership*, for instance with the campaign for entrepreneurial excellence **Startup Manifesto**¹¹ supported by the nine most successful European tech entrepreneurs as main expression of a movement aimed at connecting education, start-up communities and investors.

Support

Under the label of *Support*, there is both the online platform **Your Europe** and the guideline pack **Solvit**, two online tools to help guide entrepreneurs through the various EU institutions and to generally facilitate the process of setting up a business in every European country.

2. Creative Europe – Culture And Media Sector

As mentioned before, the umbrella programme Creative Europe is divided in three sub-programmes:

The Culture Sub-Programme

The MEDIA Sub-Programme

Creative Europe Loan Guarantee Facility

Creative Europe is the European Commission's framework programme for specifically supporting and promoting growth in the culture and media sectors. Based in the EC’s Education and Culture Directorate, the programme is designed to strategically reinforce and boost the creation of creative and cultural enterprises. Creative Europe funding is open to creative industries and cultural organisations (rather than individual artists) across the EU, with funding programmes that support them operate across Europe, to reach new audiences and to develop the skills needed in the digital age.

¹¹ For other leadership-related events see: <http://ec.europa.eu/digital-agenda/en/leadership>

The funding programme appreciates and promotes the creative and cultural sector as a fundamental driver and as an important trigger of business growth in local economies. Creative Europe's focus in the period of 2014-2020 specifically lies in enhancing the sector's competitiveness and cultural diversity. A total budget of €1.46 billion has been invested in the programme, which is structured in three sub-programmes: *Culture, MEDIA, and Cross-Sectorial*.

Firstly **The Culture Sub-Programme** (31% of the budget) was set up to reinforce and promote the cultural sector by helping emerging talents and supporting existing creative projects in the fields of literature, visual and performing art.

More specifically, the opportunities provided by The Culture Sub-Programme encourage transnational cooperation between different countries mainly through the creation of networks and platforms where artists and professionals can promote their work and share their expertise.

Secondly **The MEDIA Sub-Programme** (56% of the total budget) deals especially with distribution and training schemes for the audio-visual sector (film, music, videogames and transmedia).

Finally, **The Cross-Sectoral Strand** (13% budget) is a sub-programme created for the main purpose of establishing the **Loan Guarantee Facility for SMEs in the creative industries**, operative from 2016. Creative Europe will allocate €121 million to fund the guarantee, expected to yield more than €750 million in affordable loans.¹² This Guarantee Facility will facilitate access to finance for SMEs in the cultural and creative sectors and, furthermore, will improve the capacity of participating financial intermediaries to assess the risks associated with small creative ventures through technical assistance, knowledge-building and networking measures.

In addition, the strand serves the purpose of enhancing transnational policy cooperation and establishing a network of **Creative Europe Desks**, the local agencies offering help to applicants across Europe.

3. European Regional Development Fund & European Social Fund (ESF)

SMEs and different kind of organisations, including creative and cultural ones, have the chance to obtain funds through the **European Regional Fund** and the **European Social Fund**. Both tools are designed to encourage and develop ventures and initiatives in the so-called disadvantaged localities or for under-represented social groups with the goal of mitigating the consequences of the current economic crisis by lowering unemployment and improving job opportunities for economic growth.

4. Europe Creative Industries Alliance (ECIA) - Better Policy For The CCI

The Europe Creative Industries Alliance is a policy initiative designed to boost the growth of companies in the CCI across Europe. Inspired by a core view of the creative industries as "a driver for competitiveness, job creation and structural change"¹³, ECIA combines policy learning with eight specific actions aimed at supporting the creative sector's development and growth by effectively streamlining national and international policies. The ECIA initiative was launched in Milan during the Innovation Festival 2012 by the European Commission's Directorate-General for Enterprise and Industry with €6.75 million available for support.

¹² For more information about the upcoming Loan Guarantee Facility see http://ec.europa.eu/culture/opportunities/cross-sector-support/index_en.htm

¹³ See <http://www.eciaplatform.eu>

Twenty-eight partner organisations and twelve countries are represented in the ECIA along with policy makers and business supporters whose overall aim is to consistently improve the CCI's access to finance, to increase cluster excellence and cooperation and, finally, to value the CCI's role in stimulating innovation in Europe's businesses.

**THE ECOLOGY OF CREATIVE ENTREPRENEURSHIP
IN THREE SOUTHERN EUROPEAN COUNTRIES**

2.1 ECONOMIC, SOCIAL AND CULTURAL FACTORS FOR NEW ENTERPRISES IN GREECE

Joseph Hassid and Popi Christopoulou, University of Piraeus Research Centre (Coordinators)

Greece has historically shown high levels of self-employment, new venture creation, high “entrepreneurial intention” and preference for self-employment over working for someone else. Recent evidence supports the view that this trend, despite recent economic crisis conditions, continues.

Greece is one of just four countries in the EU15 group for which self-employment is a preferred career and the only country where this preferential trend is growing (Gallop: 2007, p7). It is also included in (another) group of four countries, this time from the EU25 region, where entrepreneurs are perceived to have higher social status than business managers (2007, p. 7). And (again for the EU 25 region), the country ranked fourth in terms of rate of increase in those reporting a preference for self-employment over dependent employment, (Gallop, 2007, p. 53). Greece (33%) comes second only to Iceland (35%), out of all EU25 countries, in the proportion of those who report prior entrepreneurial experiences (Gallop, Hungary 2007, p. 58: EU25 average: 23%). Iceland (17%) and Greece (16%) also top the EU25 rankings for respondents who are established entrepreneurs, reporting that “set up or took over a business more than three years ago or over three years ago” (Gallop, Hungary 2007, p. 60).¹⁴

Eurobarometer (Greece, 2007) found that almost two thirds of the entrepreneurs are “push” entrepreneurs, having created their business out of necessity rather than as a response to emerging, existing or even perceived opportunities. Thus such entrepreneurs are considered to have a low-risk tolerance. It was also found that Greece has the highest percentage of second-generation entrepreneurs (at least one parent is or was self-employed).

Greeks entrepreneurs appear very confident of their knowledge and skills but, at the same time, they are “world champions” in their “fear of failure” factor, as seven out of ten admit that this fear of failure might prevent them from starting a business, one of the highest percentages world-wide. Furthermore, media coverage of entrepreneurial success stories is limited and in most cases an entrepreneur is seen as a “manipulator of the market”.¹⁵

In the specific case of young Greek men and women, the great increase in youth unemployment rates and the decrease in the likelihood of securing a job position (mainly in the country’s public sector), has motivated young people to consider starting up a new business, as a way out of unemployment. It should be mentioned that youth unemployment rate increased by 68%, from 2010 to 2012. Prior to the economic crisis, employment rates for young people were already low, by both European and national standards and unemployment rates fluctuated at levels far above adult unemployment rates.

For women, unemployment affects them more than men, which in turn drives higher rates of women to engage in entrepreneurial activity in order to support their family’s income.²²

Main obstacles to entrepreneurial activity.

One of the biggest problems for entrepreneurs in Greece is that, while they may have great ideas, getting them off the ground can be extremely difficult. In fact, many aspiring entrepreneurs are

¹⁴ *The comparative perceived desirability and feasibility of entrepreneurship within Greek schools.* Sarah Drakopoulou Dodd, Alexis Komselis, Joseph Hassid, SPOUDAI, Vol. 59, No 1-2, (2009), University of Piraeus, pp. 38-56 .

¹⁵ GEM report- Entrepreneurship in Greece 2011-12 «The Development of Entrepreneurship Indicators during the Crisis».

discouraged to proceed with their plans or even put off completely by bureaucracy, corruption in the public administration and difficulties in securing funding through bank loans.

Greece has the lowest performance, as regards the financial support for entrepreneurship and the availability of government programmes intended to support entrepreneurial activities. Also, the general framework of national policies and legislation is evaluated negatively. In 2010 and 2011, three out of four “early-stage” entrepreneurs believed that the difficulties to start a new business had increased compared to the previous year. However, it is worth noting that these increased difficulties to start a business did not discourage these individuals from doing so. The barriers to growth of a new business seem to decrease from year to year. Views about entrepreneurship, before and after the recession are especially negative between 2009 and 2010, i.e. the first years of the crisis. Potential entrepreneurs seek to exploit potential opportunities once the conditions get better.

How are the “learning journeys” of entrepreneurs supported?

Until very recently it was quite unusual for those interested in setting up a new business to attend some kind of training, including either formal classes on entrepreneurship (available mostly as electives) within its education system (secondary education or HEI), or ad hoc training provided by training providers and supported through public funding (in most cases in the context of European programmes).

Lessons or tutorials related to entrepreneurial studies have not yet been systematically introduced in primary or secondary Greek schools. Nevertheless, some courses referring to organisation and business administration, economics and accounting have been incorporated in upper secondary schools’ curricula. At the same time, at lower secondary school level, notions related to business are included in the framework of technology lessons.

At University level, Economics or Business Administration University Departments as well as Schools of Engineering across the country have included in their studies programmes courses in Entrepreneurship. In the same context, a number of so-called “Innovation and Entrepreneurship Units” have been set up and operate within the National Strategic Reference Framework and in particular the Operational Program *Education and Lifelong Learning*. Their aim is to assist students in developing a positive attitude and mindset towards entrepreneurship by promoting innovation and entrepreneurship as an important employment perspective and providing knowledge about entrepreneurship. Furthermore, the development of students’ basic and specialised business skills/abilities, is intended. It should be mentioned however that these units, which started operating more than 5 years ago, are already hard hit by funding cuts and their sustainability is at risk.

A number of other national programs target young potential entrepreneurs, in particular:

- The *One Start — One Opportunity* programme introduced in 2008 targets young persons aged between 16–25 who have either dropped out of school or have only completed secondary education and who have never worked or taken part in some form of training. Beneficiaries may choose to receive personal coaching and participate in a special guidance programme designed to enhance job-search skills. In addition, they participate in a separate training course for entrepreneurship.
- The *Youth on the Move* initiative promotes self-employment as an opportunity for young people, via the development of appropriate support and guidance on business plans generation, access to start-up capital, etc.

- New measures have also been introduced to promote and support self-employment which are specific to young people. These measures include, amongst others, financial support and loans to set up a business.

In 2008, the Public Employment Service OAED launched a programme providing financial support and counselling to young people who wish to implement innovative business ideas, primarily promoting the use of new technologies. All unemployed 22-32-year olds, not resident in the Attica or Island regions were eligible to take part provided they fulfilled the specific programme's requirements. Also, in April 2010, OAED launched a new program to support women entrepreneurs. The program provides financial support to unemployed women aged 22-64 to start up new innovative businesses.⁵

The effectiveness of all the above programmes has not been rigorously evaluated yet. In other words, their contribution in achieving their objectives has not been quantitatively or qualitatively assessed. Therefore, the programmes' impact remains an open issue, while many views are currently voiced disputing their usefulness, in terms of being properly applied. On the contrary, the criticism is that they are mainly used as a channel for the provision unemployment benefits, rather than for supporting real and sustainable business initiatives.

Greek entrepreneurs' "learning journeys" (especially those for the young ones) are not, in general, considered to be effectively organised. Training packages are constantly offered (with their cost generously funded through EC funds) but their effectiveness is questionable. This is primarily attributed to the providers' (usually state organisations, but also private sector ones) approach that "one size fits all"! Needs analyses are rarely undertaken for specific industries or types of entrepreneurs and therefore training offered is far from customised for the trainees' and prospective entrepreneurs' real needs and the special characteristics of the specific industry or type of entrepreneur. The same applies to various schemes of entrepreneur mentoring launched by organisations such as Chambers of Commerce and Industry and SME Associations. It is finally worth mentioning that many young entrepreneurs are attracted and participate in various business ideas competitions, which gain in popularity.

Infrastructure to support start-ups and SMEs

According to research conducted by consulting organisation *Endeavour Greece*, with data on new established businesses, more than 55 institutions have been recently set up in the country either as local subsidiaries of international organisations or as domestically developed schemes with the aim of helping start-ups.

It is worth mentioning that just three years ago, 95% of them did not exist, demonstrating the growing power of entrepreneurship as a trend. The efforts are focusing mainly on ICT ventures, with emerging but still low representation of other sectors (e.g., tourism, agri & food, energy) and varying levels of support provided to the incubation concept. There have been attempts by the state or by quasi-state institutions to develop their own incubator facilities, but with low success to-date. Altogether, despite the fast rate of development of support infrastructure for SMEs, its effectiveness is still to be evaluated. Furthermore, there are no clear indications on the extent to which this "supply" of support has in fact led to corresponding rise in "demand" and, even less, to "satisfied users"!

The Greek government has set up a number of public and private funding mechanisms namely the *Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME)*, the *Hellenic Organisation of Small and Medium-Sized Enterprises and Handicrafts S.A. (EOMMEX)*, the *JEREMIE Initiative*, the *JESSICA Initiative*,

the *New Economy Development Fund*, the *National Strategic Reference Framework 2007 - 2013* as well as business angels, venture capital companies, business "incubators" and business support organisations (for example technology parks)¹⁶.

Evaluation of the above, not yet available, will provide feedback to initiatives which might help improve the design of the programmes and policies and ultimately the efficiency of funding allocation.

How strong is business networking?

The Ministry for Development and the Greek Government, in collaboration with communities of young entrepreneurs, supports the *StartUp Greece* initiative, a digital information and networking space aimed at giving way to a new generation of entrepreneurs in Greece.

Its purpose is to bring together people and ideas, to change the country's perception of doing business and entrepreneurship, to provide entrepreneurs with the information necessary to start their own business, to utilise social media in order to bring together ideas, corporations, universities, organisations, and create creative partnerships and investment opportunities. It is a "one stop shop" aiming at inspiring young people to believe in their own ideas, to cultivate novelty and innovation, to start their own businesses, and to invite citizens, organisations, associations, research institutes, and public or private social and economic entities to share their valuable knowledge and experience and to add value to the initiative with their people and ideas.¹⁷

At the same time, ambitious founders have taken advantage of depressed real estate prices to establish co-working spaces to serve their fellow start-up enthusiasts, places with names like *coLab*, *Loft2Work*, *123P* and *ThermiLink*. These hothouses, they hope, will offer a bright spot in the dark economy, helping entrepreneurs, particularly 'techies', to find fellowship, mentors, and maybe even access to capital as they build their companies.

Numerous events serve as inspiration for local youth, but also address the need to project a new or different image of Greece based on creativity, extroversion and innovation.

Again, the effectiveness of the above remains to be evaluated in the future.



The *Gazi* creative industries cluster in Athens

¹⁶ http://europa.eu/youreurope/business/funding-grants/access-to-finance/index_en.htm#greece_en_access-to-finance

¹⁷ <http://www.startupgreece.gov.gr/node/306>

The position of creative industries in Greece

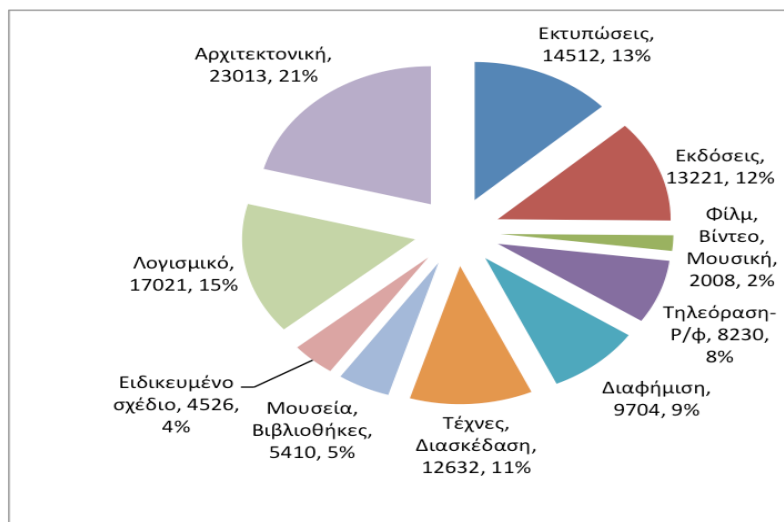
According to recent, but unofficial estimates (based nevertheless on official Census data and a certain industrial activity classification methodology), the annual turnover for 13 creative industries in Greece, for the years 2006 and 2000 is described on the table below. The total turnover for the years 2006 reached 11.7 billion euros, 4,8 billion euros higher than in the year 2000. The Gross Added Value was 5.6 billion euros whereas for 2000 the corresponding figure was 2,5 billion euros. So, creative industries contributed 3% of Greek GDP for the year 2006 and this was significantly higher compared to year 2000.

Industry	Turnover (in million euros)				Δ 2000-2006
	2000	Percentage in 2000 (%)	2006	Percentage in 2006 (%)	
Publishing	1.048	15,10%	2.115	18,00%	101,80%
Printing	850	12,20%	1.126	9,60%	32,50%
Motion Picture and Video Production	452	6,50%	822	7,00%	81,90%
Photographic Activities	153	2,20%	180	1,50%	17,60%
Music	14	0,20%	135	1,10%	864,30%
Radio and Television Activities	478	6,90%	1.389	11,80%	190,60%
Arts and Entertainment	439	6,30%	377	3,20%	-14,10%
Libraries and Museums	14	0,20%	223	1,90%	1492,90%
Arts Retail Sale	508	7,30%	854	7,30%	68,10%
Architecture	1.020	14,70%	1.301	11,10%	27,50%
Specialised Design Activities			71	0,60%	
Advertising Agencies	1.580	22,70%	2.186	18,60%	38,40%
Software	401	5,80%	988	8,40%	146,40%
Total	6.957	100,00%	11.767	100,00%	69,10%

The development of creative industries in Greece is faster than other sectors of the economy, while the turnover of many creative industries exceed by far the turnover of many traditional industries. For example, the fishing industry and aquaculture had a turnover for 2006 of only 0.8 billion euros with 1,503 businesses, the food industry had 10.5 billion euros with 15,914 production companies, chemicals 3.3 billion euros with 972 enterprises, real estate management 0.5 billion euros with 6.269 businesses, and legal and accounting activities 0.8 billion euros with 17.094 firms (ELSTAT, 2012a). It becomes clear that creative industries are a very important piece of the Greek economy. In Europe the total turnover of creative industries is 636 billion, with gross value added 2.6% of EU-25 GDP (2006).

The total number of employees in 10 creative industries reached 110.100 in the first three-months of 2013, which corresponds to 3% of employees in Greece. 21% of these work in architectural offices, while 15% worked in software production. The publishing industry employs 13.221, while in film and music

production about 2,008 people work. Finally, in the arts 15,198 people are employed, while in museums and libraries there are 715.



Employment in creative industries, 2013

The economic crisis and the subsequent recession had a negative effect on the creative industries starting from the year 2009. The total number of employees in the above ten sectors was reduced from 156000 people in 2008 to 110100 people in 2013, a decrease of 30%, while in the EU-27 the corresponding reduction was only 0.8%. The sectors with the largest employee cuts are printing (-67.9%, in 2008-2013 compared with an EU27 average of 9.5%), and museums and libraries (-54%, in 2008-2013 compared with an EU27 average of 2.4%). Large reductions also took place in the production of films and music; although employment increased from 2008 until 2010, 51.2% of jobs eventually vanished (in the EU27, the respective industries have reduced their employees by only 2.5%).

In contrast, specialised design and software production had significant increases in employment by 62.2% and 26.9% respectively. Specialised software design and production were the only sectors that had an increase of employment in the European Union (by 33.3% and 15.5% respectively).¹⁸

The statistics, at a glance, show that employees in the creative industries are relatively young and trained and most of them are highly educated (to university level). However, what the stats don't depict, but which is revealed through qualitative research, is that so-called "creative workers" operate under the status of labour insecurity. They work occasionally, with very flexible timetables and proportionally small wages, while a large percentage are working without social security or they declare another main occupation as a source of income.

Questions concerning Nottingham's creative ecology posed at the outset of the project

CINET Partners need to be informed about the Lace Market entrepreneurs' views and experiences. With their help, CINET project partners need to identify "what went right" (for them), "what went wrong" and "what could have gone better", if they had undertaken more/better/different types of training before business starts, if their preparation for business had been better/different, if their subsequent efforts, for upgrading their knowledge and skills, had been planned and implemented differently.

¹⁸ Cultural and creative industries in Greece, Vasilis Avdikos, Epikentro, 2014

Getting to know their good and not so good experiences from running their businesses so far and their perceptions of what they really needed to have learnt before they start, will be of immense usefulness for efficiently planning the “transfer of innovation” and for better preparing entrepreneurs in the so-called “destination countries”.

The exchanges need to explore:

- Various types of “problems” that these entrepreneurs had to face,
- How they tackled them,
- Their perceptions of learning needs (before starting and afterwards) and, finally,
- Their “lessons learnt” (probably, “the hard way”).

This same scenario must, in a subsequent phase, be extended by applying the above material and information (appropriately assessed and adapted), to the “transfer of innovation” associated project activities, for the benefit of new entrepreneurs in Spain, Portugal and Greece.

Problems encountered by creative industries’ entrepreneurs in Greece

From material and views informally collected, “problems” in these industries are mostly associated with:

Operations, indicatively:

- Insufficiently elaborated “business idea” (before start-up)
- Unresolved technical problems
- Finding partners / collaborators
- Finance for acquiring / renting premises
- Finance for purchasing basic equipment
- Finance for products / services promotion.

Markets, indicatively:

- Finding market(s) for products / services (national / international)

Formalities, indicatively:

- Complying with formalities/red tape.

2.2 THE ECOSYSTEM OF PORTUGUESE CREATIVE ENTREPRENEURS

José Porfírio and Tiago Carrilho, Universidade Aberta, Portugal (Coordinators)

The entrepreneurship framework in Portugal

Entrepreneurship is valued positively in Portugal by the majority of the population. According to Amway (2013) 61% of respondents see entrepreneurship as positive, while 31% see it as a negative issue.

Yet, the impact of the economic and financial crisis that affected Europe during last years may explain a decrease of 6% of persons in Portugal that look entrepreneurship positively during 2013 (ibidem). Despite these interesting results, the overall support of government and society to entrepreneurship in Portugal is considered to stay at a very low level, since 31% sees it very unfriendly, and 45% consider it even as rather unfriendly (Amway, 2013).

Lack of support directly affects risk levels and the contemporary historical and dominant view on entrepreneurship in Portugal was characterized by fear of risk. Fear of risk is related mainly with GEM's fear of failure indicator. In 2011 the level of fear of failure in Portugal was 39.6% (to be compared to the average level of 38.1% for this indicator, registered for the Innovation-Driven Economies). In 2014 we've seen a small decrease of this indicator in Portugal, to 38.4% (compared now to an average of 38.0% for the Innovation-Driven Economies) (GEM, 2015; 2012). According to Amway (2013: 14), the Portuguese score of 61% regarding the 'threat of the economic crisis' for entrepreneurship development in Portugal states clearly above the EU average of 37% reflecting certainly the tougher situation observed in the Portuguese economy compared to some other EU countries.

GEM's (2015) structural condition 'cultural and social norms' scored 2.55 for Portugal (near the EU28 average). This condition may be related, on the one hand, with the positive 'image' of entrepreneurship and, on the other hand, with the unfriendly character of government and society support and respective fear of failure.

One of the ways to improve these structural conditions for entrepreneurship is through Education. According to Amway, when being asked about factors encouraging entrepreneurship and the foundation of businesses, 32% of Portuguese respondents rate entrepreneurship education and teaching of business skills most important (Amway, 2013: 15). This somehow is in line with the overall results obtained in the recent published study of 2015, whose global results point to the idea that 63% of respondents believe that entrepreneurship can be taught and schools have a very important role to play here.

In this sense, it is useful to see what happens with the so-called Educational Gap in Portugal. The educational gap corresponds to the total of respondents with a university degree answering '*I can imagine starting up my own business*', deducted with the total of respondents without a university degree answering '*I can imagine to start up my own business*'. The educational gap in Portugal is 22% which is lower than U.S. (27%) and very much higher than Finland (2%), Greece (3%) or even The Netherlands (4%). In Portugal universities have been including more entrepreneurship education in their curricula. This dynamic can partially explain the more positive attitude of graduates toward entrepreneurship.

According to GEM (2015), in 2014 the entrepreneurship structural condition for higher education scored 3.04 (above the EU28 average) and 2.04 for primary and secondary education (below the EU28 average). Examples of programmes in higher education abound and a wide array of training schemes exists that are supplied by the public and the private sectors.

In Portugal education in entrepreneurship is a relatively new addition to the general education curricula, a movement that started mainly in 2003. However, presently entrepreneurship education is explicitly recognized as a cross-curricular objective at all school levels. It is yet not compulsory. The Ministry of Economy of Portugal developed between 2006 and 2009 a *National Project for Entrepreneurship Education (PNEE)* (Eurydice, 2012). After several changes, this plan is presently at an advanced stage of conclusion, and should have started within the school year of 2014-2015 in some experimental schools, being gradually implemented in all the educational system.

A *National Strategy for Entrepreneurship* has been developed under the auspices of the Ministry of Education and Science. According to this strategy, and in line with the above mentioned plan, entrepreneurship should be implemented in the school curricula from the first school years, until students leave university.

One of the interesting practices to stimulate entrepreneurship learning from the most basic school levels is represented by the INOVA contest, promoted by the national entrepreneurship programme *+e +i*. INOVA is a contest launched basically for school children from the first to the third cycle of studies (from 6 to the 14 years old) to stimulate entrepreneurship culture at private or public schools or even training centres.

Although there already exists an interesting offer of formal courses in different knowledge domains to help entrepreneurs, in Portugal we may say that a gap persists between training needs and the lifelong training offers delivered without resorting to traditional in-class approaches. Also, formal offers are usually delivered through long periods of time that do not comply with the entrepreneurs' needs and availability.

In the EU in 2012, 22% of graduates referred to entrepreneurship as a possible alternative to unemployment, whereas 18% see it that way in 2013. This last year the percentage of respondents with a university degree who are subscribing to this point of view is clearly above the average in Portugal (27%). However, the percentage is higher (32%) for the same question directed to participants who do not have a university degree (Amway, 2013: 12-13).

Apparently there is an incongruence between these last figures and the observed "educational gap". For Portugal the "educational gap" (22%) reflects the relative importance of higher education to foster entrepreneurship; however, compared with graduate participants, for a higher percentage of undergraduate, entrepreneurship is a possible alternative for unemployment. This calls for more research in order to clarify the reasons for the apparent contradiction.

According to Eurobarometer, "nearly half of the respondents (49%) in Portugal say that if they could choose between different kinds of jobs, they would prefer to be self-employed rather than be employed by a company. This relatively high compared with the 37% who express a preference for self-employment at EU level. Slightly fewer respondents in Portugal (47%) say that they would prefer to be an employee – a result that is somewhat lower than the 58% of people who give this answer at EU level." (Eurobarometer, 2012: 2).

The main reasons which explain the preference for self-employment are the following: personal independence (55%), freedom to choose place and time to their work (23%) and better income prospects (16%) (ibidem).

Regarding the feasibility for them to become self-employed within the next five years, in Portugal 32% of respondents say that this would be feasible, 12% say that it would be very feasible and 20% state it would be fairly feasible. This is very much in line with respondents across the EU (30% feasible, 10% very feasible, 20% fairly feasible) (Eurobarometer, 2012: 4).

Additionally, we can derive from Amway that in Portugal 44% of young people interviewed below 30 share a propensity to create their own employment (Amway, 2013: 10).

Usually new entrepreneurs are competent in specific technical domains, or show a deep knowledge in a particular market segment, but they often show a significant lack of management and organisational skills. Focused on unique innovative skills, they often forget that they need a strategy, an attractive product or service, a commercial and a distribution programme, and a supportive financial management in order to cope adequately with market demands.

In terms of finance, it is known that it constitutes one of the main difficulties of starting a business (Mateus et al., 2011: 29). According to *Eurobarometer* (2012: 5), *“Three out of 10 respondents in Portugal (29%) say they do not regard self-employment as feasible on the grounds that they do not have enough capital or financial resources – rather more than the 21% of people who give this answer at EU level.”* However, at the initial phase of entrepreneurship there are consultants, incubators, firm associations which support start-up access to several sources of financial resources like business angels, seed capital, venture capital or banking. This idea seems to corroborate the figure corresponding to the entrepreneurship structural condition “finance” obtained by GEM (2015) for Portugal: 2.73 (above the EU28 average).

This may lead us to conclude that lack of funding, considered as one of the main obstacles by Portuguese respondents to starting a business and creating their own self-employment (Eurobarometer, 2012), may be related to one of the following reasons: a) the inability to clearly present a business plan that will attract capital to the business project; b) the lack of good business ideas that offer an adequate risk level to be financed; c) difficulties in access to general incentives offered to entrepreneurial projects, related for instance to the absence of an adequate level of equity by the entrepreneur; d) the inability of decision makers from the financial institutions to analyse, understand and take risks with the projects presented to them. Clearly this calls for the need to develop adequate training programmes to address these needs, and somehow questions the relevance of existing educational programs on entrepreneurship (or, at least, to their non-existence some years ago).

Financing for early stage projects is generally much lower than for later stage projects. According to the most recent information available, seed and start-up projects just receive, on average, about 30% of total government programme financing dedicated to entrepreneurial projects in Portugal (Mateus et al., 2011).

Despite the feeling of the population that in 2012 government programme support to entrepreneurship was not enough (Amway, 2013), in 2015 Portugal scored 3.0 (above the EU28 average) for the GEM (2015) entrepreneurship structural condition “government programmes”. According to these specialists’ opinion, in the last few years there has been a clear national orientation towards the promotion of entrepreneurship. This has taken place through the creation of different

initiatives, the most emblematic of which remain in the National Strategic Programme for Entrepreneurship and Innovation (*Programme +e+i*). The aim of this inter-ministerial programme is to enlarge and incentive the birth of new innovative businesses mainly oriented to exports, and also the creation of networks, such as the mentoring network, that enhance such orientation. This is done not only by promoting and/or consolidating the necessary infrastructures to enhance entrepreneurship, but also through the promotion of entrepreneurial education programmes in different learning stages (from the primary school and the high school, to the higher education programs), the set-up of specific financing programs for entrepreneurship (e.g. the *Ignition Entrepreneurship Programme* from Portugal Ventures). This programme also recognises the role and promotes the consolidation of the Portuguese business angels' network, and the establishment of a national mentors' network, available to potential and established entrepreneurs.

The so-called *Passport for Entrepreneurship* is another important initiative implemented through the *+e +i Programme*. This Passport is available for young entrepreneurs (or potential entrepreneurs) that already have a degree, giving them access to the national mentoring network in order to let them develop their ideas and transform them into viable projects. Mentoring works mainly through informal networks, promoted in particular by incubators. In general mentors come both from successful cases of entrepreneurship and from senior managers from successful companies who use their experience to help young entrepreneurs mainly regarding market access, the development of contact networks, or even some specific management needs (e.g. marketing or finance).

This general national policy is complemented with local entrepreneurship initiatives carried out by several municipalities, public universities and employer associations.

One may refer to good practices of mentoring, offered by some particular incubators like *DNA Cascais* or *Instituto Pedro Nunes* that initially supported the creation of companies like Critical Software, one of the most known cases of entrepreneurship success in Portugal; or even UPTEC PINC (the incubator from Oporto University).

Some good practices may also be identified at the level of management support offered by incubators, with some initiatives like the interim management board or even the risk mitigation model offered by *DNA Cascais* now being copied by different institutions. At the regional level, besides Cascais, it is also interesting to refer the case of Lisbon that has promoted different regional initiatives that complement the national programs, based on the creation of institutions specially dedicated to the promotion of entrepreneurship. Good examples of this are the cases of *LX Factory* or the *Lisbon Start-up* incubator.

Another interesting initiative may be observed in the project of the Portuguese Industrial Association (*AIP – Associação Industrial Portuguesa*) entitled *Portal do Empreendedor*. The aim of this project is to collect information on, and to promote entrepreneurship among young people. It is now clearly recognized by EU as a best practice.

In general, according to the GEM (2015), the satisfaction about physical infrastructures for entrepreneurship in Portugal is 4.43 (clearly higher than the EU28 average). This indicates clearly that, in general terms, the quality and number of such infrastructures is good. Nevertheless it does not become clear, at this point, whether that satisfaction includes an adequate regional or local distribution of such infrastructures.

Certainly the main institutional agents agree that the lack of infrastructures to support entrepreneurship is not an issue in Portugal. This may indicate a need to better coordinate services amongst the existing institutions, which may lead to the closure of some of them.

Within the older EU framework programme, entrepreneurship support often included monetary incentives for the creation of a physical space for the setup of an incubator. Consequently we often observed the spread of incubators in different physical spaces. However, due to relative lack of demand, some of the existing incubators are not operating effectively, developing effective entrepreneurship projects or adding any effective support to new projects.

Another interesting phenomenon is that, as these infrastructures depend largely on isolated local municipality initiatives, they are not usually fully coordinated with national programmes for entrepreneurship.

One may conclude that official networking support and the sharing of diverse skills with different entrepreneurs does not occur so frequently. In fact sharing services and business opportunities is not often explored by the initiative of young entrepreneurs. However one may observe that the most active incubators incentivise types of knowledge exchange and support which occur in an informal way rather than through formally existing networks.

The outcome of this observation is that there is a long way to go in co-ordinating support services in order to reduce set-up costs. In addition a lot of shared business opportunities are not fully explored due the cultural shape of typical entrepreneurs.

We realise that established entrepreneurs usually lack the capacity to clearly identify the domains where they, or their businesses, most experience a lack of skills. This role is often undertaken by the incubators, analysing the weaknesses of proposed business models and promoting networking both in order to find the most adequate training offers or available persons either to mentor or to team-up with original entrepreneurs and propel their businesses forward.

According to GEM (2015) the structural condition 'commercial infrastructure' reached 3.34 in Portugal (also above EU28 average) which reflects the inherent quality of industrial property support, accounting services, legal support, technical experts and advisors.

Yet the condition related to 'market and regulation' scored 2.01 (below the EU28 average). This can be explained by the lack of competition and high entry barriers that exist in some Portuguese public and private sectors linked to strong corporate interests (e.g. energy, transport or communications). In spite of recent improvements this is also related to the traditional difficulties of obtaining licenses to start and develop activities resulting not just from a heavy, permanently changing and difficult to understand legislative framework but also from the number of entities to consult with prior to business launch.

According to GEM (2012), the early-stage entrepreneurial activity (TEA) indicator for Portugal in 2011 was 7.5%. This TEA indicator ranks Portugal as 44th (among 69 countries), being the 7th among the 24 Innovation-Driven Economies (0.6 p.p. above the average). This figure has increased to 10% in 2014, showing an increase in general entrepreneurial activity in Portugal that exceeded the average EU level of 7.8% in 2014.

The churn rate (the difference between birth rate and death rate) in the Portuguese service sector between 2006 and 2010, dropped from 31% to 21% (that may compare with the situation in the industrial sector where the same observed figures were 23% and 15%). The USA, with a higher level of start-ups' creation and faster destruction of firms, dropped from 19% to 17% in the same period in the service sector. This means that the difference between creation and destruction is narrowing, and in the case of Portugal the decrease was one of the highest from the available data (OECD, 2013: 49).

According to GEM (2013), 58.3% of Portuguese early-stage entrepreneurs in 2012 were improvement-driven (59.8% in 2011) and 26.2% were necessity-driven (26.6% in 2011). In 2014 the improvement-driven opportunity TEA was 71.3% (73.4% for EU28 average) and 27.4% for necessity-driven TEA (average 22.8%) (GEM, 2015).

As we saw above, according to Amway (2013) in Portugal the percentage of undergraduates that consider entrepreneurship as a possible alternative to unemployment (32%), is higher than the same figure for graduates. Yet the necessity-driven TEA have been considerably lower than improvement-driven opportunity TEA. This calls for further research in order to clarify the factors which explain both types of TEA related to entrepreneurs' school qualifications.

In summary the climate for entrepreneurship in Portugal is very positive. We observe that the level of education influences its development and we are observing a general growth in public programmes to support entrepreneurship, considered crucial for the future of economic development in Portugal.

Creative industries in Portugal

For Portugal, and specifically for the purpose of this eBook we will follow a definition of Cultural and Creative industries (CCIs) that reflects those of INE and Mateus (2013). The mix of these two definitions renders the most inclusive definition of CCIs that we can obtain for the purpose of the survey conducted in the four countries of our project. For the survey we've included the following sub-sectors of creative industries (CI): film, video games, apps, web design, software, advertising/branding, architecture, design, craft, print, retail, food/catering and environmental. Additionally, in terms of cultural industries, we've also followed and included the INE (2012) classifications, which include the following sub-industries: cultural heritage (museums); visual arts; periodical publications; cinema; performing arts; architectural; broadcasting. INE does not include sub-sectors such as IT or engineering.

In 2011 CCIs in Portugal represented around 1.6% of total employment, a total of circa 77,000 persons. In 2012 based on the Labour Force Survey (INE, 2012: 3), the creative and cultural sector employed 78.6 thousand individuals. From those, 62.1% were aged between 25 and 44 years old, 53.1% were men, and 37.8% had completed a tertiary level of education.

Between 2000 and 2011 CCIs in Portugal have created more than 22,000 jobs, although they have lost about 4.000 during the same period in line with the overall economy's general decline in employment.

In 2011, based on the Integrated Business Accounts System, advertising agencies represented 19.3% of total business volume of the cultural and creative sector (generating businesses of about 5.1 billion Euros) and performing arts activities accounted for 27.9% of all sector enterprise, a total of 53,064 companies (INE, 2012: 4).

Between 2002 and 2011 (Mateus et al., 2013: 21) the international exchanges of Portugal in goods and services from the CCIs represented between 3% and 4% on average of total country exports, showing the following trends:

- The annual average growth rate of exports exceeded 10% in the last decade, just above the trend for overall exports in the Portuguese economy (9.8%). The creative services grew by around 15% while creative goods exports grew at a rate of just 7%.
- Portuguese CCI exports recovered from the 2009 international crisis in line with the main export sectors like electric equipment or food.
- Their contribution to total export growth was around 3% since 2002.

- The annual growth of CCI imports was around 7% in the same period (7.7% for the same indicator in the overall economy).
- The cover rate for exports in CCIs has grown in recent years: around 66% between 2003 and 2006 and 95% of imports in 2011.

Portugal is in the EU's 16th position in terms of creative production¹⁹, being 27th in the global ranking, positioned between Ireland and the United Arab Emirates. Comparing creative production and wealth, Portugal shows positive results in face of similar or more developed countries like Italy, Spain, Greece and Slovenia. Yet Estonia has a similar wealth level and is in 10th position in the global ranking (Mateus et al., 2013: 33).

According to the Government Budget, the consolidated expenditure of the State Secretary of Culture reached a total of 167.7 million Euros in 2012 (showing a decrease of 22.2% over 2011). According to data collected through the Survey on Public Financing of Cultural Activities, in 2012 the Municipalities allocated 401.5 million Euros to cultural activities, mainly in the following areas: cultural precincts (19.2%) cultural heritage (17.7%), books and press (14.6%), socio cultural activities (13%) and music (6.4%) (INE, 2012: 6). This represents a total direct public budget of around €569.2 million devoted to cultural industries in 2012.

In parallel with the public/government activities, in the last 4 years, municipalities have tried to enhance the creation and development of creative hubs linked to local industries. More and more this becomes evident in several regions of Portugal (one of the most emblematic examples being the municipality of Cascais). Within this increasing local movement, it is observable that several international forums are being organised on a local basis in several municipalities with the principal objective of promoting future collaboration and meeting spaces for production and creative incubation at regional, national and even European levels. This enables the exchange of experiences about ways of meeting needs for infrastructure, business models, skills and management training and education of these organisations.

There is a clear intention to build the foundations for an international network of spaces dedicated to the promotion of a creative economy, and also to enhance discussion of public policies to support the appropriate development of the creative sector within the new framework of EU programmes.

Considering the interviews that we were able to conduct with different national experts on entrepreneurship, and particular those responsible for different programmes and entrepreneurship institutions in Portugal, the general opinion is that there clearly exists an adequate infrastructure for the development of entrepreneurship in the creative industries. In fact, different officials from these institutions reported that there is even a lack of demand for services from the potential entrepreneurs within the creative industries sector, compared to the institutions available (especially in some regions of our country) to provide them.

It must be emphasised that creative industries linked to a cultural environment are promoted by entrepreneurs that typically show a significant lack of management and organisation skills, and the support they get from incubators in earlier stages, although crucial, could be insufficient at this point.

¹⁹Creative production is one of seven criteria which integrate the world innovation index. This index evaluate the conditions and outcomes of global innovation in CI. Based upon a partnership between Intellectual Property World Organisation, INSEAD and Cornell University, it is the first international index which develops a preliminary creativity analysis in more than 140 countries.

However the fine tuning of this conclusion is required since we are not able to conclude decisively whether the reason for this situation lies in the incapacity of existent incubators and other entrepreneurship institutions to support the needs of entrepreneurs effectively (which we hardly believe), or in the incapacity of entrepreneurs, or would-be entrepreneurs, to identify their own needs adequately and to seek appropriate support from institutions. We tend to believe that the latter is the more likely reason.

In this domain, special credit within the creative industries goes to the *Prémio Nacional das Indústrias Criativas*²⁰. In Lisbon it is also important to refer to the practice of *Beta-I* and, in particular, to their *Lisbon Challenge*, a very interesting entrepreneurship contest.

It is also interesting to mention the rise of *Oliva Creative Factory*, a newly created incubator in the north of Portugal mainly dedicated to creative industry start-ups, while at the same time we notice the decrease of activity in the virtual *inSerralves* incubator one of the first dedicated to this industry.

In 2009 in the North Region of Portugal there were 93 university graduations corresponding to around 3,700 vacancies in creative areas. In the absence of regional data, according to regional support entities this apparent favourable background for entrepreneurship in CCIs resulted in few creative business initiatives for firm projects in the region. Apparently the link between universities and the market is still weak, as proved by the fact that the majority of the almost 5,000 recent graduates in courses that can provide human resources to CCIs did not create their own businesses. We can observe this phenomenon also in other Portuguese sectors. However, the situation in CCIs, especially in the cultural sub-sector, shows even worst results in terms of self-employment (Fleming et al, 2009: 88).

In Portugal's creative industries we observe remarkable differences between information and communication technology (ICT) networks (namely businesses in digital media like software for communication technologies) and cultural networks (especially those more linked to architecture, arts, handicraft, fashion design, cinema and video, music, theatre): whereas ICT networks are dynamic and have potential for development, cultural networks are almost absent and need urgently to develop the capacity to present higher quality business projects.

In networks of industrial software applied to communication technologies, entrepreneur collaboration strives for inputs and advice to identify and explore new opportunities for innovation, to access technological and scientific knowledge, and to support management and strategic firm decisions (Salavisa et al, 2011). Firms represent the most relevant source of resource utilisation and they have a leading role in knowledge networks. Informal networks enable searches for immediate practical problems like information on market segments and access to customers, and for long-term problems such as strategy implementation and market segment identification (Capaldo & Fontes, 2001).

Mobile communication companies (TMN, Vodafone and Optimus) and a multinational (IBM) are brokers that provide new information for small firms regarding innovation and technological and scientific knowledge. The brokerage role of a large company is particularly important because size, reputation and credibility make it a preferential partner to foster innovation and knowledge diffusion by establishing links between universities and national firms. Strong links between spin-offs and parent organisations (mostly firms) are based on multiple ties which result in more than one type of knowledge flux and informal connections between national and multinational firms in the same sector, for example software development enterprises (Salavisa et al, 2009 ; Salavisa et al, 2011).

²⁰ In English: "The National Prize for the Creative Industries": www.facebook.com/PremioIndustriasCriativas.

Portuguese entrepreneurship culture was, until recently, essentially closed and not favourable to network dynamics. Contrary to cultural enterprises, information and communication technology businesses have been undergoing a change in entrepreneurial behaviour resulting in information and resource exchanges, common projects and the exploration of informal networks for business creation and development.

A recent inquiry (Cardoso et al, 2010) directed at 30 entrepreneurs in the Portuguese COTEC SME Network - of which 63.3% represented the information and communication technology sector – revealed this kind of dynamic. The main advantages mentioned by entrepreneur members of this network were the important stimulation to innovation (66.7% of total SME respondents), access to pertinent information (66.7%), a greater social recognition and promotion of the company (63.3%), access to new knowledge and training networks (43.3%), closer contact with other start-ups and spin-offs (50.3%) and better access to innovations within their own business sector (43.3%). In terms of resource sharing, a large number of SMEs (73.3%) considered that the network fostered a continuous innovation culture and 63.3% mentioned cooperation with other companies in the network. Of the companies that cooperated with others, 47% did so to foster innovation and 53% reported that cooperation resulted in the creation of new business opportunities.

Conversely networks of cultural entrepreneurs are characterised in general by weaker dynamics. Although entrepreneurs show important and recognised talents, networks seem to lack the human resource ‘critical mass’ needed to develop quality business projects, and entrepreneurs are not well organised in terms of effective collaboration. Frequently there is a juxtaposition between the creator/promoter roles and the consumer roles. Informality often seems to be inherent within a ‘tradition’ of subsidy dependency and lack of professionalism in these CCI sub-sectors. The near-absence of network dynamics is also related to difficulties in project survival, financial sustainability and market penetration (Fleming et al, 2009). Apparently the situation in Portugal is not an exception in this respect.

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2.3 OVERVIEW OF THE SPANISH ENTREPRENEURSHIP SYSTEM FOR CREATIVE INDUSTRIES

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Entrepreneurial conditions in Spain

The sociocultural environment for entrepreneurship

In the decision to create a company the role of the environment is key; not only when it comes to legal or political aspects but, even more importantly, with regards to the social and cultural context. The beliefs, values, and attitudes of a particular society determine the decisions and behaviour of its members. The decision of creating a new company is, to a great extent, a result of the existing sociocultural environment. Therefore, the predominant cultures are influencing the entrepreneurial intentions in every country.

Consistent with this, entrepreneurship in Spain is highly conditioned by the values, perceptions and attitudes rooted in Spanish society. Although the existing cultural background shows a well-endowed society – which has good basic capacities to undertake new businesses – there are a number of critical factors and structural weaknesses that eventually limit innovative, entrepreneurial behaviour.

In Spain, the individual predisposition to become a self-employed is similar to that in other European societies. However, and despite current difficult economic circumstances, most of Spanish population prefer to develop their professional careers as employees.

According to the *Flash Eurobarometer 354*, over a third (35%) of people in Spain say that if they could choose between different kinds of jobs, they would prefer to be self-employed rather than be employed by a company. This proportion is very similar to that at the EU level, since 37% of European respondents express a preference for self-employment. Six out of 10 (62%) respondents in Spain state that they would prefer to be employees – a result that is slightly higher than the 58% of people who give this answer at the EU level.

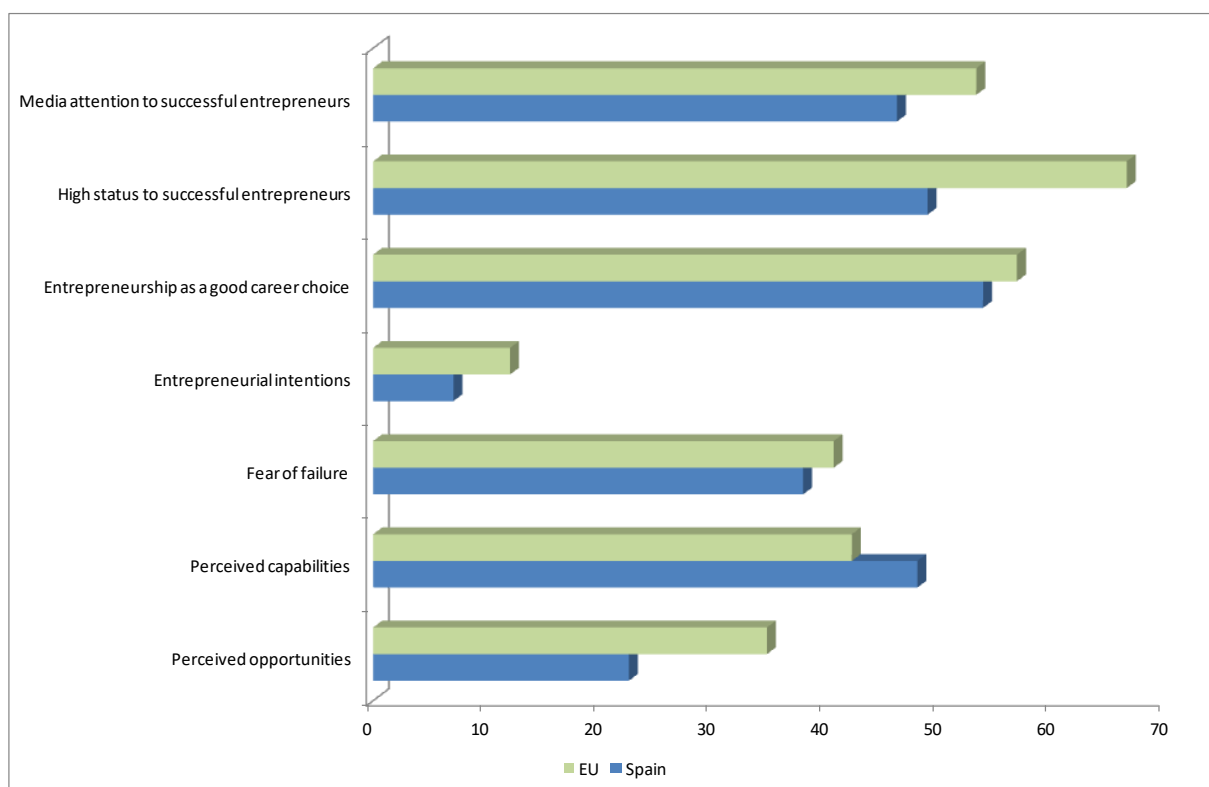
There has been a large shift in Spain on this question since 2009. Currently, there is a higher proportion of people who say that they would rather work as employees (+10 points), and less people who are inclined for self-employment (-5 points). This is in line with the EU level trend. In fact, the proportion of Europeans who prefer to work as employees has increased (+9 points) whereas the proportion of those who prefer to be self-employed has reduced (-8 points). Probably, this is a consequence of the long-lasting financial crisis in the Eurozone.

Despite the recent economic downfall, Spaniards are still positive about entrepreneurship. According to the *Amway Global Entrepreneurship Report 2013*, the vision of Spanish society about entrepreneurial initiatives is positive (60% of population). However, there is a great distance between the individual's willingness to create a new business, and his or her effective decision to take this risk. Among the structural weaknesses experts detect the following are worth noting: the low risk tolerance; the scarce ability to detect business opportunities; and a limited competitive spirit. Yet the difficulties are not only related to the lack of a conducive culture, and discouraging societal norms. Most of the entrepreneurship ecosystems in Spain are harmed by the lack of appropriate funding, or adequate institutional and infrastructural supports. In fact, the recent financial crisis has seriously damaged the public opinion about entrepreneurship in Spain.

The main consequence of this is the difficulty in modernising entrepreneurship mechanisms that promote higher-quality business initiatives. The *2014 Global Entrepreneurship Monitor (GEM)* for Spain, in its recommendations, highlights the urgent need to intensify the implementation of an educational system that facilitates the recognition of opportunities; the risk management; the configuration of multidisciplinary teams; and, even more importantly, the promotion of activities with high potential for growth, job creation and innovation. The negative consequences of the financial crisis on employment, and the growing levels of inequality, urgently demand a public agenda to improve the situation of the social, cultural and political context.

Therefore the current rate of entrepreneurship in Spain is lower than the EU average — 5.5% vs. 7.8% in terms of GEM’s early-stage entrepreneurial activity (TEA). The distance to the average of the economies based on innovation is even higher (8.5%). If we look at the entrepreneurial attitudes and perceptions among population, in the context of EU28 economies, the picture is somehow disappointing. Although the population supports entrepreneurial culture, this background does not materialise in a brilliant result of entrepreneurial activity.

The need for a qualitative leap to consolidate a new and more ambitious entrepreneurship culture is pressing in Spain.



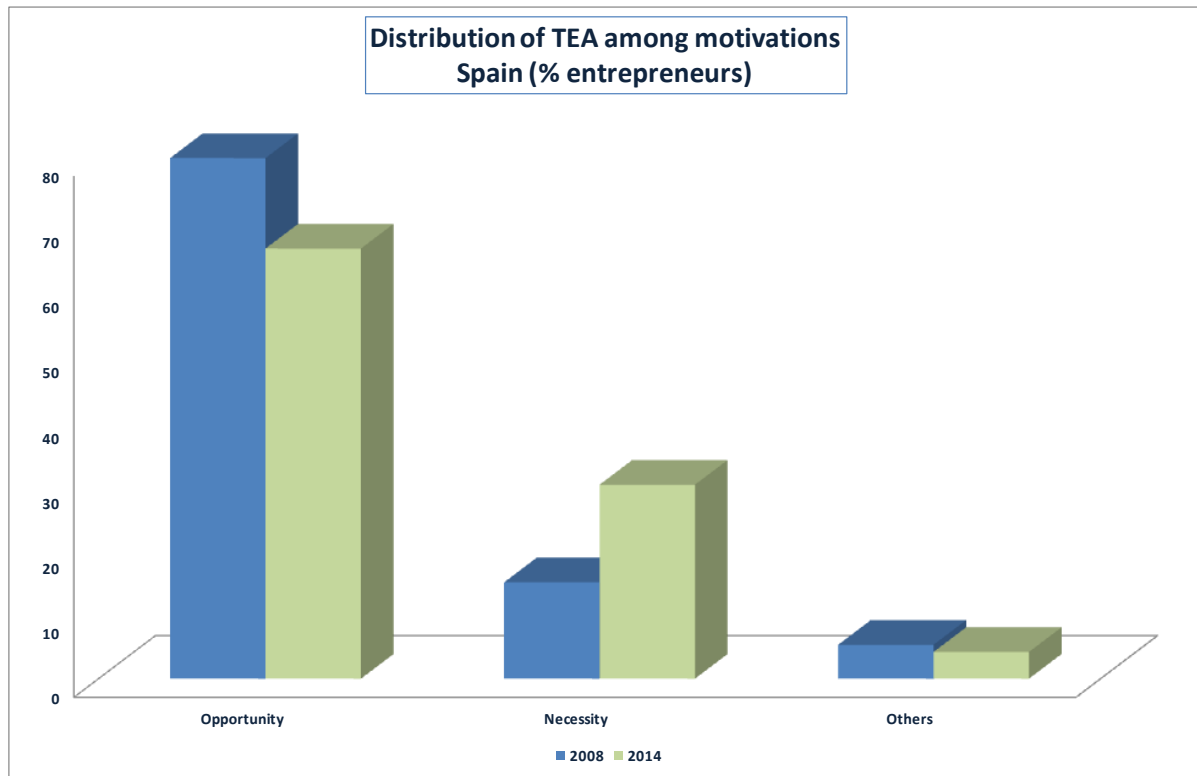
Source: *Global Entrepreneurship Monitor*

A critical issue is that, in terms of cultural background, Spanish young people (between 18 and 34 years) are reproducing the same predominant patterns that those among older people. Both the rate of perceived opportunities and the degree of competitiveness are indifferent to age. Despite the shocking youth unemployment rate (51.8% population under 25), the perception of good opportunities to become an entrepreneur is still at very low levels (22.6%).

Remarkably this rate has decreased in recent years despite the fact that the economic crisis sometimes offers good business opportunities. Moreover the adverse societal norms and culture are also

negatively affecting the perceived capacities of Spanish entrepreneurs, regarding to their social networks (-6.5 points in the period 2008-2013).

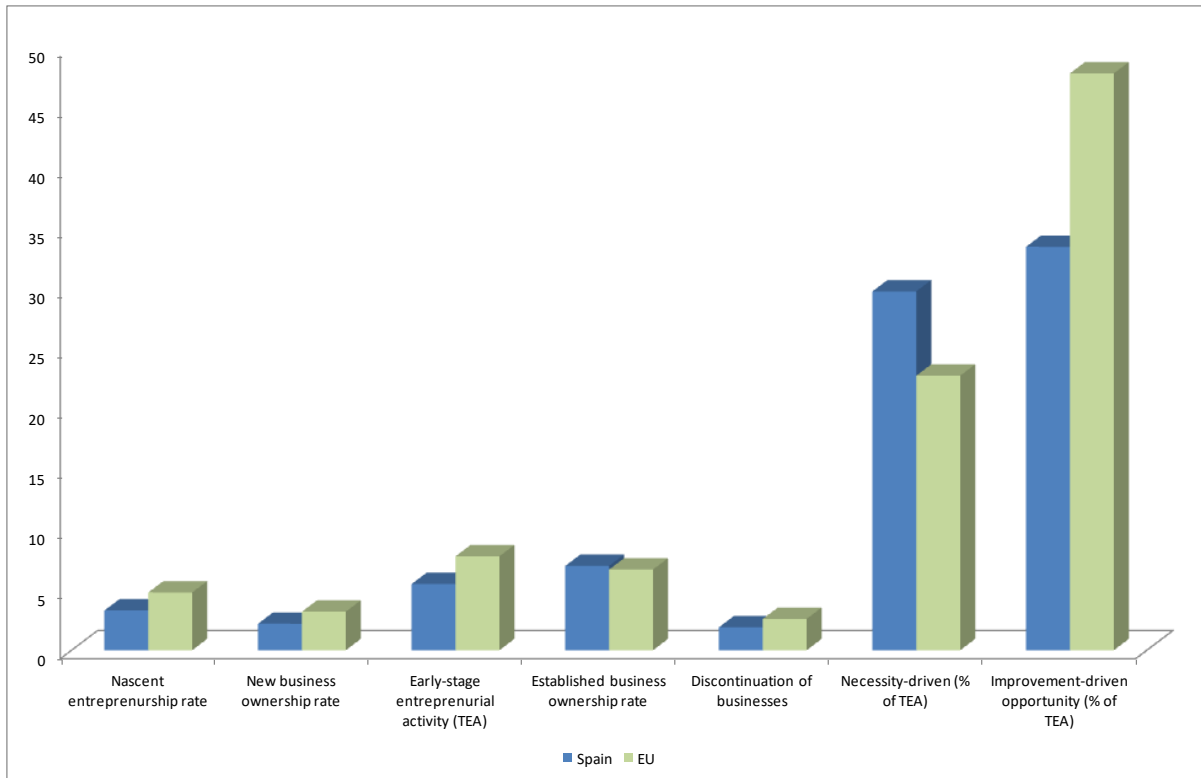
Although search for independence and self-fulfilment are still the main drivers for becoming self-employed, the role of economic necessity as motivation for entrepreneurship has increased during the economic crisis. As a matter of fact, the economic necessity is pushing people to self-employment, but in a very slow path:



Source: *Global Entrepreneurship Monitor Spain*

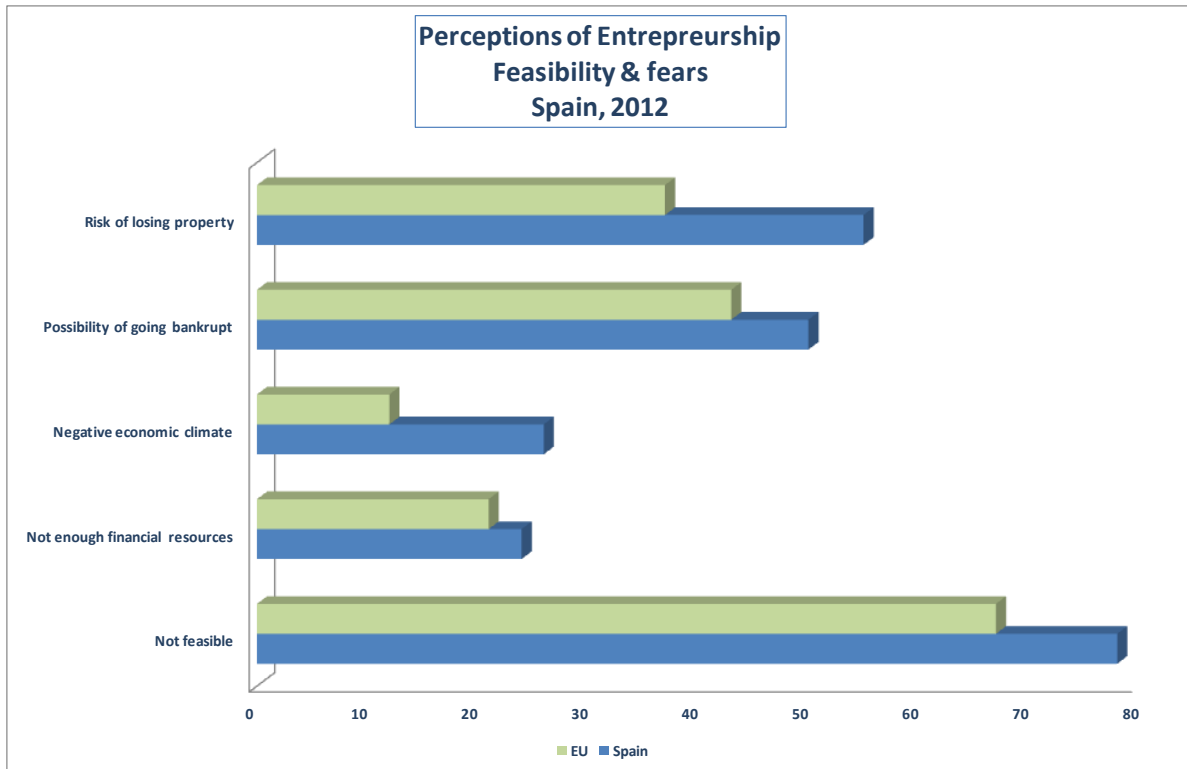
In fact, economic pressure is a much more decisive factor in the motivation to become an entrepreneur in Spain, whereas the seeking of autonomy to take personal profit of opportunities for innovation has much less influence than in the rest of Europe (66.1 vs 73.4).

A direct consequence of this transition is the lower ambition of new business projects. Before the financial crisis, almost half of the start-ups were involved in the creation of new products or services. Since then, however, the degree of innovativeness has fallen to barely reach one-third of business projects. In the same way, expectations about job creation and the international orientation of the new firms are less aspiring than in other European countries:



Source: Global Entrepreneurship Monitor

One of the main barriers to become an entrepreneur in Spain is the perception of the difficulties to become a successful entrepreneur. Despite their positive attitude to entrepreneurship, according to the *Eurobarometer 354* almost 80% people consider self-employment as unfeasible for them within the next five years. A quarter of them say they do not regard self-employment as feasible on the grounds that they do not have financial resources. And even more Spaniards feel that the current economic climate is not good for a star-up, far higher than the European average. This could be an effect of the economic crisis. Moreover, a majority of people in Spain say that bankruptcy and the risk of losing their property make them afraid of starting a business. These fears are the main concerns and obstacles to become a self-employed in Spain – rather than the lack of job security, skills or business ideas.



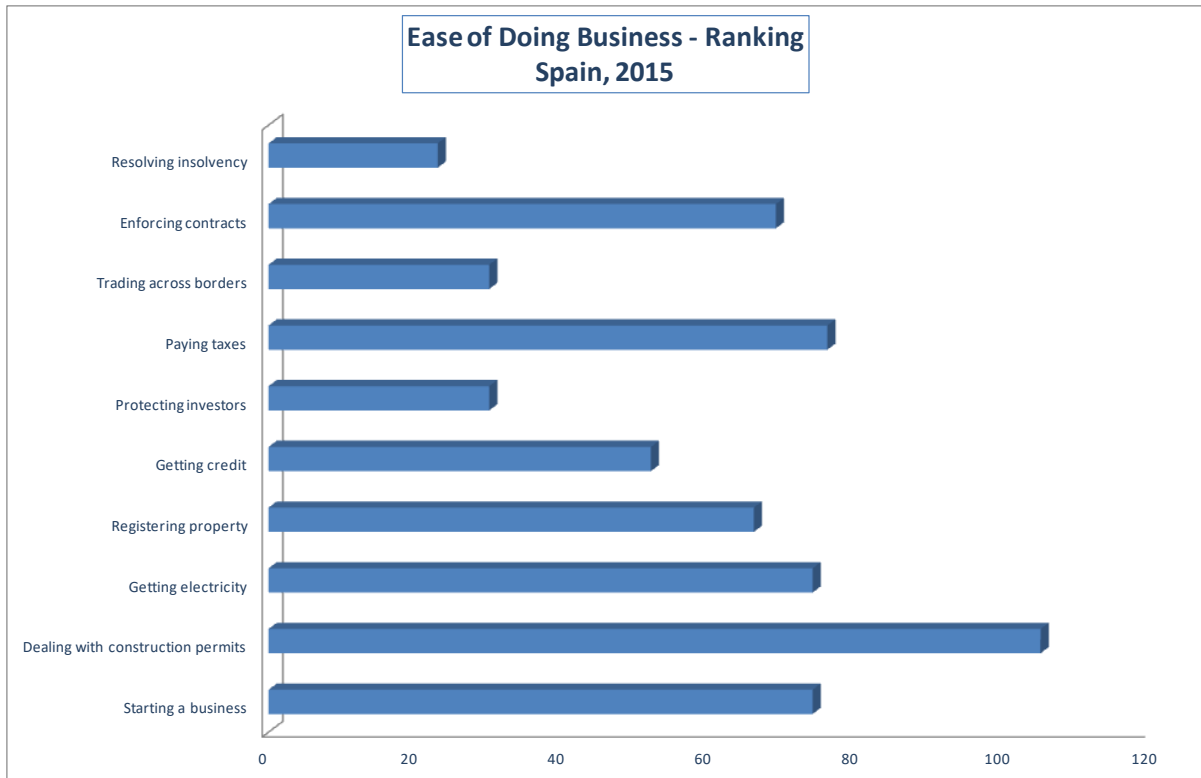
Source: Eurobarometer354

Only 5% of people who considers self-employment as feasible for them say that bureaucracy difficulties are one of the main barriers. In fact, we observe a shorter transition from the emergent entrepreneurial intention to the effective creation of a new firm. To reduce such period is a big issue in Spain because of the difficulties to perform a new business.

The *Doing Business 2014 Report* ranked Spain as 74th, in a list of 189 countries, according to its ease of starting a business. This result shows that Spanish legislation and regulatory frameworks are not very venture-friendly.

Spain loses opportunities for entrepreneurship due to the cost in time, the permits and procedures required, as well as the disclosure, registering property, contract enforcement, and taxation policies.

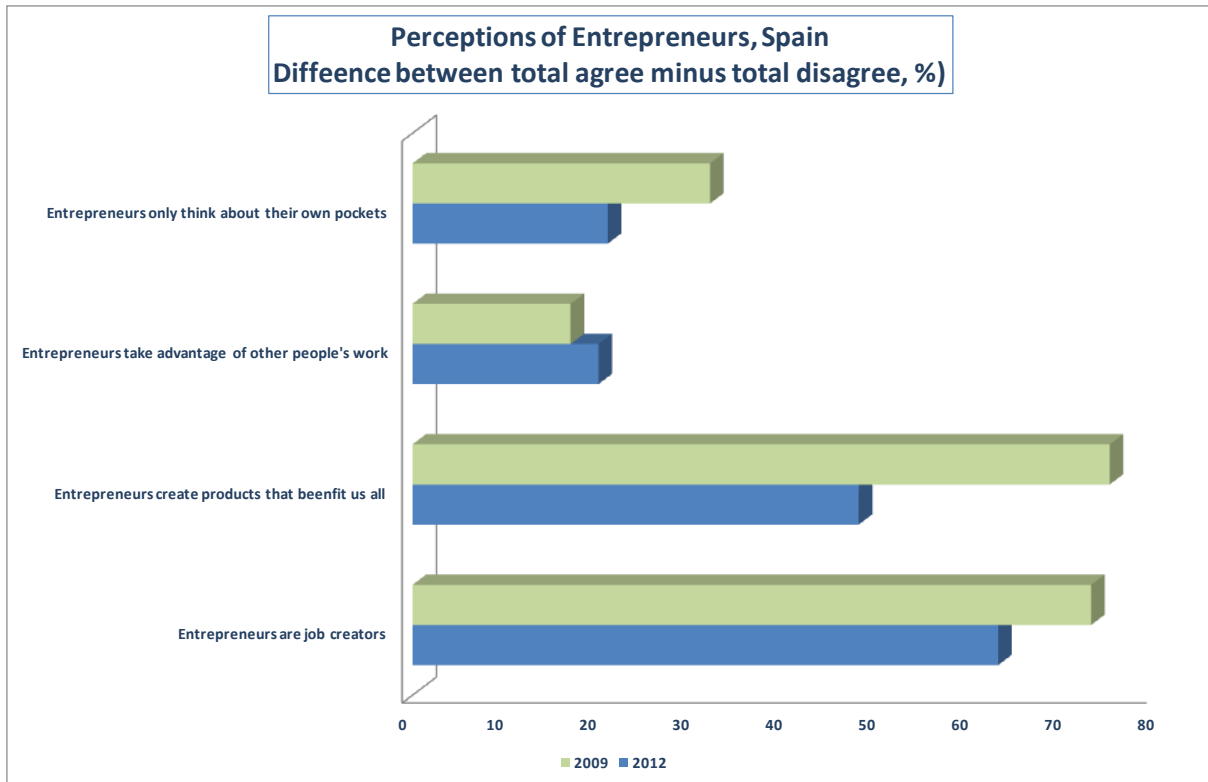
The new regulation to promote entrepreneurship in Spain (2013), despite having reduced the burden of red tape, has not been welcomed by most of the social agents involved. 63% of the Spanish population still believes that current policies, and society itself, are not favourable neither encourage entrepreneurial activities. In addition, the administrative burden of complying with taxes, the difficulties to obtain a new electricity connection and the complexities of construction permits are also making more difficult the business environment in Spain.



Source: *Doing Business Report*

The preference for entrepreneurship is also affected by the absence of role models. The public image of Spanish business owners is not always positive. This is mainly due to the high level of black economy and some recurrent episodes of political and financial corruption. In spite of being Spain a country of small and micro-businesses, the representation of the business sector is still in the hands of the largest companies. As, until recent years, most of the major Spanish companies came from the building and real estate sectors or they were the aftermath of privatization processes in energy or ICT industries, the public discourse, image and reputation of business owners is far away from the archetypical model of success stories. Of course, cases that could serve as reference model exist and some of them are very powerful. But they still are very few. Perhaps for all these reasons, the perception about entrepreneurs by the Spanish society has deteriorated during the financial crisis. Not surprisingly, people in Southern European countries that are commonly associated with the economic and financial crisis increasingly see entrepreneurship as less positive.

Spain lacks a convincing collection of visible success stories.



Source: Eurobarometer 354

The severe financial crisis is radically changing the business landscape in Spain, and destroying the country's corporate stock. In the last four years, Spain has lost more than 200,000 companies (-6.2%). As a result, the notion of entrepreneurship as a strategy for wealth generation and evasion from unemployment and poverty is at stake.

Moreover, the very fast growth in unemployment rates in Spain has been a consequence of the collapse of an economic model with low productivity but very intensive in labour. Insofar as long-term unemployment increases, the opportunities to reintroduce in the market a huge amount of low-qualification labour (54% of unemployment, 2.9 million people) reduce, their skills become obsolete, and unemployment turns to be a structural problem.



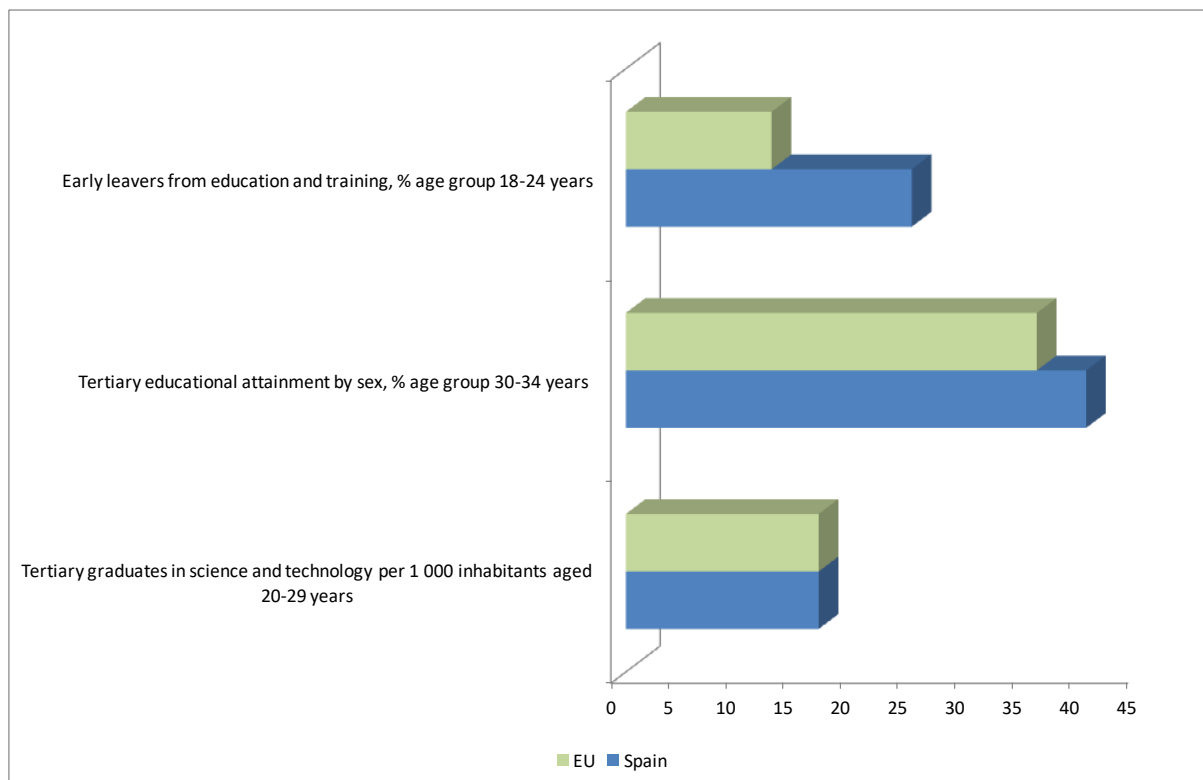
Participants in the CINET Creative Entrepreneurs course, Barcelona 2015

The lack of appropriate competences to create and adequately manage firms among most of the unemployed population is limiting the scope of policies promoting entrepreneurship in Spain.

Spain is still a country with great economic and social imbalances at regional level. This inequality is also transferred to the entrepreneurial activity. Spain shows considerable disparity levels in entrepreneurship, ranging between 8.8% and 1.5%, depending on the case. This has to do with the differences in the industry mix among regional economies, so that the Mediterranean Arch is the most dynamic area, also in entrepreneurship.

Profile of Spanish entrepreneurs

The quality of educational institutions plays a key role in promoting entrepreneurial attitudes and skills. As in the context of digital revolution most of entrepreneurship opportunities are emerging in the information industry and in knowledge-based services, science and technology studies are emerging as a potential factor to encourage business opportunities. Data shows that the situation in Spain is very similar to that in the rest of the EU. Even better outcomes are obtained where performance of higher education is concerned. However, results are not so positive when secondary education is considered. At this stage of the education system, dropout rates are very high in Spain.

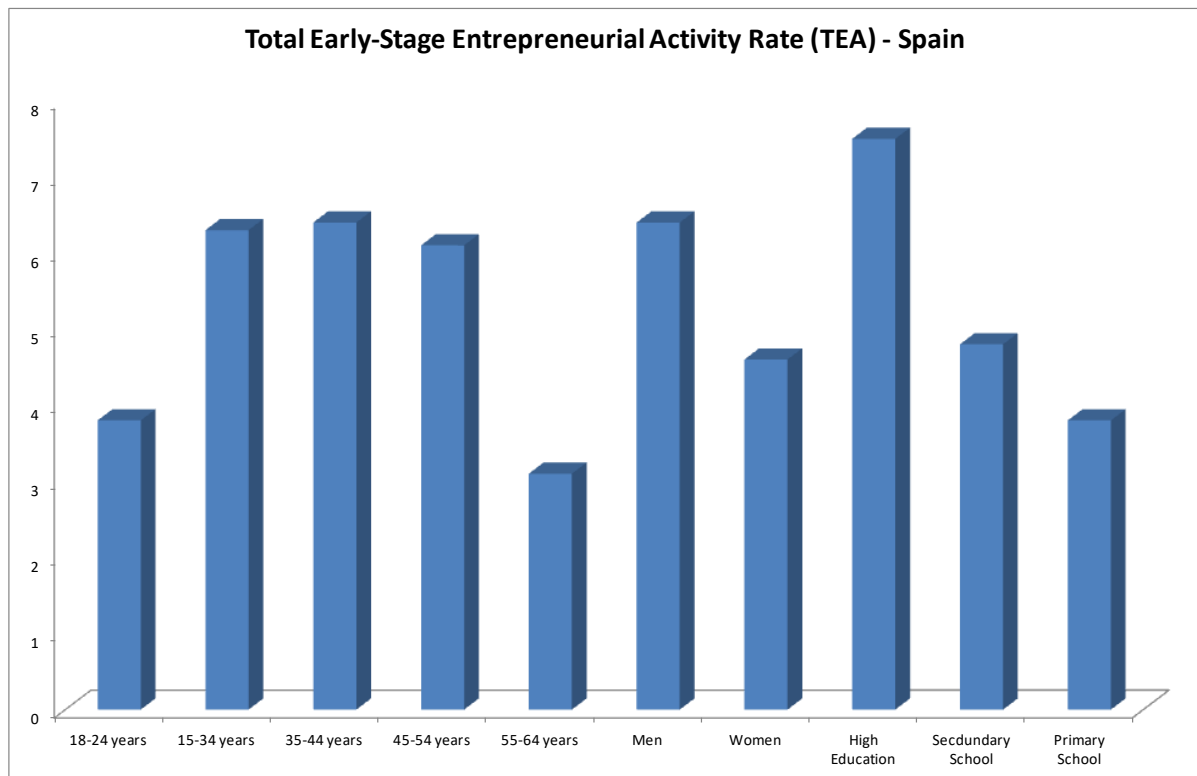


Source: *Global Entrepreneurship Monitor Spain*

The high dropout rate in secondary education not only has a negative effect on the overall educational level of the population, it also hinders the availability of workers with technical and specialised training. Thus, the knowledge base of society and the opportunities for innovation are restricted.

In the context of the European Higher Education Area (the “Bologna Process”), many universities are starting to promote more entrepreneurial skills – for example by introducing entrepreneurship as a course component of the university curriculum. Most of Spanish universities also have a long expertise

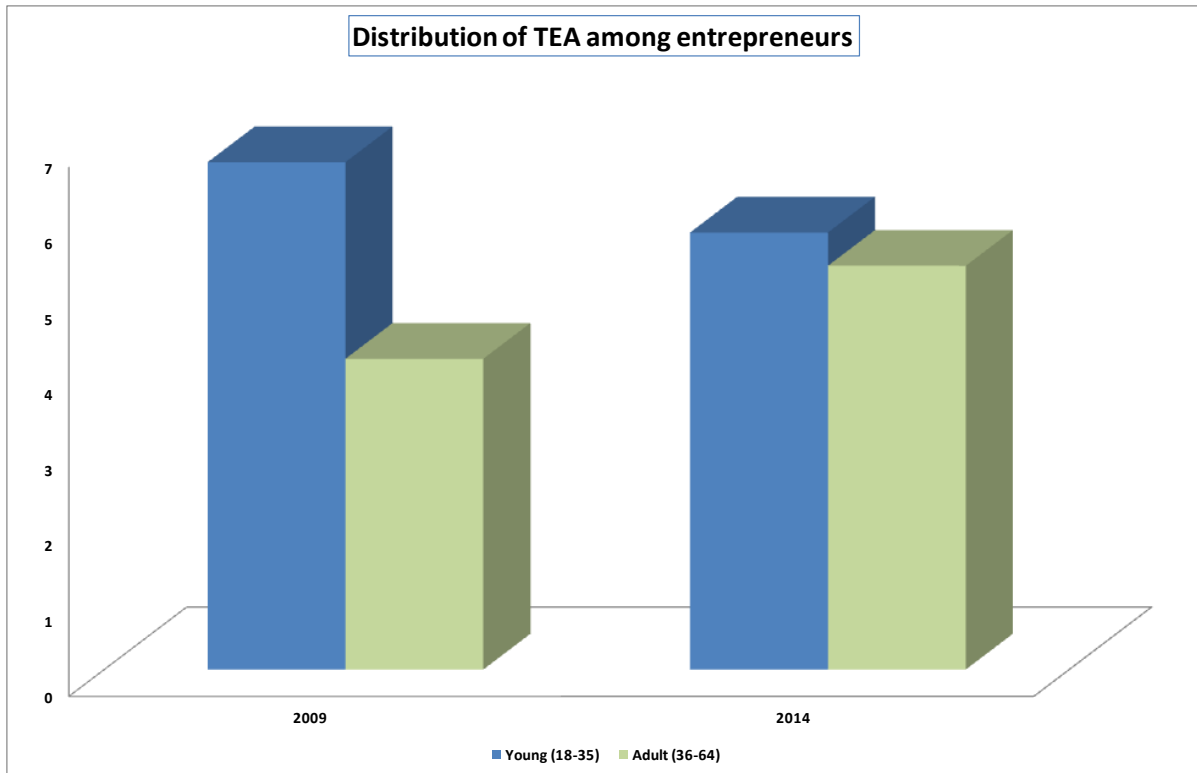
in promoting the incubation and development of start-up activities in their labs and incubators – which are usually linked to their research institutes. These initiatives have flourished mainly in the learning programmes related to health, engineering and other hard sciences. We detect the highest Early-Stage Entrepreneurial Activity rates (TEA) amongst the youngest and highest qualification groups, and among the male population. By contrast, entrepreneurship rate declines in two very sensitive groups of the labour market: women, and people over 45. The current entrepreneurial profile in Spain is still the following: young, male and graduated. There is a wide educational and gender gap. This is a key issue for the next future.



Source: *Global Entrepreneurship Monitor Spain*

Despite their different average income and educational levels, differences in entrepreneurship rates between urban and rural population are insignificant in Spain. Disparities are more relevant among regions than between the cities and the countryside.

If we address our attention to young people, the picture is even less optimistic. While it is true that there is a clear desire for generational change in the business process, and the rate of entrepreneurship is higher among young people, recent developments are not so positive. Under current economic circumstances, entrepreneurship is not an easy alternative for young people. Many of their initiatives die before they reach the market because the lack of financial support, capacity building and relational capital. In addition, an unfavourable bias is observed in the strategic direction of their proposals, which seem to be too oriented towards low value-added sectors. Young entrepreneurs deserve more appropriate support in Spain.



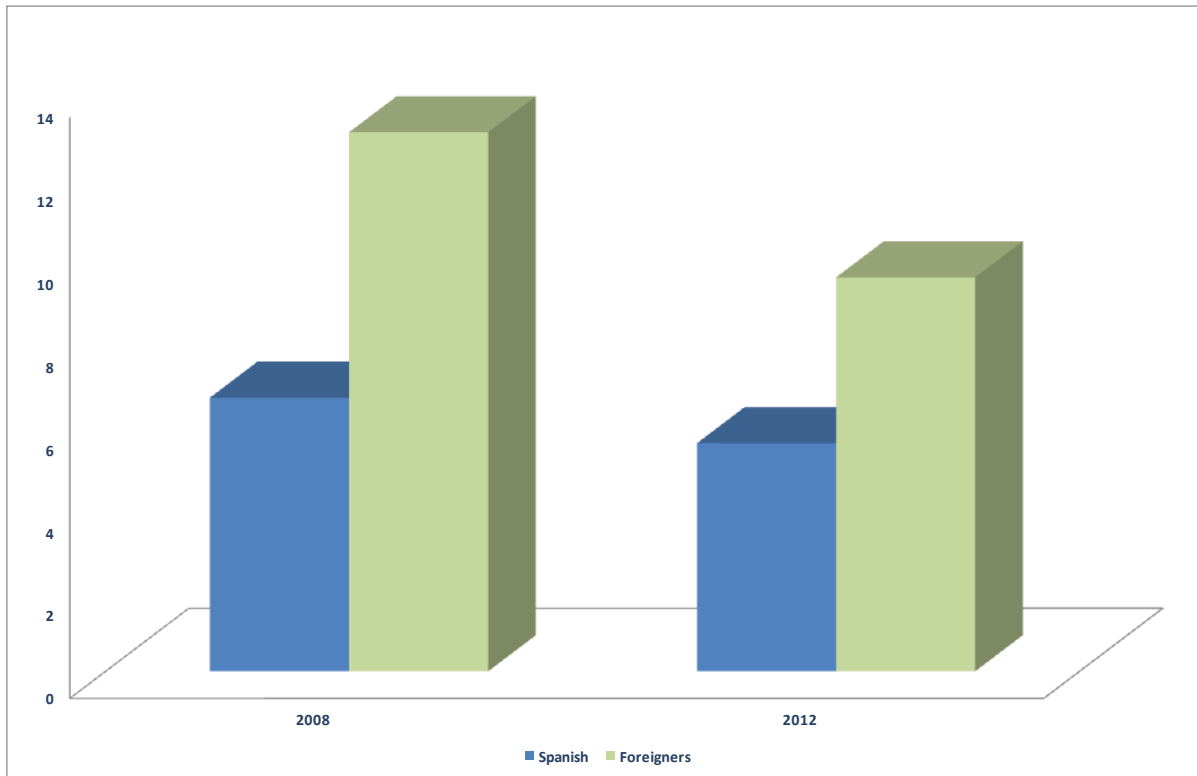
Source: Global Entrepreneurship Monitor Spain

Although almost 63.6% of the new entrepreneurs in Spain do not have specific training, this weakness is to be offset by the active involvement of the university system and local development agencies. Both are making considerable efforts to provide entrepreneurs with the adequate skills, and help them to improve their chances of success.

Spain shows the entrepreneurship profile that is characteristic of European societies with a relatively low average per capita income: low percentage of employees with post-secondary or higher education, and low emphasis of the education system in innovative and proactive behaviour.



At the same time, the economic crisis has harmed one important driver of entrepreneurship in Spain: immigration. Insofar as the flow of migrants has been dramatically reverted, entrepreneurship rates have also diminished. This is because immigrants presented a higher propensity to engage in entrepreneurial activities – which were mainly motivated for economic necessity, usually based on franchises and small initial investments. However, the withdrawal of immigrant flows has noticeably reduced entrepreneurship’s potential:



Source: *Global Entrepreneurship Monitor Spain*

Since the outbreak of the financial crisis, entrepreneurial initiatives are less ambitious regarding to the invested capital and to their expectations for job creation. In 2014, almost one-third of new entrepreneurs contributed with all the seed capital while the remaining 70% were dependent on external funding to implement their business idea.

Given the difficulty of access to bank credit – the financial sector is involved in a restructuring process – and the low impact of venture capital and Business Angel networks, the use of private informal finance has been predominant, mostly from family and friends.

Leadership in business creation is in hands of a particular type of entrepreneur, who is highly qualified, has previous labour experience, is prone to take the opportunity to invest in their innovative idea, and has enough funding to do it.

As this kind of opportunity-driven motivation has to be supported on own resources, the rate of entrepreneurship is much higher among people included in the upper scale of income distribution. Moreover, the involvement of this group in the entrepreneurship process is very high, considering that most of them try to create a new firm even though previous business ideas failed.

The response of economic policy to the financial crisis has been based on a tough fiscal adjustment that has in the funding of research activities one of its main victims. Although the dismissal of these very talented people could have represented an opportunity to create new businesses, the sluggish

domestic market and the failure of public policy to encourage more knowledge-intensive economic activities are leading to the international migration of these talented people.

Between 2010 and 2012, Spain lost 13,000 researchers and €1,200 millions of investment in R+D+i activities.

The peculiarities of corporative culture in Spain further translate into a higher entrepreneurs' reluctance to establish strong cooperative ties – despite cooperation reduces risk and increases the opportunities for innovation and growth. The tendency to short-sightedness and the lack of ambition are driving Spanish companies to prefer trade agreements instead of strategic alliances. Thus, the scope of business networking of many companies is reduced.

One of the main problems related to business creation in Spain is not how to provide an effective support to entrepreneurs for bringing their ideas to market, but to fill the lack of appropriate reference models to benchmark a growth strategy.

Studies on Spanish high-growth businesses show that firms' sustainability is based on the same strategies as those that originally facilitated their expansion. Thus, the primary contributing factors to a company's continued growth are proactivity and leadership, organisational flexibility, customer-orientation, brand's reinforcement, a good management of financial leverage, the use of capital as the primary financing source, an on-going R+D+i investment policy, the pursue of overall quality and excellence and, of course, internationalisation.

There is room in Spain for focusing entrepreneurship policy on scale-up, not only on start-up.

In recent years, new ventures are emerging in service activities. Many of these new companies born global and are ICT-based. This represents a big challenge for the institutional infrastructures that support start-ups. The richest and more entrepreneurial regions in Spain have an industrial tradition – mainly in medium and low-technology sectors – so most start-ups do not easily find appropriate mentoring.

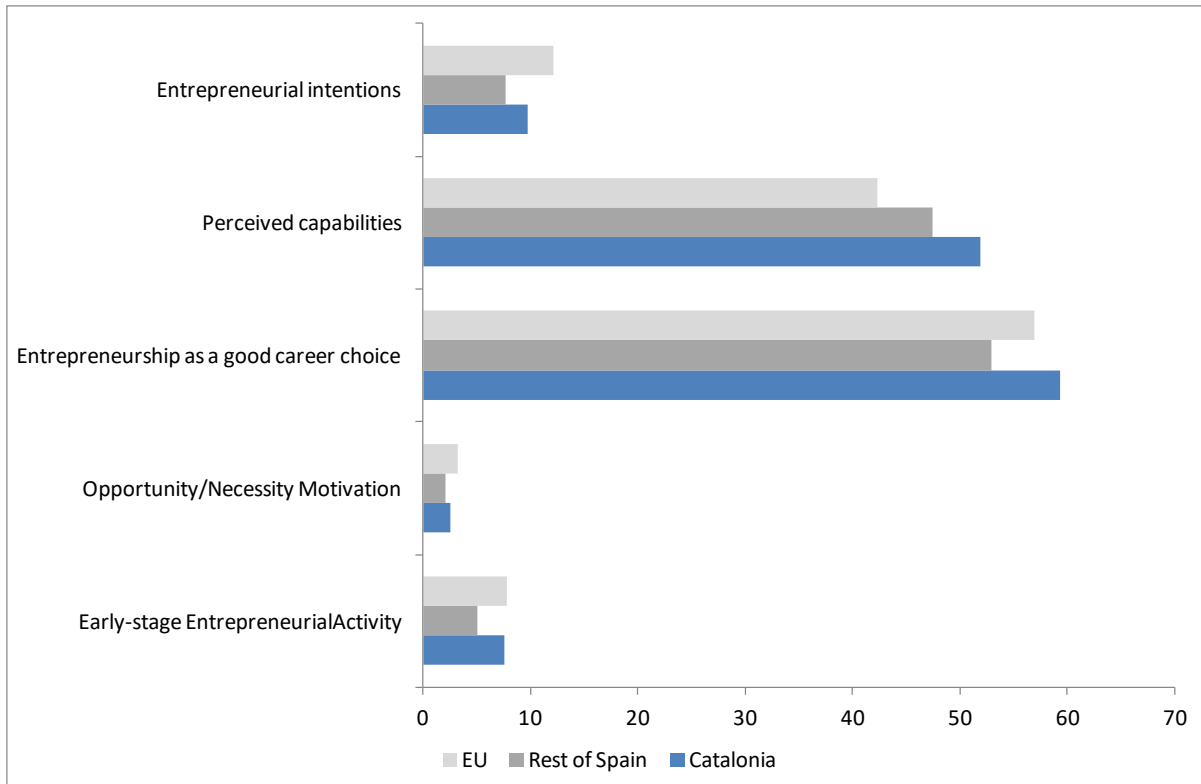
Spanish support infrastructure should be more permeable and absorptive to benefit from the experience of other cultures and ecosystems.

In summary, the assessment of the context in which the business is conducted shows a scenario that is still hostile to the entrepreneur. Among the main barriers to entrepreneurial initiative, we point out the shortage of funding, the lack of entrepreneurial culture, and basic education, and an insufficient set of public policies and programmes.

Entrepreneurship in Barcelona and the Catalan region

Barcelona, and the whole Catalan region, is one of the most dynamic areas for entrepreneurship inside the European Union. However, the quality of these activities is lower than the average of the economies based on innovation.

Despite the constraints of the financial crisis, over the last years the entrepreneurial activity has grown in the Metropolitan Area of Barcelona. Among the reasons that justify this more positive behaviour, there is a positive perception about the social values related to entrepreneurship. This perception is much positive than in other Spanish areas. In addition, some specific attributes also prompt innovative activities.



Source: *Global Entrepreneurship Monitor Catalunya*

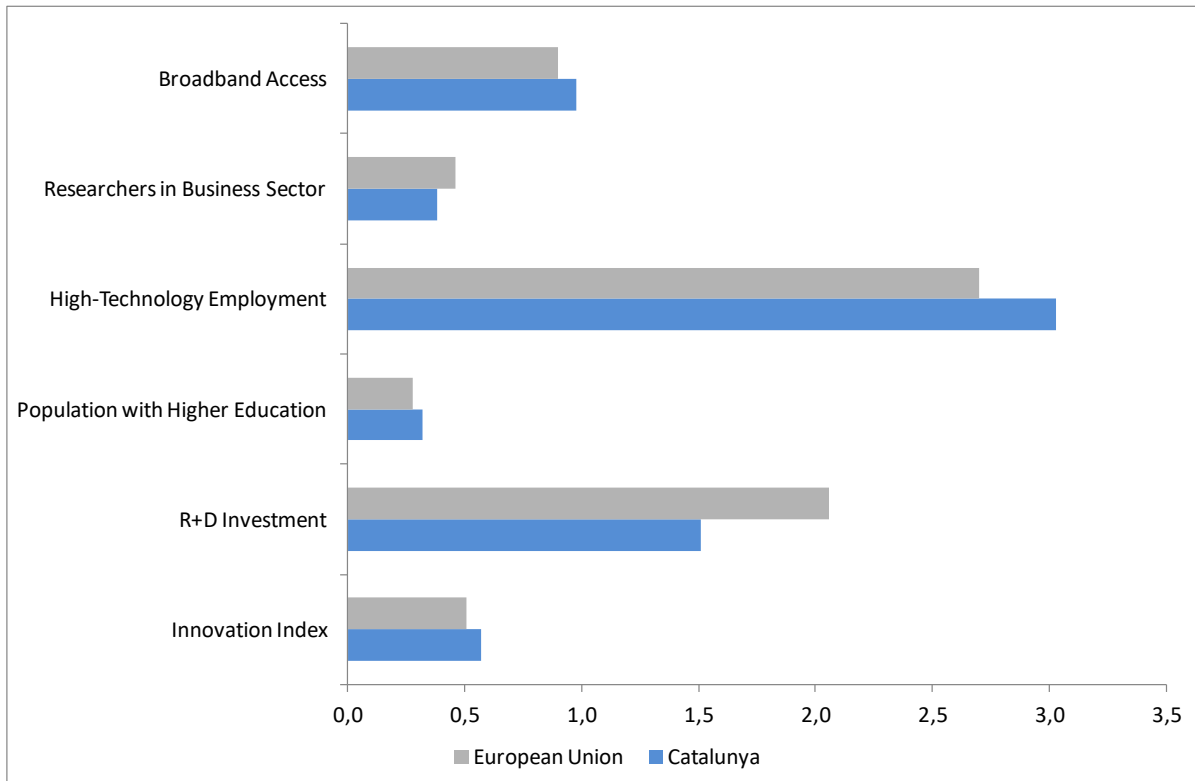
In the Metropolitan Area of Barcelona, most people (60%) consider starting a new business a desirable career choice, and media attention to entrepreneurship is higher in the area. Furthermore, Greater Barcelona’s individuals involved in an entrepreneurial process show to be more confident in their own skills and capabilities, have more access to role models, perceive more business opportunities, and have less fear of failure.

Also in the Greater Barcelona area, most of entrepreneurs consider that the main motive that leads them to start a new firm was a business opportunity, rather than having no options for work. This driver is particularly relevant because if they were rather motivated by necessity-factors, they would probably abandon their new created firms in the event they gained access to a permanent labour contract. By contrast, the wish of independency constitutes a key driver for entrepreneurship in the region.

This positive environment has to be moderated because it is still necessary to improve the profile of would-be entrepreneurs, and that of the new businesses created. In particular, it is fundamental to increase the size and the productivity levels of the new firms, as well as the quality of the products and services offered, and the technological content of them. The presence of firms in the creative industry still remains too low and only a few of these companies offer a radical product innovation, or are based in the use of an emergent and innovative technology. As a consequence, they face a fierce competition, and have limited perspectives for growth. Although the international orientation of the new businesses is clear, the presence of born-global firms is still scarce in the context of the economies based on innovation.

Currently, the main challenges of entrepreneurship policy in the Greater Barcelona Area are: to consolidate a competitive position in the international market through a higher technological innovation, and to promote the expansion of the new firms.

The Catalan region shows a strong potential of innovation, even higher than the average of European countries.



Source: Altran Innovation Index

The educational level of population and the high quality of ICT infrastructures are encouraging this positive performance.

For the particular context of the creative industry sector, some critical points should be emphasised. Firstly, there is a strong tendency of this kind of economic activities towards clustering. The level of geographical concentration is high, and activities are mainly based in two big cities: Barcelona and Madrid. It is important to understand the forces behind the location and distribution of creative industries, and creative clusters, because the relationship between creative industries and place are complex. In the European context, we should pay attention to the range of agglomeration sources. In some cases the historical, artistic and cultural heritage is the main driver for agglomeration. But, in other places the place’s heritage can be insufficient to trigger a competitive cluster, and it is also necessary to benefit from the advantages of the agglomeration economies. However, the building of a cluster in a cultural desert is idealistic. In addition to these factors, the size of the location can be relevant. But, far beyond the mere scale of the local system, the most critical asset is the role of the city as capital of a learning region, the diversity of the location’s productive structure, and the endowment of high-qualified human capital. This compound of factors promotes creative clusters based on urbanisation economies. Moreover, the size of market represents a critical dimension for creative business. All these reasons explain why the main metropolitan areas, with an important artistic and cultural heritage, are making the most of the creative industries.

However, it seems to be more difficult to promote a highly diverse pattern of distribution of creative industries, strictly based on localisation economies and the cultural heritage. Both location and size matter.

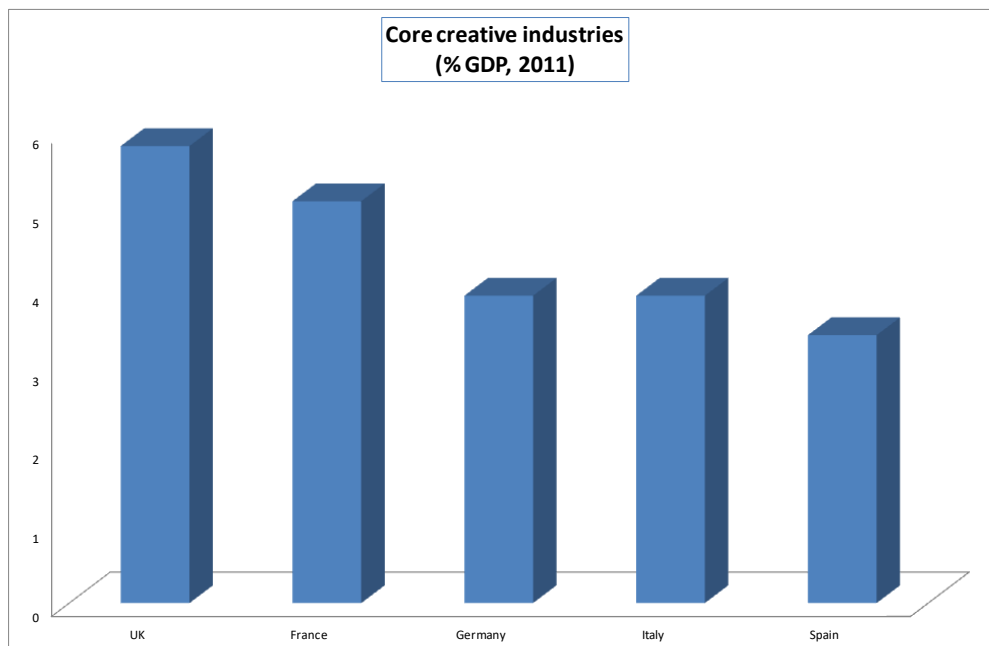
Although the role played by major cities in the creative economy is extremely important, there are specific advantages in other local environments, especially if potential creative industries can benefit from: cheaper business space, good-oriented gentrification, regeneration policies for old-industrial cities, and sustainable bottom-up initiatives.

As a consequence, policy makers should face a multiplicity of clustering forms of creative industries, which depend on the local resources and forces of the territory as well as on the characteristics of each country. As far as the forces behind clustering are not unique, policies must be carefully planned, and they should take these specificities into account (Lazzaretti et al.). In other words, if the goal is to facilitate creative places, then more attention needs to be paid to the particularities of locality. Creativity can be found everywhere, but not all locations can become highly competitive-creative places (Foord, 2008).

Creative industries in the Spanish economy

In Spain, there is no integrated policy for the creative industry as a whole. Rather, political-economic strategies are focused on the wide concept of culture, and complemented by sectorial strategies aimed at some specific activities. However, in recent years, new policies at the local and regional level have gradually emerged to support creative industries.

Creative industries are an important part of the Spanish economy. Creative industries' core activities generate around 3.5% of the GDP. And these figures are even higher (5.0%) if we take into consideration interdependent and support activities. The last study by TERA Consultants (2014) estimated that, in 2011, the sector generated a gross value added of €53 billion and 1.0 million jobs.



Source: TERA consultants

As matter of fact, Spain is Europe's fifth largest producer in creative industries. But the weight of this industry in the country's economy is below European average. We can infer that Spain is not a specialist in the commercial use of creativity. Yet the metropolitan areas of Madrid and Barcelona are among the largest and most specialized European agglomerations in creative industries – with contributions above a 6% to the local GDP.

Even though Spain is an important producer in creative industries, it fails in marketing creativity.

During the financial crisis, the decrease of the creative industries has been much stronger in the five biggest economies of the Eurozone, both at the employment and at the value added levels. There is a decrease in all activities except for TV broadcasting, movie production and the ICT-related activities, mostly driven by web development, data hosting and processing and computer software programming. Consequently, the profitability of the different components of the productive system of the creative industries has significantly changed.

The sector is demanding specific policies to promote creative economic activities. Their main requests are: the protection and promotion of cultural diversity, the provision of cultural infrastructure and public funding, the creation of institutional mechanisms, the enlargement of export markets, the protection of copyright, and the promotion and support of creative clusters.

If we draw our attention to the creative entrepreneurs themselves, we observe some conceptual issues. For example, art-creating entrepreneurs usually are creative in unique, and sometimes in unexpected ways, rather than simply in standard ones. So, probably is unhelpful to approach the state of entrepreneurship in creative cultures through the conventional factors determining creative capability of potential entrepreneurs. They might have a unique combination of individual skills, competences and commitments, and very particular and creativity-based mind-sets.

As Ann Markusen has stated, “artists as potential entrepreneurs bring strengths and deficits to enterprise development that differ from other types of entrepreneurial candidates”.

Artists configure a particular type of entrepreneur, might have very diverse backgrounds, and perform various activities – mainly based on inspiration, creativity, and innovation. Experts state that, in addition to these obvious key features, creative entrepreneurs are risk-taking, and show to have external locus of control, perseverance, self-reliance, flexibility, adaptability, autonomy, and achievement motivation.

Although in Spain creative capabilities seem to show low magnitudes, the country actually benefits from a very active community of cultural entrepreneurs, who do not necessarily rely upon specific public policies. Creativity is not an industry but a capacity, so that support policies should be diversified and imaginative.

The policy framework for the creative economy has complex, multidimensional and multidisciplinary dimensions.

Lessons from the Spanish case

Several projects in Spain have tried to transform old industrial urban areas in the cities into innovative districts. In recent years, the proliferation of designated creative places is considerable. The support to creative clusters that bring together public and private institutions to promote urban regeneration and firm’s growth is increasingly popular at the city level. Probably, this replication of creative clusters is a well-meaning but unrealistic and very expensive urban strategy.

Spanish experience shows that we need a more nuanced, reflexive and evidence-based analysis of the creative city. As Pratt states about the creative city: *‘be careful what you wish for’.*

These reforming projects have different sizes and aims. The *22@ in Barcelona* is the most outstanding initiative. The city has a rich heritage and a vibrant cultural and artistic present and Barcelona is standing out in the challenge of smart cities insofar as one of the places with most entrepreneurial activities, and a widest insertion of digital technologies into the citizen's business and personal everyday life. Barcelona aims to become a high-value ecosystem that serves as European hub for international entrepreneurs. The municipality provides a range of incentives, and there is a wide offer of resources, incubators and specialised providers of services for potential innovators.

However this successful case is not exempt from difficulties and limitations. *22@*, as with most urban policies oriented to reinvent the cities, has some common ground that could be useful for the analysis of building a more creative city.

Firstly the presence of very innovative knowledge intensive firms and highly talented people is a necessary condition for success as far as they are providers of relevant services for potential entrepreneurs. Moreover, structures that connect and facilitate professional connections top-down among firms and creative talents are also necessary.

However, the creative externalities that critically should emerge from the interaction of these key actors require some kind of appropriate soft infrastructure. More attention has to be paid to the governance and organisation of the networks in the creative and cultural industry.

In particular, as Cohendet et al. stated, the so-called middle ground plays a crucial role in the dynamic process of a creative city. It is essential the articulation of places, spaces, projects and events which all contribute *to fertilise the middle ground by facilitating the junction between the upper ground and the underground, and by enabling the interaction between local and global forms of knowledge.*

Some urban transformations exhibit traits of innovative productive district but, when most of the positive externalities/interaction are created by the top-down efforts – promoted by the municipalities and public institutions, they are yet producing a creative ecosystem, a necessary component that leads to the emergence and consolidation of creative industries. By contrast, very few communities, collectives or associations have successfully emerged from bottom-up dynamics.

A truly creative district based on social inclusion and cultural diversity requires the social interactions not to be concentrated in one particular venue.

Limited creative performance is more frequent in cities where most talented people do not live in the new innovation district. Besides promoting measures to enable people to live closer to their workplace, the key point is to nurture, reinforce and facilitate the development of this intermediate level, by means of activities that articulate and link individuals with firms and institutions. This level should act as a repository of cognitive material and the constant interaction between the demand and the supply of creative goods and services is at the basis of the city's creative dynamism. Members of these communities should benefit from their entrenchment in the city to foster the emergence of their creative ideas (even when they are not used for commercial purposes) and the city should nourish itself from the activity of these individuals to develop and expand its creative offer.

The creative process can only be efficient as long as the various agents regularly get together in the different places and spaces offered in their local environment or whenever specific projects and events are conducted in the city. Agents should interact directly and frequently in this open innovation process.

Therefore, what is essential for the creative process to become effective is the creative city to be equipped with a valuable set of places, spaces, events and projects which enable the production and dissemination of knowledge across the different layers of the local milieu.

It is crucial to reinforce these places and events in the evolving process of creativity inherent to complex urban structures. We should keep in mind that members of the local creative milieu commonly attend events from the local scene, and they are somehow involved in local creative projects in music, graphic arts, performing arts and short movies... because they are both producers and consumers of the goods and services available in their local environment.

This need also leads to the critical topic of governance. Of course, the presence of strong leadership eases the implementation of long-term strategies but it hinders the inclusion of all sensitivities and interests. And, obviously, reaching consensus among all actors involved is positive for the development of shared projects, but simultaneously makes it harder to keep a balanced development over time. This may result in the downscaling of ambitious targets for development towards more effortless projects and short-term achievements.

As Pareja-Eastway and Pradel have pointed out: *governance experiences in promoting creativity and knowledge can only be transferred between different situations if they are embedded in the local context and recognize the need for taking into account the changing nature of interests of a varied range of actors. The era of globalisation and the new economy certainly requires multiple endeavours from local agents, both public institutions and civil society representatives, to reach a common and agreed target in order to promote competitiveness.*

Additional elements for discussion

We might pay attention to the deficits and obstacles faced by creative entrepreneurs. In the case of Spain, most creative entrepreneurs suffer from the lack of ability to join forces with their communities, and with well-established companies. These established companies could collaborate with entrepreneurs in promoting, producing and marketing their value propositions, while making them a critical element of company's value chains. Creative entrepreneurship is not only a matter of being original and creative, but to successfully produce and distribute in a large scale.

A fundamental challenge for creative entrepreneurs is how to build and sustain a business.

Many creative new businesses do not dominate their markets. Amongst other reasons, this is because they have to manage and combine rich creative dynamics with business, marketing and self-promotion decisions. Most entrepreneurs in the industry have difficulties even to promote their own expertise to their audiences. In comparison with entrepreneurs in the information industry, they lack from expertise in leadership, management of complex structures, and marketing and customer-oriented strategies.

Added to the serious issues, to find financial support – which is affecting Spanish traditional ventures too – creative entrepreneurs face a lack of understanding of creative initiatives by the financial sector and venture capital. In despite of their business potential it is hard for creative entrepreneurs to integrate cultural creativity in sustainable business models, clearly attractive to potential investors.

In addition to the challenges related to market building, availability of human capital and technical resources, support network, or strategic planning, complex additional topics (mainly related to intellectual property, copyright and contractual agreements) are critical as well.

Currently, most relevant public initiatives in Spain are being carried out at a local level. Partly this is because creative industries tend to agglomerate and locate in the biggest cities, near the biggest Spanish markets. But this is also due to the specific knowledge, talent and services they consume. For example, in Barcelona many small creative businesses are scattered throughout the urban agglomeration. By their part, yet, local authorities promote biggest cultural producers to occupy and reuse the oldest industrial spaces in the city, which are currently abandoned. In this sense, the experience of The Lace Market could be extremely beneficial, and provide a role model to benchmark.

Another potential issue to discuss is how to prevent a certain trivialisation of cultural creativity. This comes in light of some local policies apparently targeted at some kind of productive ‘creative’ activities, and which in fact are neither cultural nor creative.

Some additional ideas are offered regarding the transferability of lessons from the Lace Market:

- To think about the development of an entrepreneurship ecosystem for creative industry, on the basis of Babson’s six general domains.

Which domains are positively affected according to the Lace Market experience? Which are the main barriers to be removed?

- To address attention to the seven strategies of political action for cities, suggested by Ann Markusen:
 - Know who your artists are.
 - Encourage convening and equipment-sharing artists’ centres.
 - Develop sustainable artist studio and live/work buildings.
 - Provide entrepreneurial training tailored to artists and designers.
 - Build networking and marketing opportunities for artists.
 - Embed artists in city development strategies.
 - Partner with local arts and policy faculty for entrepreneurial research and training.

In which of these areas would the Lace Market experience be more useful and transferable?

- To identify the specificities of entrepreneurial training programmes for creative industries (different from training designs aimed at other type of entrepreneurs)
- And bearing in mind Daniel Isenberg’s recommendations:

Are creative initiatives encompassing all varieties of entrepreneurship, and all life-cycle stages? Or are they more focused on small start-ups, and initial stages of business development?



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**THE UNITED KINGDOM
& NOTTINGHAM'S CREATIVE ECOLOGY**

3.1 WHY THE UK'S CREATIVE SECTOR MATTERS: A LITERATURE REVIEW

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Creative Industries in the UK

Creative industries (CI) are “those industries that have their origin in industrial creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (Department for Culture, Media and Sport, 2001). Hartley (2005) defines creative industries as “the conceptual and practical convergence of the creative arts (individual talent) with cultural industries (mass scale) in the context of new media technologies (ICTs) within a new knowledge economy”.

In the UK “creative industries” was initially used by cultural policy makers in order to legitimise culturally-related activities as an important contributor to economic development, though the sector is now recognised as being important in its own right (Hesmondhaigh, 2008). According to Henry (2007) the term “creative industries” should be applied where there is significant economic and market value that can support “sustainable enterprises”.

Creative industries are widely seen as an indispensable part of most advanced economies as well as of regional innovation strategies (Chaston & Sadler-Smith 2012; Hartley, 2005). The sector²¹ plays a significant role in the UK economy with a huge potential for employment and business development (Department for Culture, Media and Sport, 2014; Collins, 2010). Creative industries tend to generate a higher return on investment in terms of job creation than high-tech sectors and lead to spin-off benefits for other businesses, communities and policymakers.

The *Creative Industries Economic Estimates (CIEE)*, a 2014 UK government study to measure the direct economic contribution of creative industries to the UK economy, found that:

- CI accounted for 1.68 million jobs in 2012, 5.6% of the total number in the UK.
- Employment in CI increased by 8.6% between 2011 and 2012, a higher rate than for the UK Economy as a whole (0.7%).
- The Gross Value Added (GVA) of CI increased by 9.4% between 2011 and 2012.
- The value of services exported by CI increased by 16.1% between 2009 –2011.

Nicola Mendelsohn, Chair of the Creative Industries Council, says: “these figures amply demonstrate the huge contribution our sector makes to the economy and it’s vital that the right framework is in place to nurture and support the industry. We are working with Government on developing a growth strategy for the sector which will identify how all involved can ensure the creative industries continue to go from strength to strength” (Department of Culture, Media and Sport, 2014)²².

Yet creative entrepreneurs face real challenges in building “sustainable enterprises”, not least in securing financial and technical support (Henry, 2007). Cox (2005) identifies many external factors that constrain the growth of CIs in the UK including harsh competition, continuous social changes and lack of support for market growth. Internal constraints include the lack of experience characteristic of many entrepreneurs, poor understanding of the consequences of action and risk aversion. One of the

²¹ Advertising and marketing, architecture, crafts, product, graphic and fashion design, film, TV, video, radio and photography, IT, software and computer services, publishing, museums, galleries, libraries, music, performing and visual arts (Department for Culture, Media and Sport, 2014).

²² <https://www.gov.uk/government/news/creative-industries-worth-8million-an-hour-to-uk-economy>

major consequences is that of the relatively small number of creative businesses in the UK that aim to achieve a dominant position in the market.

Nurturing and developing creative talent is at the heart of the matter. Rae (2004) argues that creativity as an economic activity has yet to become fully embedded in the UK's economy and identifies four "discontinuities" which combine to shape creative capacity, aspiration and opportunity: culture, education, economy and society.

Culture

The regulatory and controlling culture of UK government agencies conflicts with the culture of creative entrepreneurs who are driven by spontaneity and freedom of action ("free spirits"), leading to "cultural disconnection" (Rae, 2004).

Education

Education in the UK has increasingly adopted a more rational and systematic approach, measurable by external audit, in contrast to a creative education underpinned by exploration and experimentation (Department for Culture, Media and Sport, 2001). Sir Ken Robinson's widely-known [critique](#) has led many to argue for greater emphasis on creativity and diversity in education.

Economy

Dominant economic narratives since the 1980s have often focused on productivity and cost-based competitiveness (Rae, 2004). Creativity can be seen as a luxury, not easily translated into the bottom line and thereby limiting the market for creative enterprises.

Society

Physical and social distance between creative entrepreneurs and mainstream business inhibits "collaborative relations" and market opportunities. New social networks are required to close the gap (Rae, 2004; Daskalaki, 2010).

However the most recent trends show that the UK businesses invest more and more in creative services such as design and software (Bakhshi, Freeman, & Higgs, 2013). Both consumers and businesses in the UK increasingly seek "the highest premium" or "distinctiveness" when they buy products and services. Markets are segmenting: while the mass production of low cost, standardised products has been sustained especially during recessionary conditions there is a longer-term shift towards mass customisation through the production of novel, design-led products branded to retain customers' loyalty. The "creative workforce" knows how to respond to diverse customer needs without being instructed how to do so (NESTA, 2013; Bakshi, Freeman and Higgs, 2013); this ability enhanced by the capacity of creative workers to absorb and transform digital technology.

At the same time social media has been matched by a tendency for geographical clustering resulting in districts such as London's "Shoreditch Triangle" (Bakhshi, Freeman, & Higgs, 2013) and Nottingham's "Creative Quarter". Identity and attractiveness of place is often an important factor in the location and development of creative industry enterprises (Comunian, Chapain, & Clifton, 2010). A study of the CI sector in the Southwest England showed that its growth depends on a number of factors such as firm capabilities, entrepreneurial orientation and confidence in market conditions; these in turn reflect the locality, its provision of infrastructure and whether it can retain creative talent (Chaston and Sadler-Smith, 2012).

UK entrepreneurship in its wider context

Despite the impact of the economic recession, Deloitte's *Entrepreneurship 2013/2014* report highlights entrepreneurs' optimistic attitude about the future of the UK economy. Its research showed that the entrepreneurs are feeling confident about the future, expecting more than 10% growth in comparison to the last year's forecasts. Companies seem to have stopped reserving cash for growth upon recovery although some companies are still facing difficulties (Deloitte, 2013/2014).

According to the *Entrepreneurship Barometer* report (2013) by Ernst & Young (EY), the UK is considered an entrepreneurship – friendly country leading to high levels of business activity; its business-friendly regulations, generous tax subsidies, availability of skills from a solid education system, highly innovative culture and dynamic financial markets make the UK a “well – developed ecosystem” for entrepreneurial activity. Yet the 2014 GEDI²³ (Global Entrepreneurship and Development Index) study suggests that the UK has slipped from the 6th to the 9th place of the list of the most entrepreneurial economies worldwide. Despite cultural support for entrepreneurial activity and the provision of incentives, negative attitudes and lack of aspirations seems to inhibit UK entrepreneurship. The research showed that even though entrepreneurial activity in the UK is innovative, potential entrepreneurs are quite reluctant to start up a new business (Acs, 2010).

The EY survey also identified weaknesses regarding entrepreneurship in the UK. In terms of funding, entrepreneurs in the UK seem to face the most significant challenges. Based on EY's survey findings 3 in 4 entrepreneurs report that the access to bank loans has been very limited while 72% have difficulties in securing funding. Locally-based and young entrepreneurs find it more difficult to secure funding than large companies, limiting the growth of entrepreneurial activity. Local entrepreneurs in the UK believe that business incubators, entrepreneur networks, workshops and meetings are necessary for retaining sustainable growth of their business (EY, 2013).

There is a high level of pessimism about the likelihood of coordinated support for entrepreneurs in the UK, perhaps the highest in the Group of Twenty (G20) major economies. Despite the signs of improvement in the UK economy the EY report highlights the insecurity that still remains in the domestic market.

According to the GEM report (Levie et al, 2013), total early stage entrepreneurial activity in the UK in 2013 was 7.3%, lower than in 2012 but relatively high in comparison to trends during the previous eight years (2002 – 2010). Only 20% of working age individuals in UK were about to start a business in the next 3 years, also lower than in 2012. Statistical data from the GEM report show that in 2013 individuals aged 35-44 years old exhibited the highest level of early-stage entrepreneurial activity in England, Wales and Scotland, though with steady growth amongst the next age cohort. New entrepreneurs' expectations of access to funding decreased over the year.

Setting up a business in the UK

UK governments have long advocated the virtues of entrepreneurship and have sought to encourage new business formation. According to government agency *UK Trade and Investment* (UKTI):

- At 20% the UK has the lowest corporation tax in the G20.
- The registration of the new company takes less than 48 hours.

²³ “The GEDI captures the contextual feature of entrepreneurship by focusing on entrepreneurial attitudes, entrepreneurial activity and entrepreneurial aspirations” (Acs & Szerb, 2010)

- Four of the world's leading top 10 universities are based in the UK.
- The labour force is the second largest in Europe.
- The UK government provides support to entrepreneurs and start-up companies through mentoring programmes and funding (BIS, 2014).

In 2008 the Department of Business, Enterprise and Regulatory Reform developed a new enterprising policy framework aiming to make the UK the best place to set up a business (Smith & Beasley, 2011). It included 5 "key and interlinked themes" which could promote UK's enterprising performance:

- Culture of enterprise.
- Knowledge and skills.
- Access to finance.
- Regulatory framework.
- Business innovation.

In July 2012 the Bank of England and HM Treasury introduced the *Funding for Lending Scheme* (FLS) (Bank of England, 2012), launched to allow banks and building societies to borrow from the Bank of England at cheaper than current market rates for up to 4 years. The FLS was extended until January 2015 with additional incentives to boost lending towards small and medium sized companies (BIS, 2014). There is a debate whether the FLS is working for the businesses, however repayments seem to run faster than borrowing while the "latest net figure" remains down (BBC, 2014).

Another UK government initiative was the introduction of *the British Business Bank (BBB)* to "unlock" finance for the small businesses. The BBB²⁴ manages all government programmes without lending directly to small businesses (with the exception of its Aspire Fund). Its aim is to allow small businesses to flourish and contribute to the UK economic development and prosperity (BIS, 2014). Some 30,000 businesses were benefiting from BBB activity according to its Strategic Plan (2014).

Other schemes for supporting small businesses are:

- The *Enterprise Finance Guarantee (EFG)* which helps lenders such as banks to lend to small businesses which lack the security required for a normal commercial loan (BIS, 2014).
- The *Regional Growth Fund* which supports areas that are traditionally more dependent on the public sector to boost private sector investment and business expansion (BIS, 2014). According to the Deputy Prime Minister, Nick Clegg: "The 50 projects will create tens of thousands of jobs and fuel business expansion" (BIS, 2014).
- Finally, the UK government works in partnership with the British Banker's Association to improve the way that small businesses work with banks (BIS, 2014).

The government also encourages overseas entrepreneurs to start up businesses in the UK. The UKTI's Global Entrepreneur Programme (GEP) is currently helping and motivating entrepreneurs outside Europe and technology businesses that are in its infancy and willing to relocate to the UK (BIS, 2014). GEP has helped to:

- relocate 340 businesses to the UK;
- create over 1,000 jobs in the UK;
- raise over £1 billion of private investment for companies.

²⁴ The BBB is currently run directly by the BIS. Once HM Government has received European Commission State Aid clearance programmes will be transferred to the British Business Bank plc, which will operate as a Government-owned financial institution (BBB Strategic Plan, 2014).

Free-of-charge support includes:

- assistance with relocation;
- development of business plans;
- introductions to investors;
- mentoring and continuing support from experienced entrepreneurs.

However businesses that want to relocate in the UK may be discouraged by increasingly stringent visa requirements for non-EU nationals, requiring them to have secured at least £50,000 funding from an approved organisation before entry (BIS, 2014).

In terms of direct support, start-up loans have supported 2,000 young entrepreneurs to launch their own businesses (BIS, 2013). The Start-up Loan scheme helps young entrepreneurs (18 -30 years old) support their business dream with a cash injection of £4,500 and continuous mentoring assistance. By 2015, the UK government made £117.5 million available for the aspiring young entrepreneurs. The scheme aims to help achieve “strong, sustainable and balanced growth that is more evenly shared across the country and between industries”. An emphasis on the role of Higher Education has also been evident in government policy since at least 2010. Graduates are seen as an important resource for economic growth and universities are actively encouraged to establish incubators and mentoring schemes for their alumni.

Finally *The Patent Box* is a tax incentive for businesses that exploit patented innovations, enabling companies to apply a 10% lower rate of corporate tax to resulting profits (HMRC, 2014).

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3.2 THE COMPLEX ECOLOGY OF NOTTINGHAM'S CREATIVE SECTOR

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(Coordinators)*

Introduction

Nottingham's Lace Market and surrounding parts of the city are home to a complex ecology in which creative enterprises, institutional actors and cultural consumption co-exist with varying degrees of interdependence and symbiosis. This was first described by [Jim Shorthose](#) in a series of research papers on the Lace Market some ten years ago. More recently Nottingham's creative sector was examined by the [Organza project](#) funded under the EU's Interreg programme.

In this sense the Lace Market can be understood in terms of [psychogeography](#), forming a place of belonging and interaction through which the creative sector across the whole City can be defined as more than the sum of its parts.

The Lace Market lies at the heart of Nottingham's newly designated [Creative Quarter](#), a public policy construct which seems intentionally ambiguous, sometimes firmly delineated as a discrete district on the urban map (see Fig. 1 below) and at other times as a metaphor for creative enterprise across the entire City.

Although a key element in the City's economic development strategy, employment and wealth creation provide only part of the intervention logic for the Creative Quarter initiative; most creative enterprises are small and will remain so, despite notable exceptions. However the existence of a strong creative milieu involving both production and consumption raises the profile of the City. It reinforces Nottingham's identity and capacity as a locus of innovation, leading to potentially wider impacts on local economic development.

As a physical location the streets and building of the Lace Market have long served as a locus for experimentation and incubation. The steady decline of the clothing, knitwear and lace industries was seriously detrimental to the local economy and parts of the labour market, but opened up low rent spaces in former factory buildings for artists and creative entrepreneurs. Yet while this spatial agglomeration of small workspaces helps to establish the Lace Market as a place of creative enterprise, this would mean little without the physical spaces and network dynamics that bring people together, stimulating innovation and building relationships. Central to this is the Lace Market's City-wide function as a place of creative consumption and congregation based on niche retail, culture, food and drink.



An institutional cluster

It is the growing presence of institutional actors in the Lace Market, and as drivers of the wider Creative Quarter movement, that has been the most striking development of recent years.

The **Broadway Cinema**, long established as the anchor for the Lace Market's creative sector, is a triple helix of enterprise incubation, cultural consumption and (through its café/bar) networking. In its immediate vicinity an increasingly diverse range of cafés, bars, restaurants and clubs have emerged, further adding to the Lace Market's importance as a destination for citizens and visitors as well as entrepreneurs.

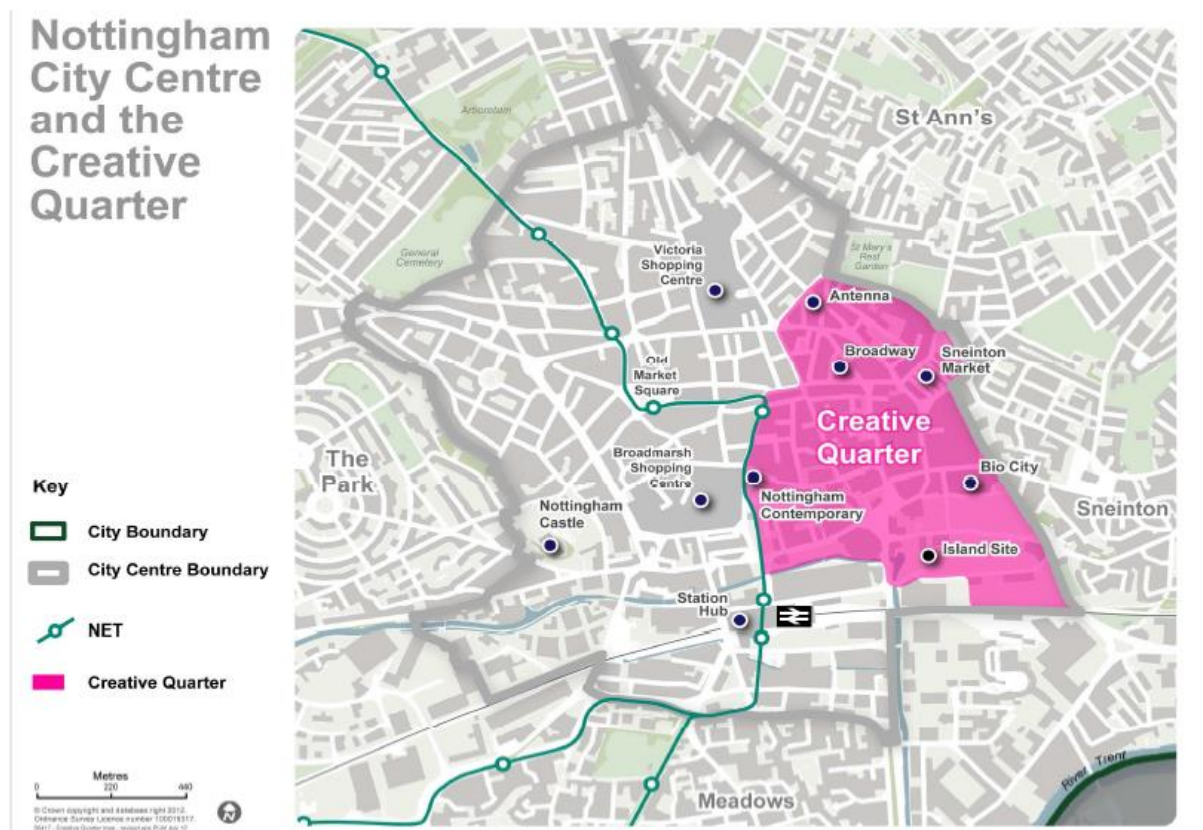


Figure 1: The Creative Quarter

The acquisition of the iconic Adams Building by **New College Nottingham** in the late 1990s led to the relocation of its arts, design, digital, media and other courses, bringing a large student population to the Lace Market by day as well as by night. Although extensively restored with ERDF support, the building is expensive to run and there are **doubts** about the Adams Building's future use as a result of financial difficulties currently facing the College.

In 2009 **Antenna** opened as a digital media hub in the City Council's former fashion industry resource centre building. Antenna provides workspace units, virtual tenancy, specialist services, training and meeting spaces for the digital media sector, but it also instigates and supports a series of collaborative innovations within the Creative Quarter's wider network.

The 2009 opening of **Nottingham Contemporary**, one of the largest contemporary arts centres in the UK outside London, is the latest focal point for the creative community.

Although not located in the Lace Market, [Nottingham Trent University](#)'s engagement in the creative sector has been long-term and significant. Large number students study art, design and media in the University's City Centre campus, representing an important future asset if they can be retained in Nottingham after graduation. Nottingham Trent's [Hive](#) initiative has helped more than 250 graduates to start businesses during the last ten years, more than 40 per cent of whom could be classified within the creative industries sector. Programmes such as [Future Factory](#) enable the University to provide other forms of specialist support funded from sources such as the ERDF and often involving collaboration with other local partners including the [University of Nottingham](#) and the [New Art Exchange](#).

Beyond the formal institutions, a series of informal spaces have emerged in ways which generate significant levels of social capital. For example the [Howie-Smith Project](#) is a social enterprise spin-off from a PhD project and focuses on the reuse of empty buildings to provide support communities for artists and creative entrepreneurs, notably [The Corner](#) in the Lace Market. Likewise [Nottingham](#)

PORTRAIT OF CRAIG CHETTLÉ



Founder and Managing Director,
Confetti Media Group and Antenna

Craig's background is in music. He has worked as a tour manager, sound engineer and producer working with acts such as Wycliffe and Nick Cave. He founded the Confetti Institute of Creative Technologies in 1994. It began life as a small business with a handful of staff teaching music and sound design courses. It has since grown to become one of the country's leading education establishments, currently home to over 1000 students attending vocational and degree courses in music, gaming, film and TV, radio and events production. Confetti's success led to the formation of the four other complementary businesses in the group – Spool, record label Denizen, Constellations – designers and manufacturers of state of the art education furniture and then of course Antenna – which sprang from a need to unite and support Nottingham's creative business community.

The Confetti Media Group is now one of the main creative industry employers in the city and region with over 150 employees and it further supports an industry membership of over 300 creative businesses ranging from PR firms to Games Developers. The latest addition to the group is Notts TV. Confetti was part of the consortium awarded the 12-year licence to broadcast Nottingham's first dedicated television channel. Notts TV began broadcasting on Freeview Channel 8 in 2014.

Writers' Studio is “a space where writing grows . . . run by writers, for writers, at all stages of their careers.” Online, **Creative Nottingham** promotes and markets creative businesses in the City.



Collaborative advantage?

Superimposed on this institutional map are a number of different, if sometimes overlapping business clusters. To date there has been no systematic analysis of the creative industries sector in Nottingham, and research is **arguably** a pressing need for the future development of the Creative Quarter strategy. However it is clear that these enterprise clusters have only a loose geographical relationship with the shaded area shown on the above map. This reinforces the argument that the Creative Quarter is important as a City-wide focal point for entrepreneurial interaction and collective identity.

The term “cluster” implies more than just a geographical agglomeration of enterprises in the same sector. Rather it suggests that businesses enjoy *collaborative advantage* through, for example, shared services and resources, targeted public policy and business support initiatives, focused learning opportunities, knowledge sharing, collective marketing and the potential for joint ventures.

Collaborative advantage in the Creative Quarter is both informal (through personal and business networks and relationships) and formal through institutionally-driven and funded initiatives. This reflected in each of the main clusters:

Artists have several hubs and collectives in and near the City Centre including **Backlit**, the **Canning Circus Creative Hub**, **Hopkinsons** and **Tether**. Members of these clusters are typically independent producers or 2 – 3 person partnerships, but the hubs and collectives provide a context for artistic collaboration, shared resources and joint marketing. **Hopkinsons** also provides a shared retailing outlet on the edge of the City Centre for art and antiques. Locally-based online communities such as **Bees Make Honey** are an increasingly important forum for shared learning and collaboration.

Craft producers are widely distributed across the City though with focal points in Sherwood (3km north of the City Centre) and other suburban locations as well as the **Lace Market**. Once again these are predominantly one or two person businesses though there is a growing trend towards collective marketing. Examples include **Craft in the City** and Creative Quarter **Pop-up Shops** in empty retail premises. **Cobden Chambers** is emerging as an ambitious initiative including studios and workspaces with shared services, together with a collective “department store” for local creative producers.

Digital media companies are clustered in the Creative Quarter, including workspace provision in **Antenna** and **Broadway**. Within this cluster is a strong *videogame* sector focused on Antenna. This includes **GameCity**, a spin-off from Nottingham Trent University which delivers major research and inclusion projects such as the annual GameCity festival. *Film* is focused both on Antenna and

Broadway, with both institutions providing start-up support and opportunities for collaborative working between existing businesses, often in partnership. Informal networks and relationships within the film sector are strong and well-established, producing film-makers such as [Shane Meadows](#).



Broadway has also expanded into the wider creative sector with its [Near Now](#) initiative, a “producing, commissioning and artist development programme, working closely with artists and designers to produce and present playful projects that explore technology in everyday life.”

Less well documented, the Creative Quarter contains a diverse cluster of business-to-business enterprises including advertising, designers, marketing organisations, professional services and web developers. Initial research for the CI-Net project suggests strong sub-networks within this creative cluster including evidence of intertrading and regular client referrals. Other creative sub-clusters include architecture.

Conceptualising the Creative Ecology

Nottingham’s creative sector is based on a complex ecology of both enterprises and institutional actors which, for lack of research, is not fully understood. Nonetheless there is ample evidence on which to base the proposition that creative businesses enjoy potential *collaborative advantage* in that they gain access to formal, targeted business development and learning opportunities combined with peer networking and co-operation. The structure of this ecology is illustrated²⁵ in Figure 2 on the following page. In summary, the ecology of the Lace Market and Cultural Quarter is multi-layered:

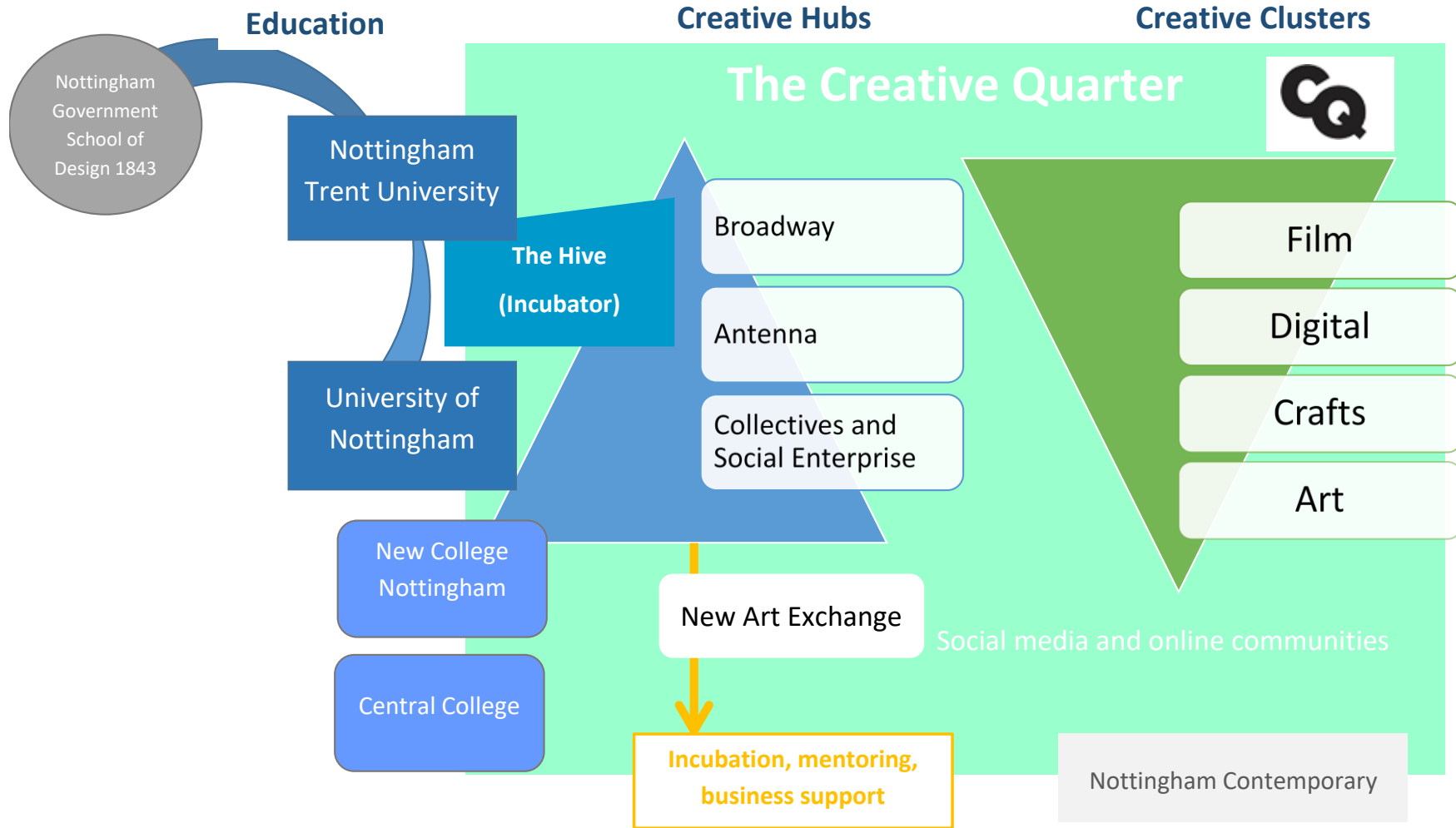
²⁵ With thanks to Dr Jeremy Hague, Nottingham Trent University.

“Collaborative infrastructure” describes the co-operative partnerships between the key institutional actors including the City Council, Universities, Colleges, Antenna and Broadway. A fluid set of partnerships between these actors has been successful in securing EU Funds and other resources to deliver a succession of programmes for new and established businesses including training, mentoring and network building. This infrastructure can be characterised as having *organisational density*, the requisite variety of institutional actors able to meet the variable needs of a diverse creative sector.

Enterprise clusters overlap and interact with the institutional infrastructure but are relatively autonomous and possess their own dynamics. Relations between enterprises are based on high levels of mutual reciprocity and are typically grounded in friendship patterns and affinity networks (one web developer said that his business network works well because “we all like the same music”). Antenna, Broadway and many of the local bars act as an important physical locus for building and maintaining these networks, while the Creative Quarter initiative should also help to strengthen relationships



Figure 2: The Conceptual Map



Journeys into entrepreneurship

There is no typical motivation or journey that leads an individual to creative industry entrepreneurship. Entrepreneurial biographies, like individual lives, are diverse and unique. However we can say that many are relatively young, many have graduated in relevant disciplines from further or higher education whether in Nottingham or further afield, and those who succeed in creating relatively successful enterprises often do not follow a linear route from the outset in pursuit of a clearly defined product or business model. From our interviews with established entrepreneurs, many recognise the important role that peer support from other enterprises played in helping them learn the fundamental principles of running a business.

A rather weary commentary on one of the [online community websites](#) suggests that:

“... hundreds of brilliant little brains are employed in day or night jobs, pulling pints, making sandwiches, smiling ever more radiantly as they ask if sir or madam has a loyalty card. And then they crawl back to some little den of doubts & genius. They make music, they juxtapose, they write, they paint, they craft, they edit. Maybe they show it to their friends. Maybe it goes on the internet. Maybe some fat cat rips off their idea without them knowing. On bad days they go home and waste away in boredom . . .”

This is a highly recognisable Lace Market story, with its bars serving as sources of income for neophyte entrepreneurs as well as networking hubs. Their journey is by no means guaranteed to succeed however long they persist. However iconic success stories such as [Paul Smith](#) and, more recently, [Craig Chettle's](#) Confetti Group (responsible for Antenna and several digital media businesses) continue to inspire.

Business start-up advisors recognise that a key part of their role is to discourage those without the aptitude, skills or business model from embarking on entrepreneurship. It is not for everyone, however seductive the vision of creating a world-beating creative enterprise.

More structured approaches into entrepreneurship include Nottingham Trent University's [Hive](#) which offers managed workspace as well as practical business development support, and which has achieved a remarkable 85% three year business survival rate leading to the creation of 350 jobs.

The City Council's [Generation Y](#) initiative helps entrepreneurs aged under 35 to set up successful new businesses by providing specialist support to help them build their ventures. Nottingham's two Universities are taking part in the programme, together with the two largest colleges, Central College and New College Nottingham.

[NBV](#) (Nottingham Business Venture), a long-established business support service, is collaborating with the [New Art Exchange](#) to offer City residents the [Real Creative Futures](#) programme for start-up enterprises in the sector. NBV already claims credit for several creative entrepreneur [success stories](#). Broadway's [Projector](#) initiative is specifically targeted at digital and creative start-ups.

See the Creative Quarter [Business Support](#) page for the current range of support for start-ups.

Less formally, several networking and learning initiatives use bars and social spaces such as Antenna to deliver soft learning to creative entrepreneurs. At [Thirsty Thursdays](#) for example “more than 2,000 participants with drive and ambition have enhanced their knowledge. They have learned about everything from marketing to finances, received expert support and gained up-to-date information on the business topics of the day.”

Help for established businesses to develop and grow is reflected in a varied range of initiatives, perhaps overly-complicated by their dependence on opportunistic funding opportunities (for a summary go to the Creative Quarter [Business Support](#) page). Notable are Nottingham Trent University's [Future Factory](#) and the [Working with You](#) programmes which, although generic, can provide bespoke support to creative businesses.



The New Art Exchange: “You have got this black box cube which has beautiful energy in it and also it has won many awards and is architecturally very strong. It’s unusual that we have black brick amongst red brick Hyson Green, in a sense it is a minority architectural piece which makes it stand out and it’s a symbolic statement of something very solid and black” (Skinder Hundal, Chief Executive).

An overview of Nottingham’s creative sector

UK WON, with support from the Creative Quarter Company, conducted an online survey of creative businesses in the City during the autumn of 2014. Full survey findings can be found in the accompanying document to this report.

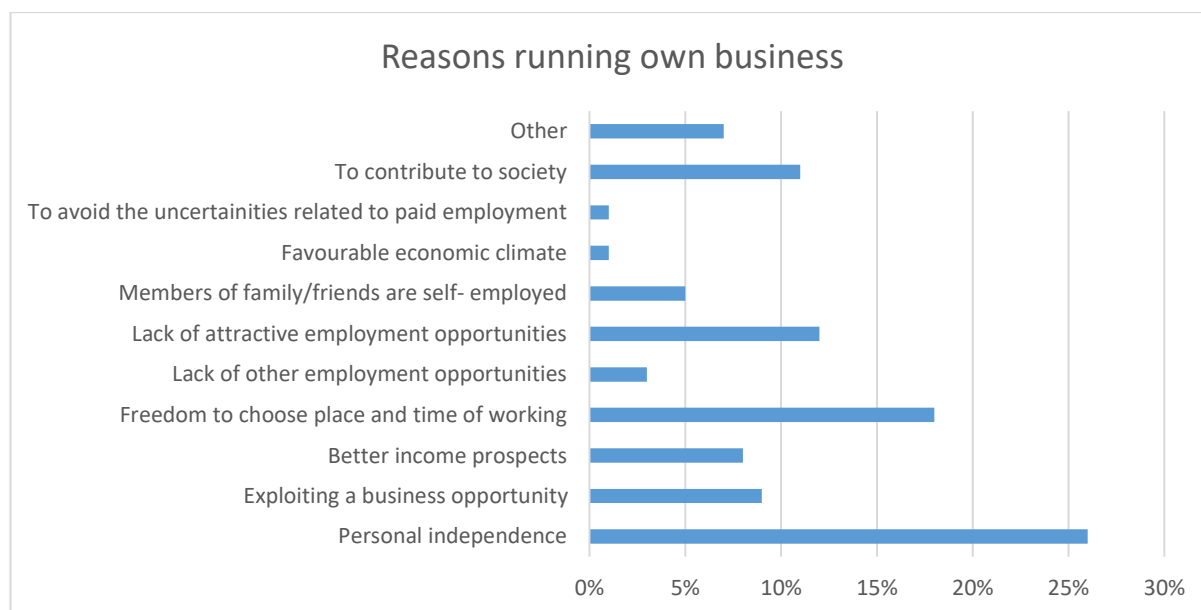
Thirty-nine valid responses were received, of which nearly a third were from digital media enterprises and almost a quarter from the craft sector. Just under a third of respondents were self-employed while a slightly larger number were employed in companies limited by share capital. Around a half are based in the city centre with the remainder located elsewhere in Nottingham. Sixteen respondents reported a turnover in excess of £50,000, four of whom exceeded £1,000,000. In contrast twelve reported turnover of less than £10,000.

By far the largest group of respondents (27/39) reported that their business had been self-funded in its first year, with some receiving support from friends or family. Only six companies had received a business loan from the bank at the outset. Access to loans, investment capital and specialist support appears only to play a part for certain types of creative business and then only when they are well established. Many creative entrepreneurs distrust financial institutions (and may in turn be distrusted by those institutions), building their businesses in the early stages through sweat equity subsidised by employment elsewhere (14/39) or private income. This pattern of self-funding continues throughout the life of many businesses with only a minority gaining bank loans or other formal types of investment.

Reasons for starting a business were diverse though 75% cited dissatisfaction with their previous work situation as having been important or very important. A large majority also agreed from their own experience that starting with an appropriate business idea, meeting an unmet need, having the right business partner and accessing financial resources are important or very important. While over a quarter disagree, more than 60% cite the importance of an entrepreneurial role model.

The motivations behind entrepreneurship were equally diverse, though independence and control over working life clearly play an important part:

Figure 3:



At the same time 35% refer to irregularity of income as the major disincentive for opening a business. In terms of the practical difficulties experienced 72% cite lack of funding, 67% cite access to information on starting a business, and 37% cite complex administrative procedures.

Nearly a half of respondents rent business premises while just under a quarter (who are more likely to be self-employed) work from home.

Twenty two of the 39 respondents employ five males or less and four employ more than six. Twenty seven of the 39 respondents employ five females or less and four employ more than 6. Nineteen respondents reported that they were employing between 1 – 5 people a year ago; only one company reported a decrease in employment.

In their first year of business, just under a quarter of respondents felt that they were part of a local creative industry “community” in which they were supported by other entrepreneurs. Slightly under a third (12 respondents) felt that collaboration with other enterprises played an important role in their first year of business. Market access and joint marketing formed the major areas of collaboration.

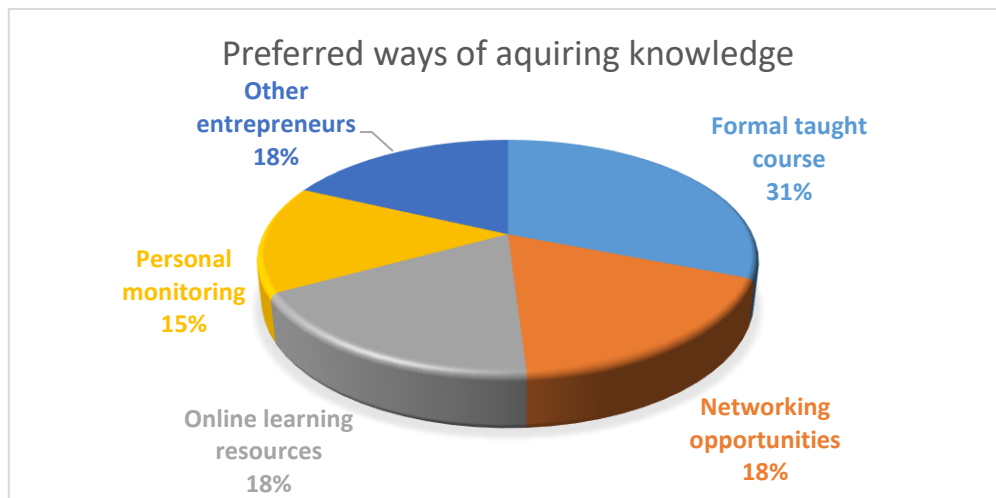
Forty two percent of respondents whose businesses were older than a year currently feel part of such a community and around a half see collaboration with other local enterprises is seen as important in terms of winning business. Thirty eight percent reported that knowledge exchange with other entrepreneurs was particularly important in their business; thirty six percent sought to improve their business knowledge from other entrepreneurs or through networking. Many also cited partnering with other organisations as an important factor in winning business. Principal areas of collaboration included joint marketing, market access and partnering in tenders, though collaborative product and service innovation was also evident.

Less than a quarter had taken part in an entrepreneurship course and 55% report that their general educational background did not give them the skills required to run a business. Most are aware of gaps in their knowledge citing a wide range of topics but with a particular emphasis on business planning, accounting and managing supply chains:

Figure 4:



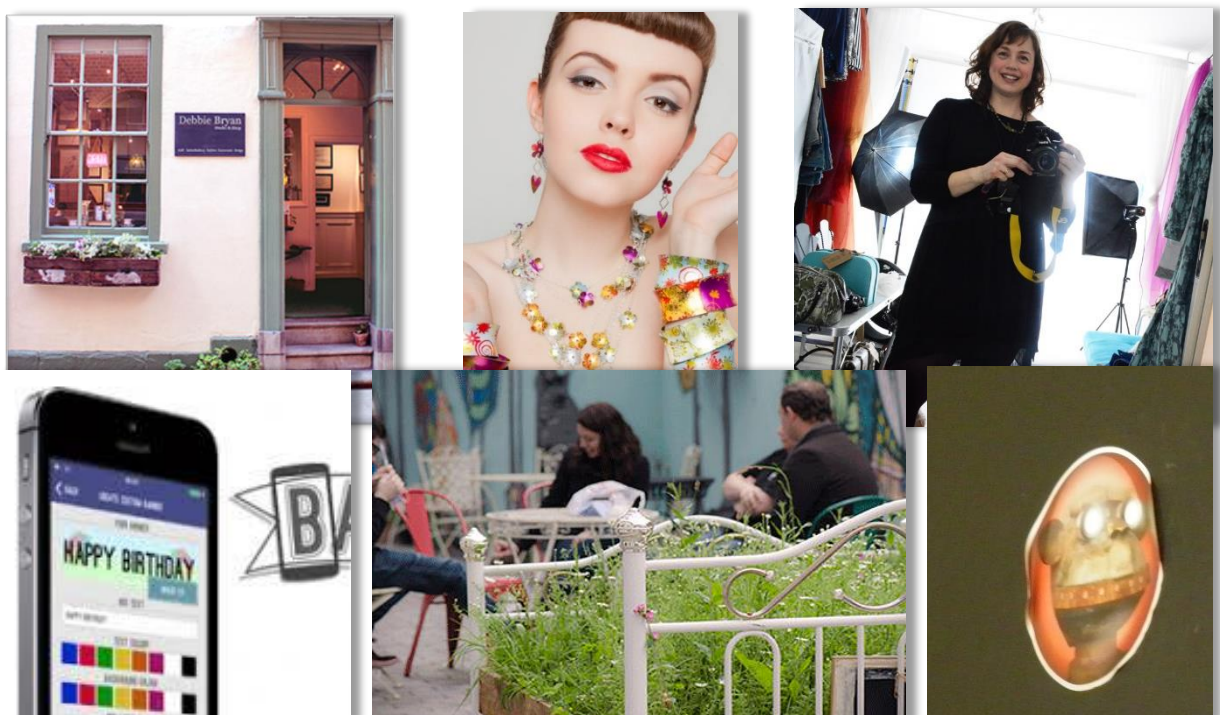
However **Figure 5** shows that only 31% favour formal taught courses as a means of addressing knowledge gaps:



Six journeys

Six cases have been chosen to illustrate the journeys into creative entrepreneurship that lie behind a cross-section of businesses in the Nottingham ecology. They demonstrate the individual nature of each journey and how it reflects specific settings, markets and personal circumstances. In short they show that there is no mappable linear route into entrepreneurship; rather each entrepreneur takes a contextually grounded journey of experimentation, trial and error and learning.

These cases are described in detail in another eBook produced under CINet’s project. In this eBook, however, we use the knowledge derived from these experiences to support our basic understanding about the development of entrepreneurship in Culture and Creative Industries.



Conclusions

The creative entrepreneur's journey

We use the information obtained from the case studies of creative industries in Nottingham, together with the survey results to conclude that there are at least four distinct stages in entrepreneurial development:

Taking the first steps

Successful entrepreneurs are driven by passion for their product or service as well as by a desire for independence and control over their own working lives. These are essential qualities, not least because they help entrepreneurs to acquire the resilience required to sustain the hard work and limited financial returns characteristic of early-stage business development.

Each starts from a different place with different hopes and aspirations but all are motivated by a belief that their creativity can drive a commercially successful business.

Many, like Jo Welch, start in a small way by selling to friends and acquaintances but then build the confidence to become full-time entrepreneurs. As both Jo and Annie Haley found, one-to-one coaching or mentoring can play an important part in building this confidence as well as business skills.



Not all prospective entrepreneurs come to the market with a complete set of business skills. More than three quarters of survey respondents have not received any entrepreneurship education and 55% don't believe that their educational background has given them the necessary skills to run a business.

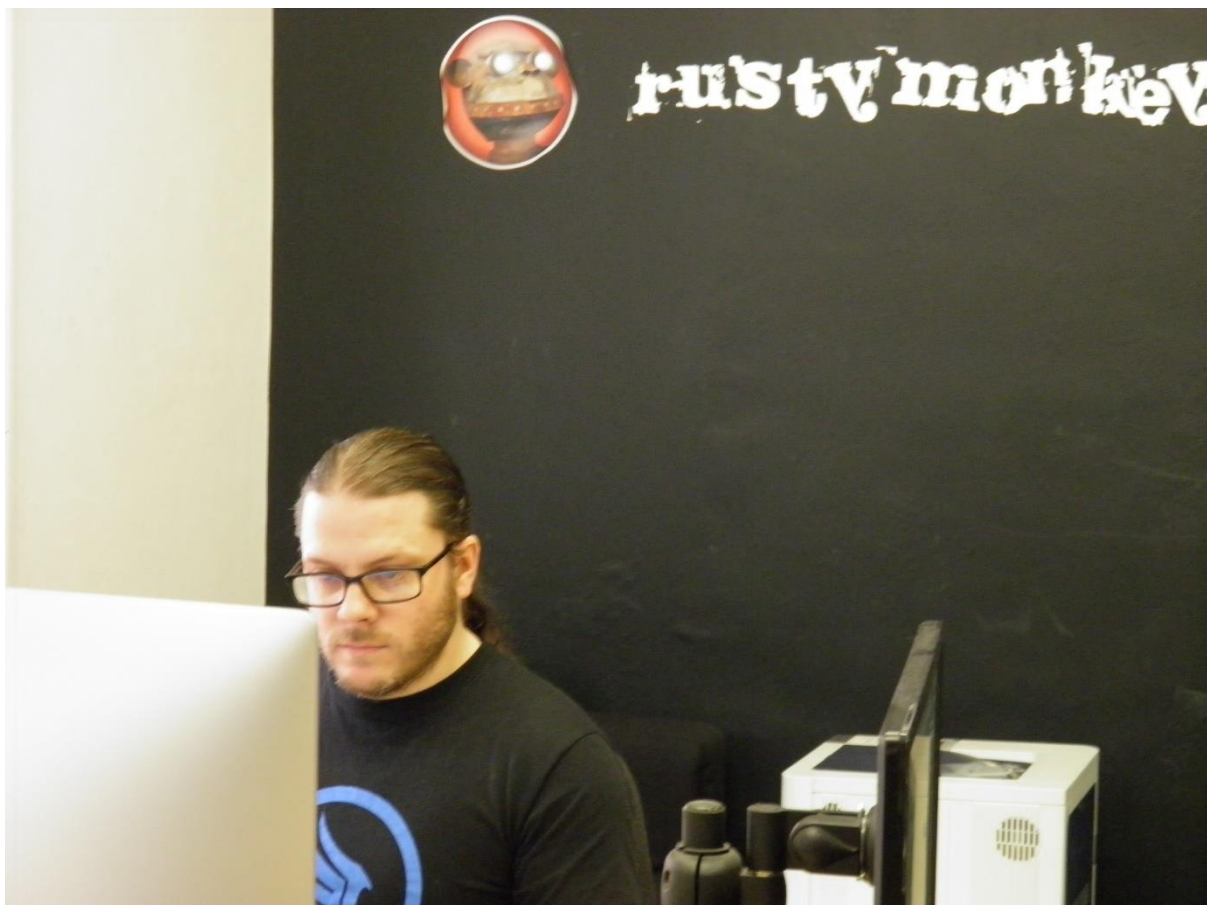
Recognising that you need more than just creativity to run a successful business is essential, as is the willingness to seek help and support when it is needed.

The early stages of entrepreneurship will typically involve a period of experimentation and, in many cases, failure. As Debbie Bryan says: “test your product before investing any money in it”. Helen Taylor found that risk can be reduced by support initiatives such as incubators like the Hive and or development programmes such as *Real Creative Futures*, but the advice to some potential entrepreneurs will be not to proceed.

Supporting the business in the early years

As the survey results show, most creative businesses in Nottingham appear to be self-funded in their early years and this conclusion is reinforced by the experiences of the six case study entrepreneurs. In many cases the entrepreneurs worry about being in debt. Moreover the traditional finance sector seems out of touch and remote as far as small creative enterprises are concerned, especially in their early days. As Matt Burton of Rusty Monkey explains:

“We had two different business banks and neither of them gave us that little buffer that we needed. Even though we had hundreds of thousands of pounds going in and out of the account every year, just to try and get 5% of our annual turnover was very difficult.”



Many entrepreneurs find alternative financing strategies including full- or part-time work elsewhere to subsidise the business, while others survive with very limited resources. As Jo Welch says: “I’d certainly rather not approach a bank for a loan, I’d rather make the most of what I have.” Debbie Bryan agrees: “Whenever we’ve had any extra money we’ve reinvested . . . it’s all about building something you are

proud of". Early-stage entrepreneurs clearly need to gain an understanding of how to build financial resilience and sustainability using diverse means.

The general advice is generally to "get the basics right" first, invest in the services of a good accountant or book-keeper to avoid risk and to free up your time, and explore all the grants and other forms of support that may be available. Annie says "use social media for expanding your business but think before expanding, cover the basics first." Hazel's advice to other creative businesses is: patience. Some aspirations have to be left on the back burner and it doesn't all happen at once.

Debbie is clear that "you need a good support network around you" to offer advice and practical help. Like many of the other entrepreneurs in the survey she benefitted from being part of a "community" in the early years of her business. In turn she now helps other creative businesses in the locality. This is particularly helpful in enabling new entrepreneurs to gain access to markets or through joint tendering or through joint marketing with established businesses.

Building a market and a brand

Just because an entrepreneur is passionate about his or her business doesn't mean that they are good at marketing it. They need to use every means at their disposal and, as Helen found, social media can be very effective by "creating a story around what you do, and I have done that with Twitter". Debbie agrees: "On the whole what is really exciting about the whole social media thing is that you have this amazing network of people, there's this mutual appreciation, everybody benefits and there is a ripple effect." Three years into the business Annie's advice is to start small: "Don't be afraid to do little things". Social media is a fantastic free resource that can bring your work to the world, and there is expert help on the internet including tutorials, "everything you need to know is on-line".



Helen argues that one of the biggest early challenges is “getting your name out there and becoming known”. Annie and Steve Haley found that local networking events played a key role in getting known and building the business.

Most of the entrepreneurs involved in this study suggest that collaboration with other local creative businesses through shared publicity events and joint ventures helps to build markets. Jo has started to collaborate with local entrepreneurs to offer a combined package. Many also see other entrepreneurs as a continuing source of knowledge and advice.

Building a distinctive brand that reflects the values of your business is essential, not least because it keeps customers coming back. Jo says: “I’m learning about my style of doing business and ways of growing my business. I want return business, I want return customers”.

Matt agrees: “Our USP is probably the biggest factor . . . we’ve always differentiated ourselves from other web design companies by working hand in hand with our clients, we build long term relationships. In fact I would say probably 80% of our work comes from 4 or 5 clients, some of them pay us a retainer which works very well and helps with the cash flow.”

“We try and support them, we make their website work for them, we help them with their online marketing where we can and help their business to succeed and if their business succeeds then they keep coming back to us.”

Hazel decided not to have a shop but to sell on the internet or to retailers “I know that at the price I’m selling to them they’ll make money on it, and that’s all they are bothered about. People don’t buy things just because it’s nice, they buy it because they can double (their) money.” Most importantly she says, “be sure you have a good product that people want to buy at the right price.”

Hazel also emphasises the need for innovation: “Every year I change the range, which is very important. People I know who don’t do very well, it’s because they don’t change things”.

Sustainability

Creative entrepreneurs need considerable reserves of resilience even to survive the first year, but for those that succeed the rewards are significant in terms of pride, job satisfaction and a sense of achievement. Wealth may take longer and is not assured.

True entrepreneurs will always be looking for growth, but the advice from several of those featured in the case studies is to do so organically rather than to become burdened with debt. People who create their own businesses to gain control over their working lives do not wish to end up working for the bank.

Good entrepreneurs know themselves very well. They are passionate, confident and understand that self-worth and self-confidence are important for business success. Their core values and personalities are reflected in every aspect of their business and this is apparent from the language they use. These entrepreneurs have an intuitive understanding of customers and of how to make the best of professional relationships.

Their business is their lifestyle and Jo says it’s important to keep a balance: “Dinner parties within communities help brainstorming, networking and maintaining a social life!”

Creative entrepreneurs realise that the best way to learn about their own strengths and weaknesses is to mix with others involved in their field. Mixing with others “helps you to identify and appreciate your

human impact'. Willingness to admit to your own limitations and to ask others for help is a clear strength. It can also help to build collaborative relationships.

So what is it that makes a successful creative enterprise?

It is more than a business plan.

It is about passion but also about having a clear focus.

It is about communication, networking and relationship-building.

It is about being opportunistic and ready to take risks, but also being able to draw on a developed sense of judgement as well as the experience of others.

It is about feeding and sustaining the creativity that lies at the heart of the business while maintaining a professional approach and having respect for others.

It requires strong values and beliefs that run throughout the business.

Jo concludes: "It's quite edgy choosing to follow a creative path, it's a difficult choice, you are not guaranteed a huge salary or much security - it's a path with heart."



Nottingham's Creative Ecology

The wider analysis of Nottingham's creative industry sector leads to the following insights:

- The starting point must be with the way in which the entire institutional and enterprise ecology acts as a resource for entrepreneurial learning and business development. This stands in contrast to traditional public policy or vocational education approaches which simply focus on individual entrepreneurs and their businesses.
- Establishing long-term, trust-based relationships between the key institutional actors appears to be a pre-requisite for the delivery of effective and sustainable support for creative industry entrepreneurs.
- Business support should focus as much on strengthening collaborative relationships between entrepreneurs as on supporting individual enterprises.
- Policymakers need to be more creative in establishing easy-access sources of funding, including overdraft facilities, both for start-ups and for subsequent growth.
- Many small businesses in the creative sector are seeking easy, informal access to expertise in areas such as accountancy, business planning and marketing on an ad hoc basis or through mentoring rather than by means of formal courses.
- Informal events based on specific themes such as marketing or finance can be invaluable as a means of sharing knowledge in ways that meet the specific needs of each business. They also help to promote networking and collaboration between businesses.
- Formal, taught learning about entrepreneurship appears to have only a minor role to play in creative industry clusters but mentoring, other forms of activity-based learning and (critically) peer support are critical and can be further strengthened. There is scope for continuing innovation in forms of delivery which combine online resources with learning in informal spaces.
- Policymakers need new ways of engaging with the sector and understanding the needs and journeys of creative entrepreneurs. Informal dialogue can be vital and the creation of intermediate institutions such as Nottingham's Creative Quarter Company can build bridges between policymakers and entrepreneurs.



4. Conclusions and Recommendations

José Porfírio and Peter Tottedill (Coordinators)

Cultural and creative industries (CCIs) ecosystems present a great dynamics all over the world. The UK is known by its importance in terms of CCIs development while European Union Mediterranean countries like Portugal, Spain and Greece lag behind this development. By developing this project partners essayed to promote the potential of CCIs in EU Med countries, by transferring the innovation on ecosystems' development of Nottingham to these southern European countries.

This is not an easy task, since there are both different departure conditions, and different cultural environments, where policies and practices are implemented, which imply different model calibrations.

By analysing both ecosystems and policies, and by studying at the same time in detail some different case studies of CCIs in the countries involved, CINet doesn't just produced very important knowledge regarding the existing conditions for development of CCIs, but also has been able to propose some practical measures to effectively develop these industries in the countries studied.

This eBook presents just the first part of the results obtained from CINet, and basically the results of the desk research initially conducted for the transfer of innovation..

From the knowledge acquired, different videos and structured case studies should be produced to support an acceleration program that will be developed specially for CINet. Besides the creation of a network of entrepreneurs, the acceleration program will be offered using different modalities (eLEarning; blended-learning; and face-to-face) and results will be analysed in detailed in order to come up with important conclusions to further strenght the development of CCIs in the countries involved.

We are proud to have already reached an important stage of knowledge concerning the intrinsic conditions for the development of CCIs, and we are sure that further results will critically enhance the development of CCIs all over the European Union. Considering the crucial liaison between CCIs and innovation, and the development of the different industries, we hope that the practical lessons here stated can further contribute to the overall development of EU competitiveness.

APPENDICES



CINET

Creative Industries Network

SURVEY OF GREEK CREATIVE ENTREPRENEURS

**PRESENTATION OF MAIN RESULTS
AND COMMENTARY**

June 2015



**UNIVERSITY OF PIRAEUS
RESEARCH CENTER**



Lifelong
Learning
Programme

This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Contents

- **Introductory remarks**
- **Presentation of main survey results and Commentary**

ANNEX: Survey Questionnaire

- **Introductory remarks**

A relatively small scale survey of creative entrepreneurs was conducted in all CINET partner regions. The standardized Questionnaire used contained questions (multiple choice or “open” ones) referring to: (a) the entrepreneur’s demographics, (b) their business’ set up conditions, (c) the sources of assistance obtained during their operation and (d) a number of “core issues” associated with their motivation and objectives, the problems faced, their aspirations for the future etc.

The survey in Greece was conducted on line, following information received from various sources (e.g. start-ups incubators, targeted approaches and reminders. Twenty (20) creative entrepreneurs from the Athens area returned adequately complete Questionnaires. Main findings are presented below, accompanied by commentary. Despite the survey’s sample small size, the results obtained are considered to be sufficiently representative of the prevailing situation in this “creative industries” sector in Greece and they certainly demonstrate the main characteristics and qualitative attributes of entrepreneurs in it.

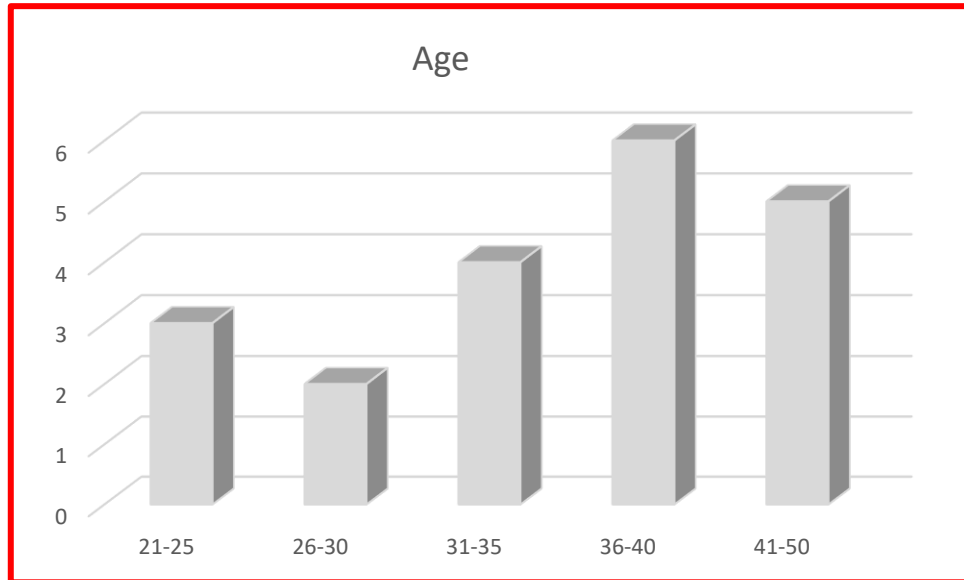
We would like to acknowledge the contribution of “creative entrepreneurs” who devoted time and effort to respond to the Survey Questions, as well as that of Dr Petros Maravelakis, who undertook the task of results processing.

Joseph Hassid
University of Piraeus Research Centre
June 2015

PRESENTATION OF MAIN SURVEY RESULTS AND COMMENTARY

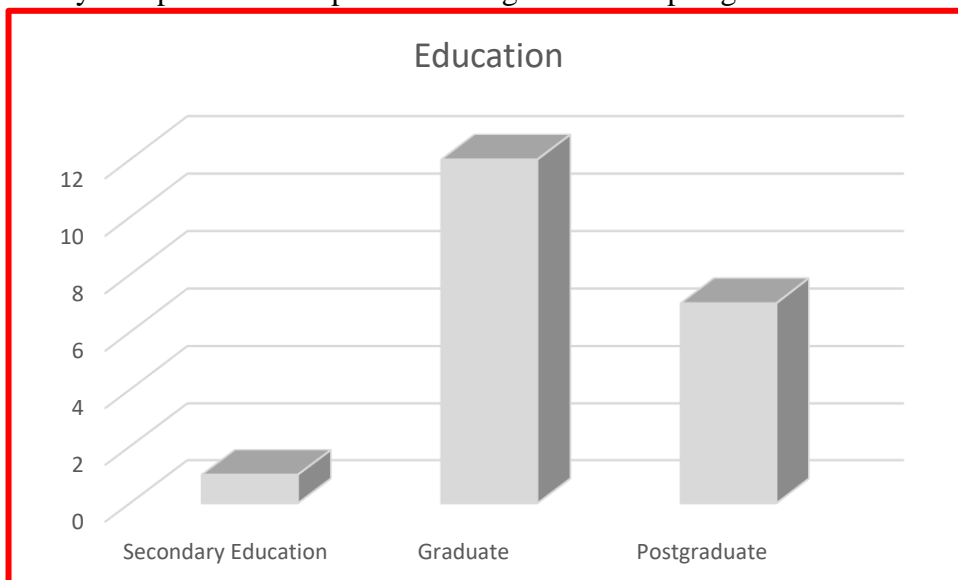
I. DEMOGRAPHICS

Seventy five percent are between 31 - 50 years old. The largest age group is 36-40 (30%). Sixty percent of respondents are females and forty percent are males.



Education

Ninety five percent of respondents are graduates or postgraduates



Commentary:

- Fourteen respondents (70%) operate as owners of their enterprises, while six (30%) as partners. Sixty percent are female and 40% male.
- Most of the respondents (55%) are between 36 and 50 years old and the rest are between 21 and 35 years.
- The sample's gender balance is 60% female and 40% male.

II. THE BUSINESS SET UP

Legal status

Most of the respondents are self-employment (7 businesses).

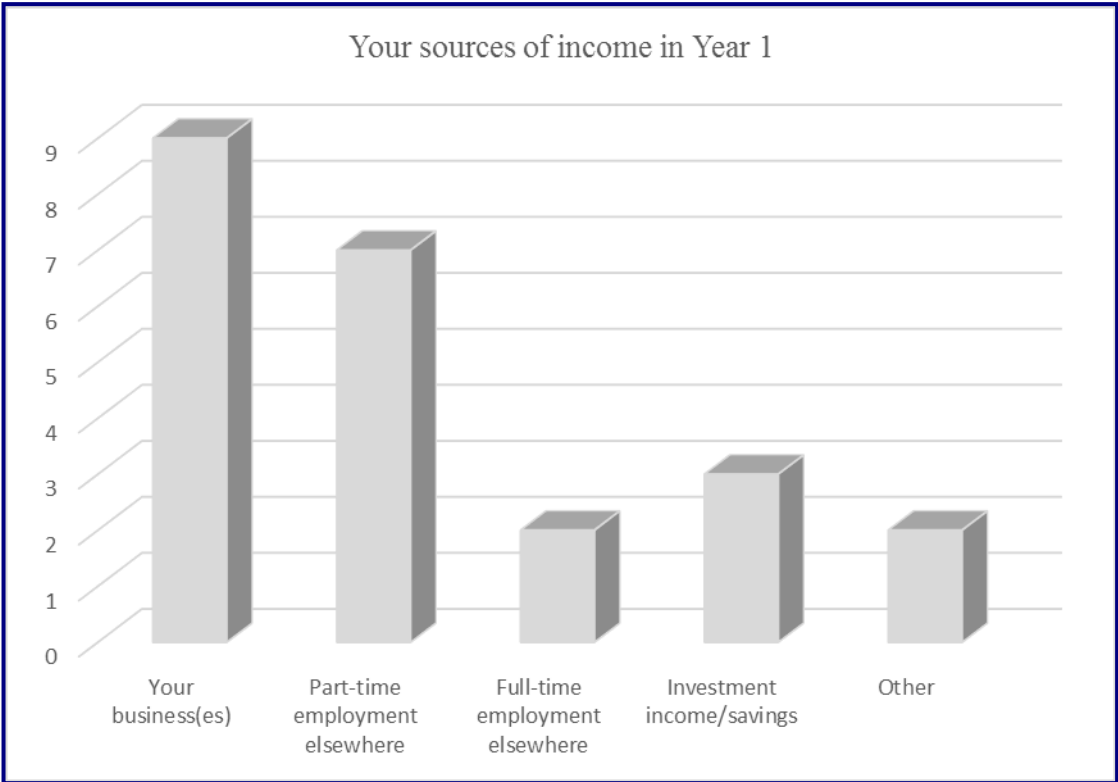


What year did trading actually start?

The majority of the respondents (8) started trading in 2013-2014.

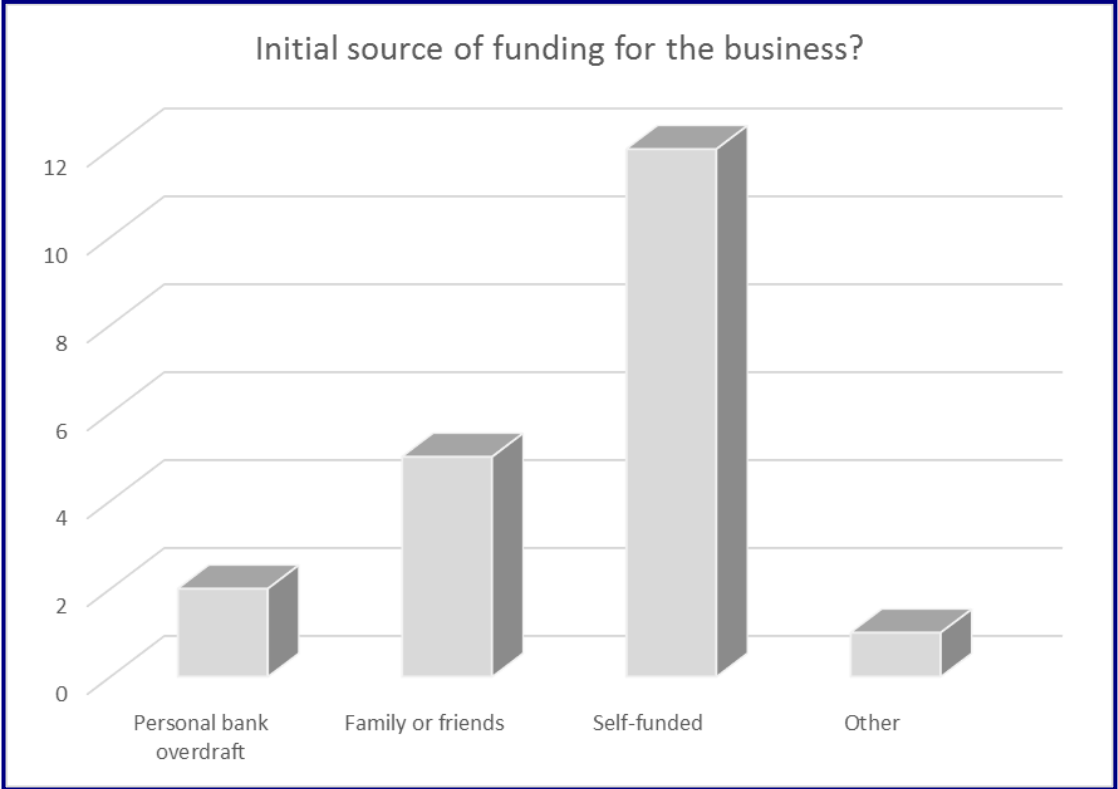


Your sources of income in Year 1?



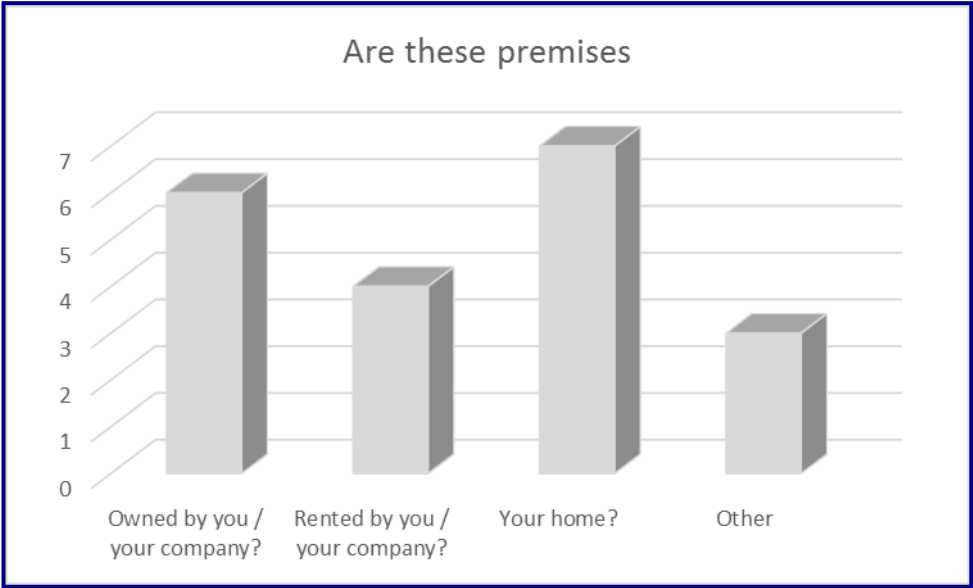
Initial source of business funding

Twelve respondents self-funded their businesses in the first year; only two made use of bank overdrafts and 5 used money from family or friends.



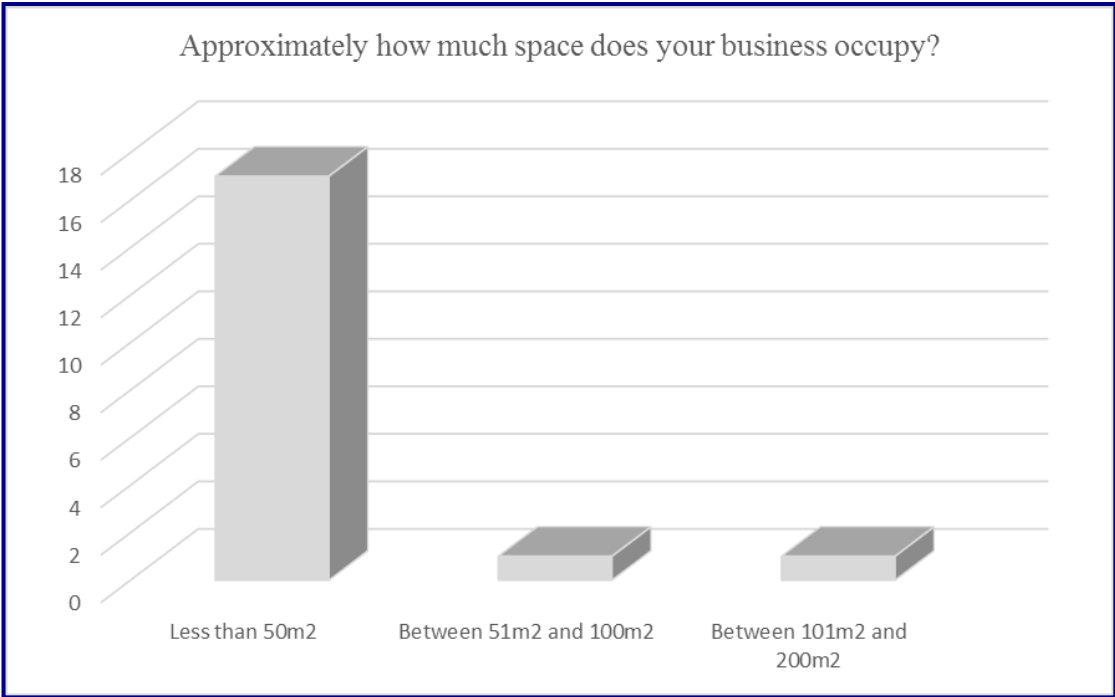
Business Premises

Seven respondents are working from home and six own the premises.



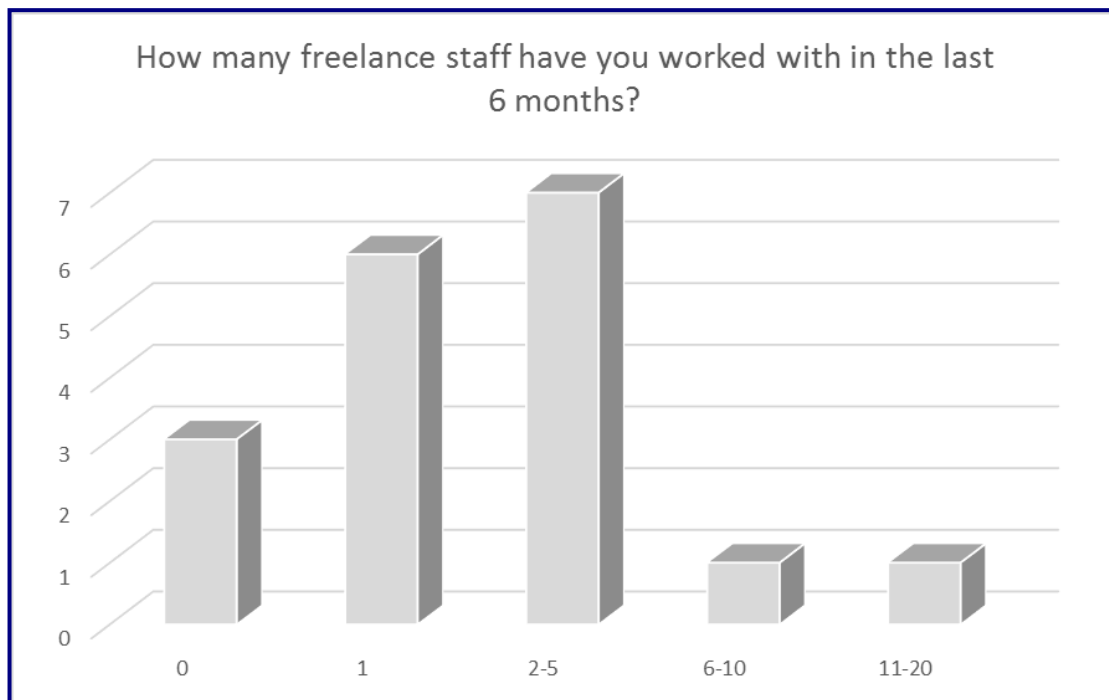
Space occupied

Seventeen businesses occupy less than 50m2.



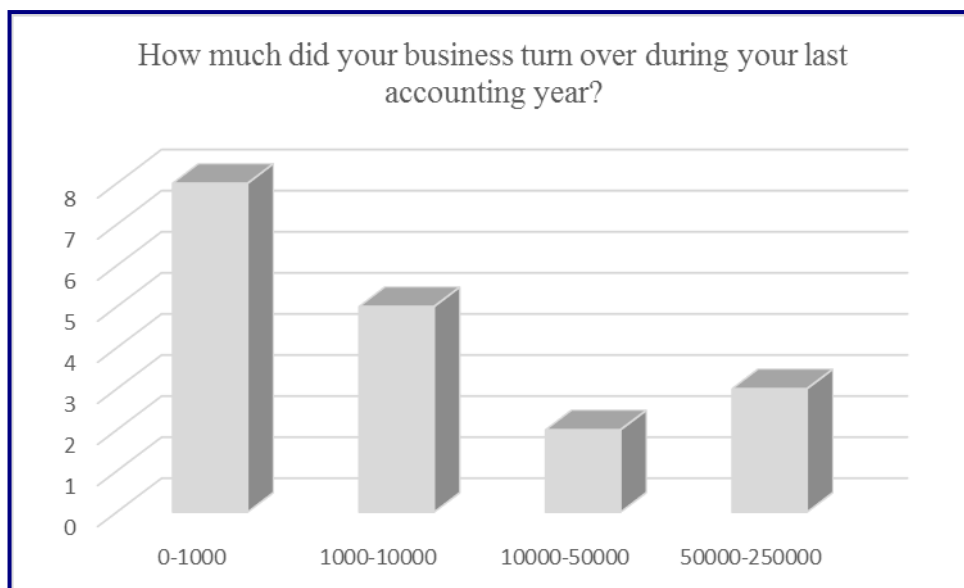
Number of freelance staff used

The largest group of respondents have used between 2-5 freelance staff in the last 6 months.



Turnover in the last accounting year

Most of the businesses' turnover during the last accounting year was up to 1000 euros.



Commentary:

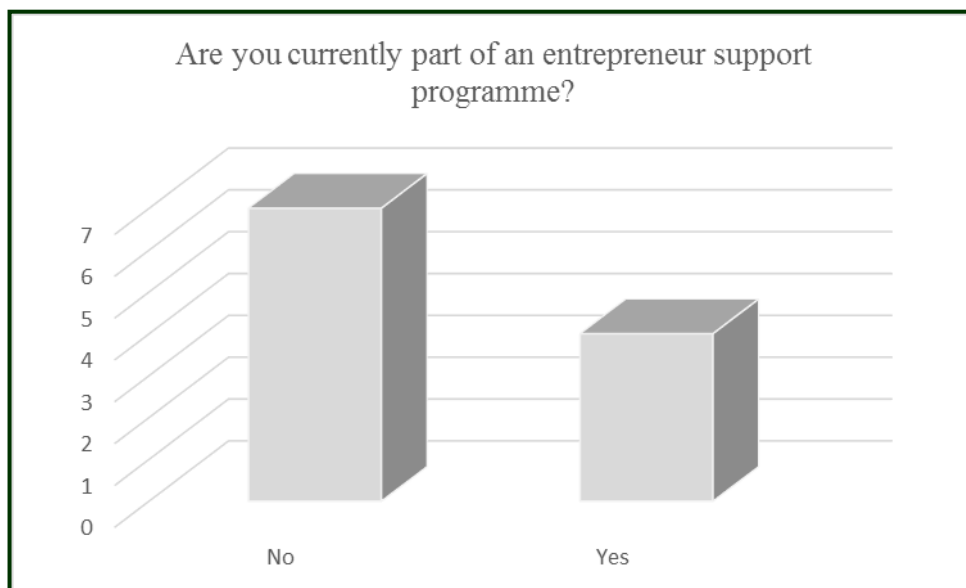
- In terms of types of business, 11 of the 20 respondents (c.50%) declare that they are involved in some kind of “artistic creation”. Second most frequently mentioned activity (7 respondents) is “computer programming”. Other activities (3-4 responses) are: “clothing and accessories” and “architectural activities”.

- Most entrepreneurs set-up their businesses as “sole traders” or as “limited liability partnerships” and started trading only recently (2013-2015), operating mostly from home or from owned small premises (less than 50m²), without hired personnel, but using external freelance staff (max 5 in the last 6 months).
- Volume of turnover (during last accounting year – which, in most cases coincides with their 1st year of trading) is still very low (less than 1000€). This is usually supplemented by income that the entrepreneur obtains from full or part-time employment elsewhere. This is clearly an indication of young and/or new creative entrepreneurs being reluctant to give-up other income sources which, compared to their own start-up, seem to be more secure and stable.
- On the crucial issue of their businesses’ funding, this, in most case, was based on own funds (past savings) which, in some cases, is supplemented by support from family and/or friends.

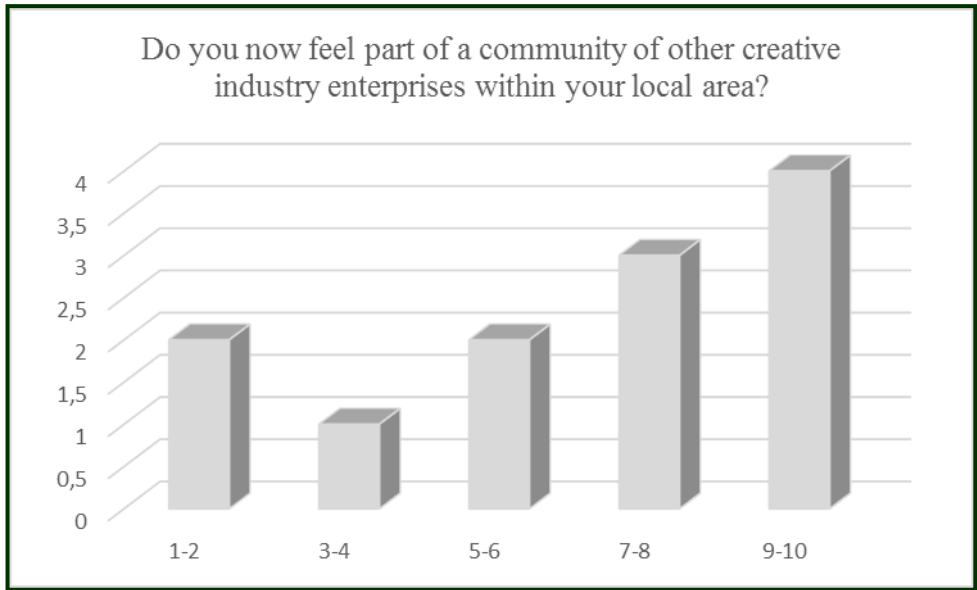
III. SOURCES OF ASSISTANCE

Entrepreneur support programmes

Four respondents are currently part of an entrepreneur support programme.

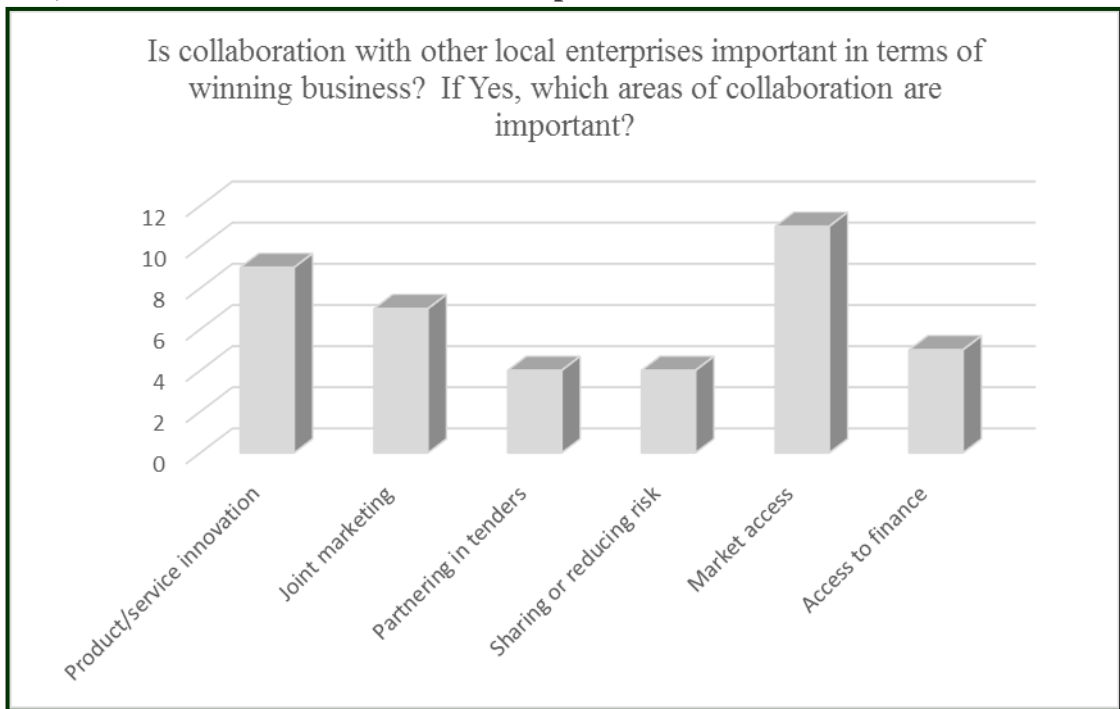


Do you now feel part of a community of other creative industry enterprises within your local area?

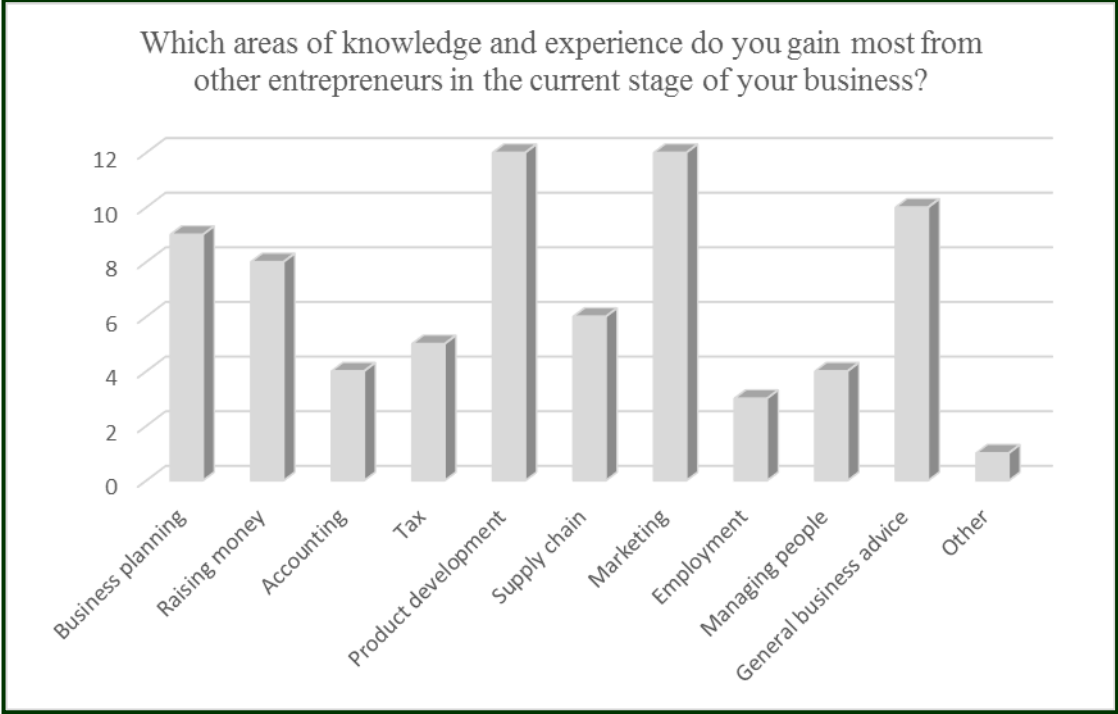


Note: Indicators (horizontal axis) correspond to levels of “importance” (max: 1, min: 10).
Note applies to subsequent similar questions and answers.

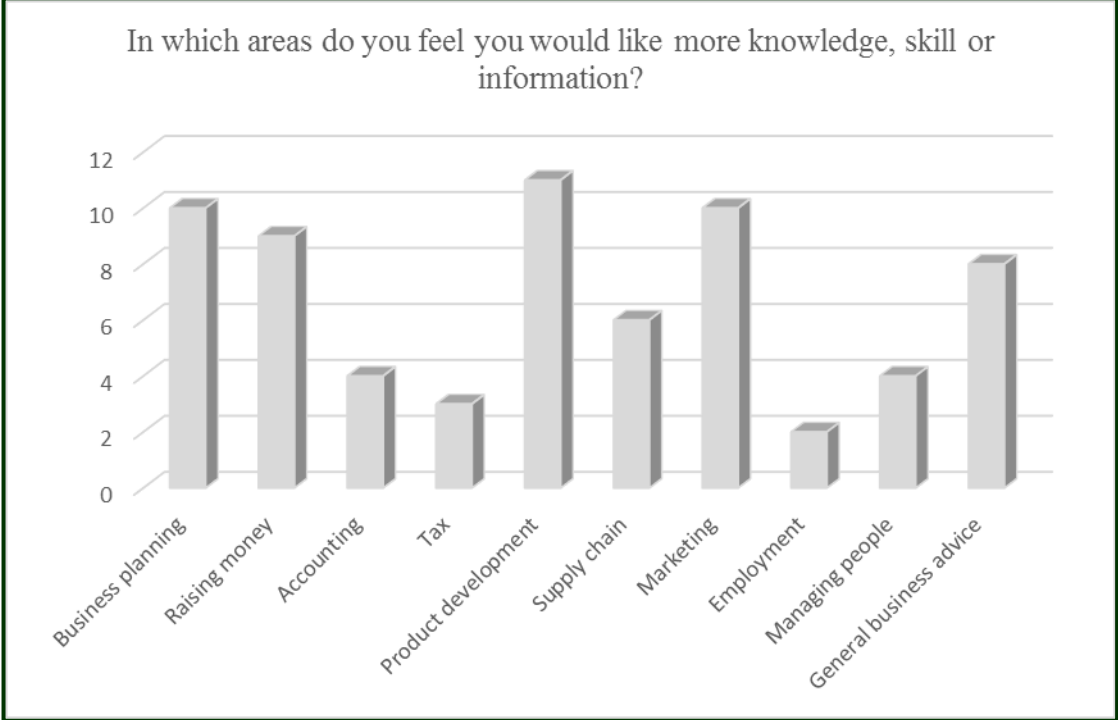
Is collaboration with other local enterprises important in terms of winning business? If Yes, which areas of collaboration are important?



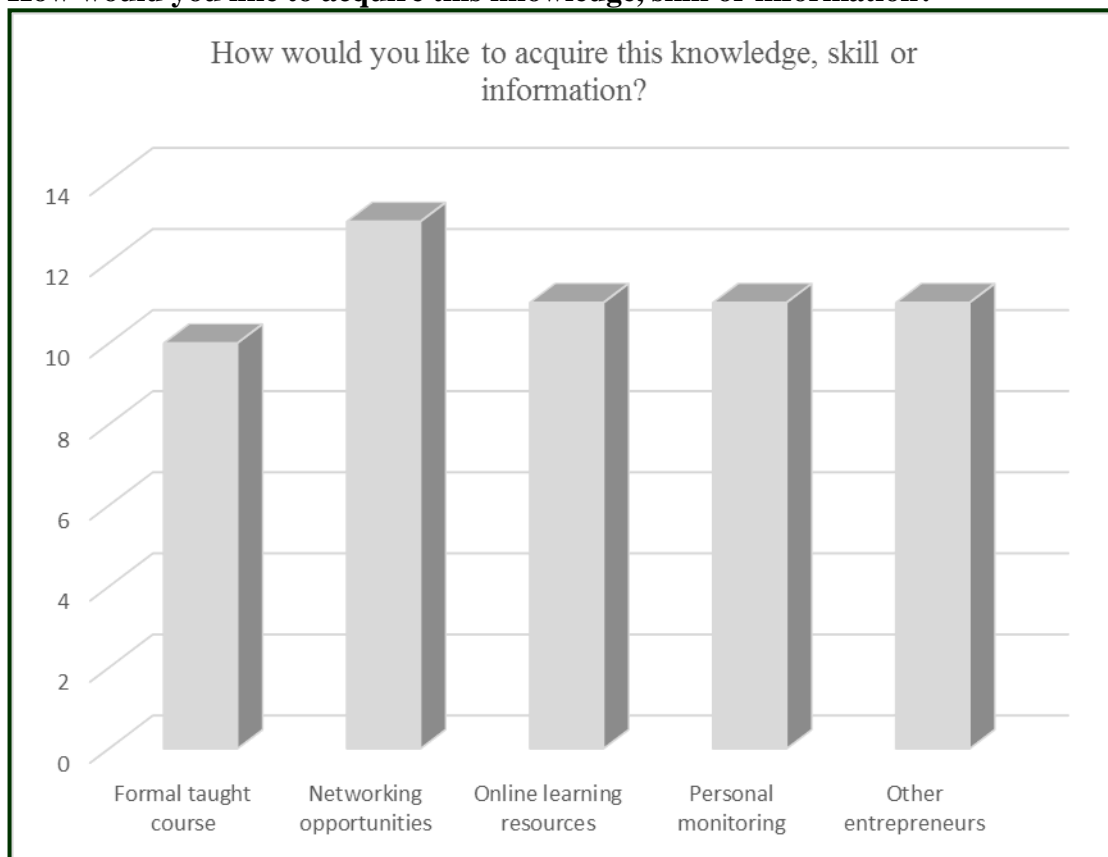
Which areas of knowledge and experience do you gain most from other entrepreneurs in the current stage of your business?



In which areas do you feel you would like more knowledge, skill or information?



How would you like to acquire this knowledge, skill or information?

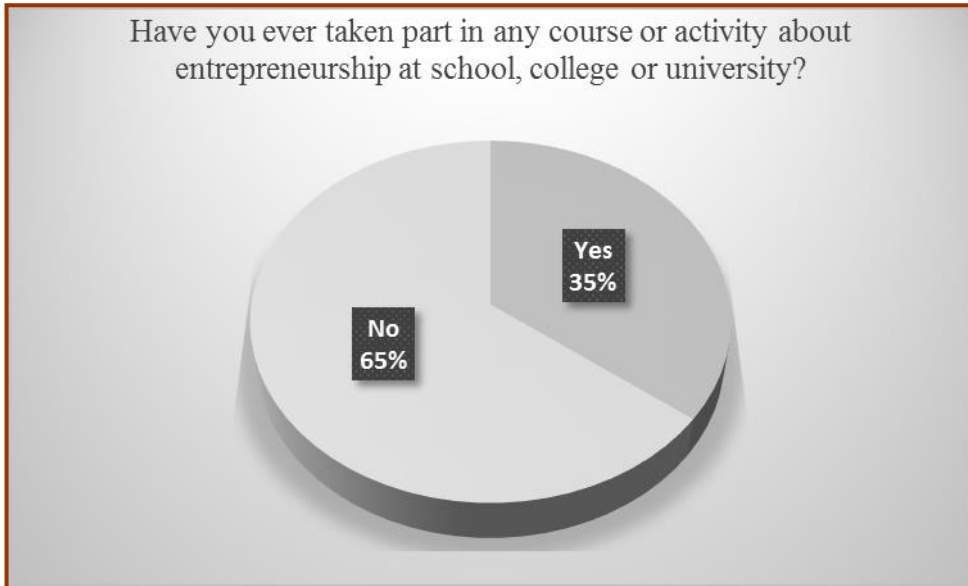


Commentary:

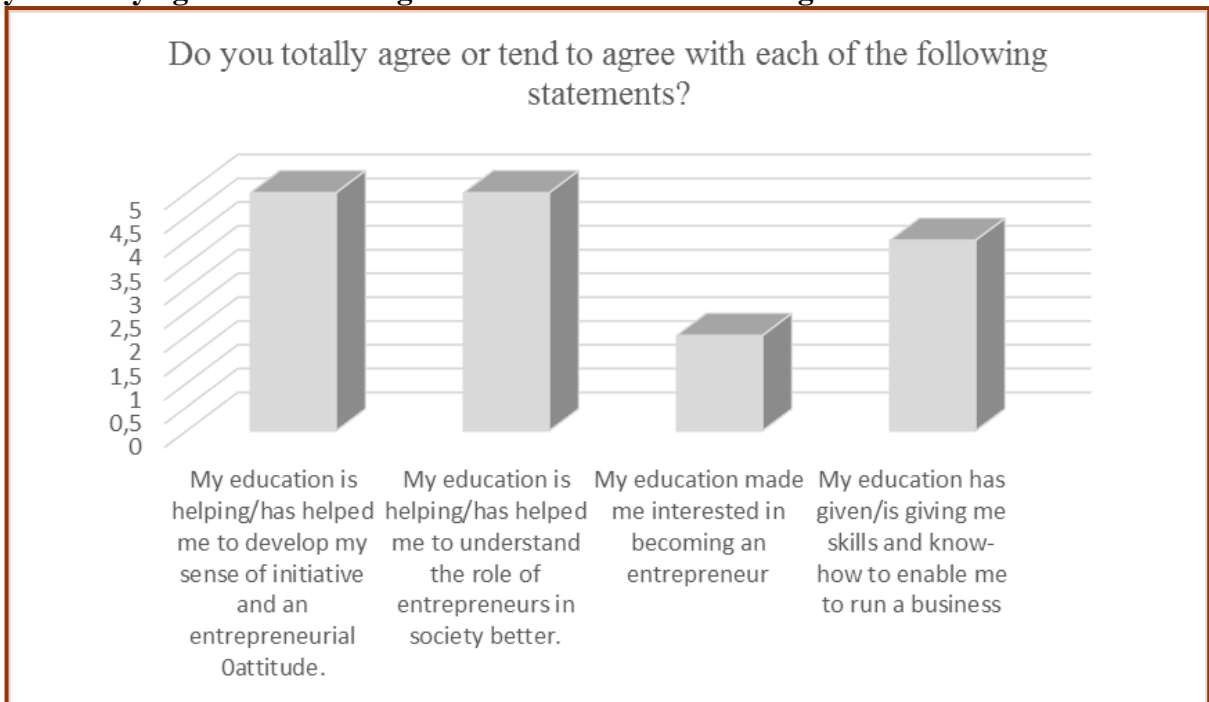
- Only four entrepreneurs indicated that they are currently part of some entrepreneurs' support programme, with 3 of them declaring that they consider such participation as "useful".
- At the same time, only few respondents "feel part of a community of other creative industry enterprises" in their local area. They nevertheless indicate that collaboration with other enterprises may be important in order to "win business".
- The areas in which such collaboration with other enterprises may be most important are "market access" and "products/services innovation" and less so "joint marketing" and "access to finance".
- At the same time, areas in which they stand to gain most from interacting with other entrepreneurs are primarily "product development", "marketing", "general business advice" and "business planning".
- These are the same areas in which they feel that more knowledge, skill and information are most needed.
- This may be achieved in various ways, with relatively less preference being expressed for formal taught courses. On the contrary, networking opportunities, on-line resources, personal mentoring/coaching and interaction with other entrepreneurs, seem to be more attractive.

IV. CORE ISSUES

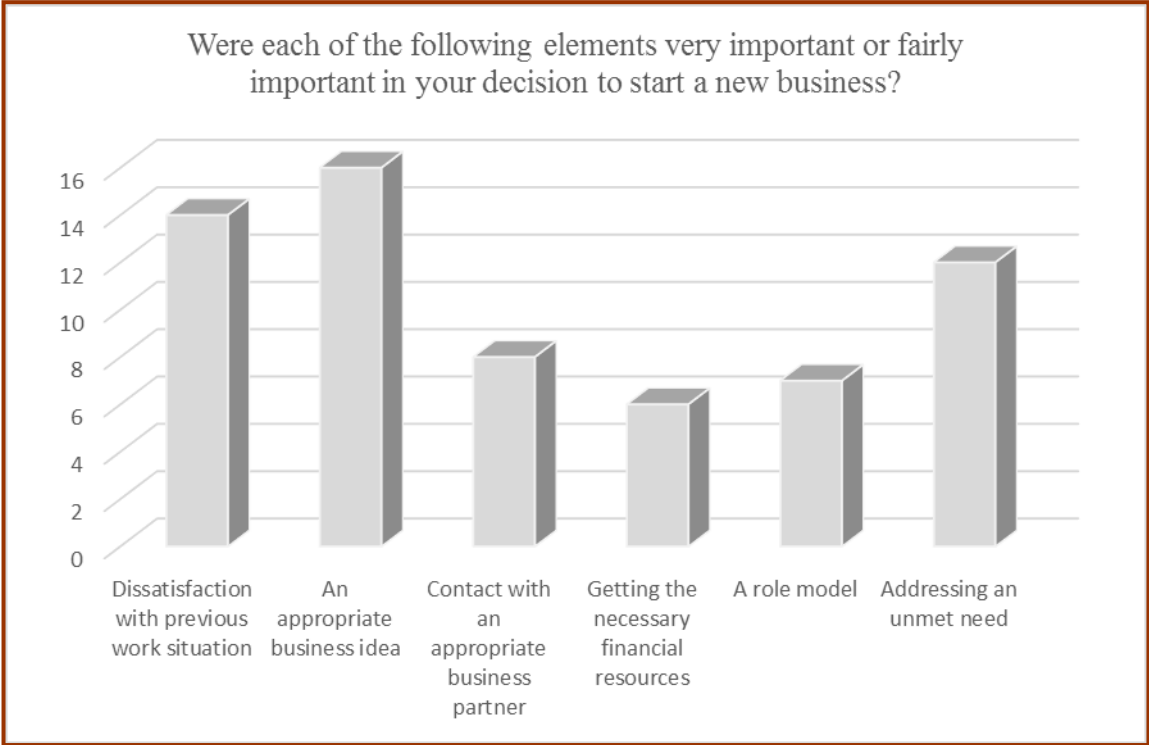
Have you ever taken part in any course or activity about entrepreneurship at school, college or university?



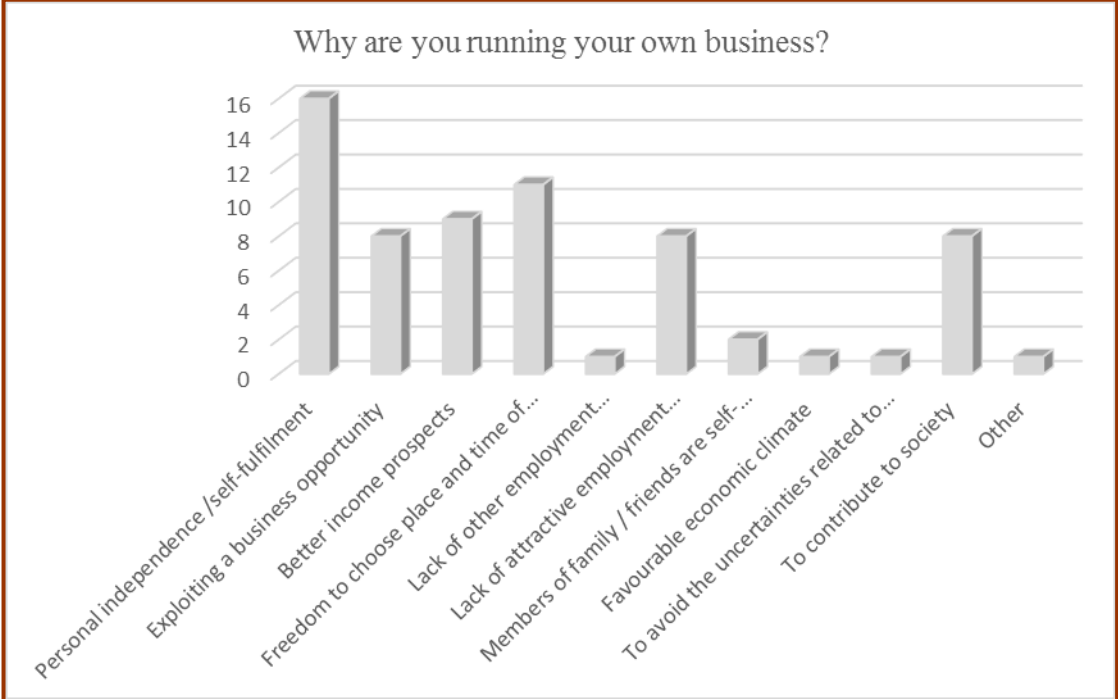
Do you totally agree or tend to agree with each of the following statements?



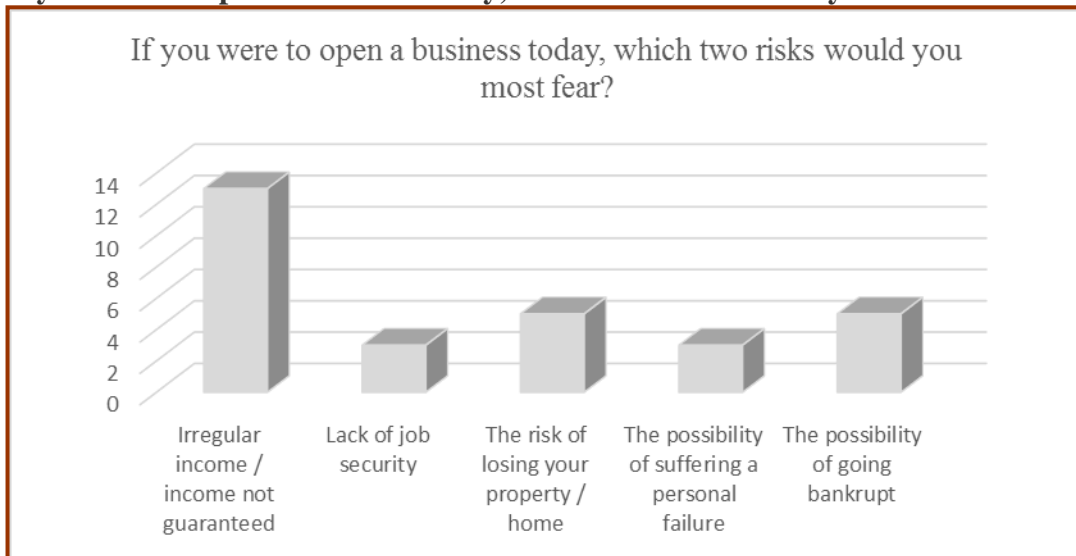
Were each of the following elements very important or fairly important in your decision to start a new business?



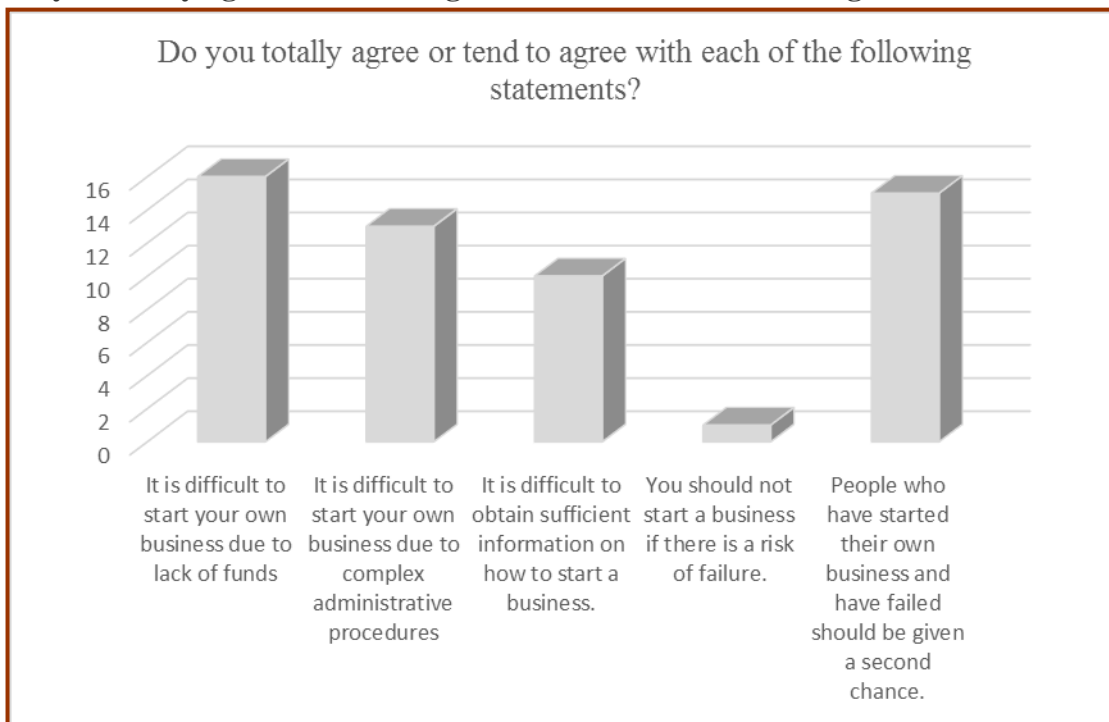
Why are you running your own business?



If you were to open a business today, which two risks would you most fear?



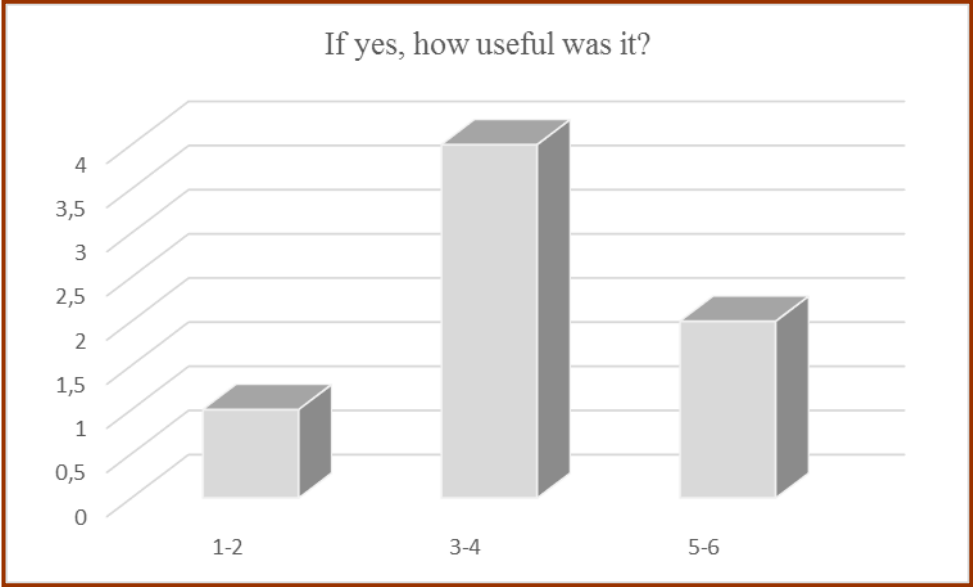
Do you totally agree or tend to agree with each of the following statements?



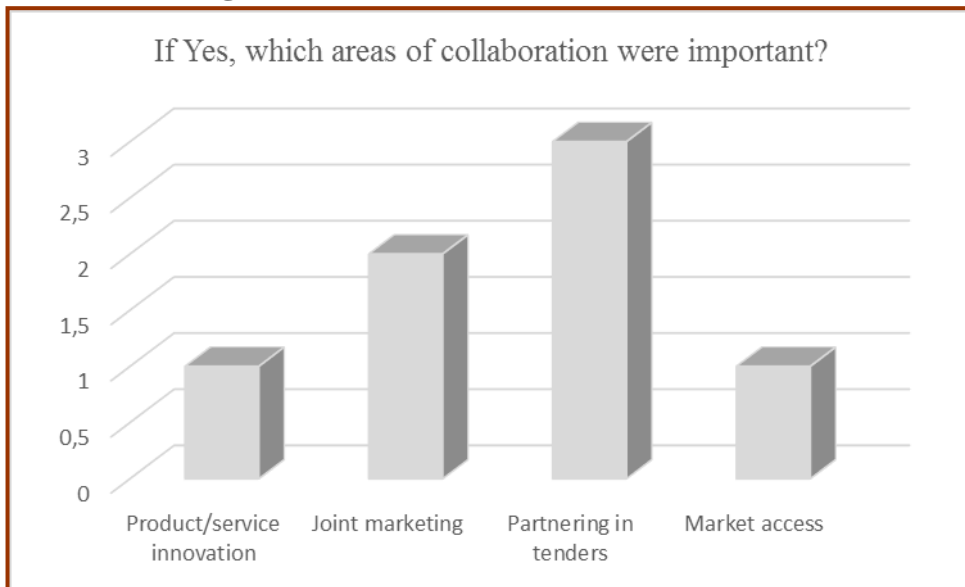
Were you part of an entrepreneur support programme during your first year in business?



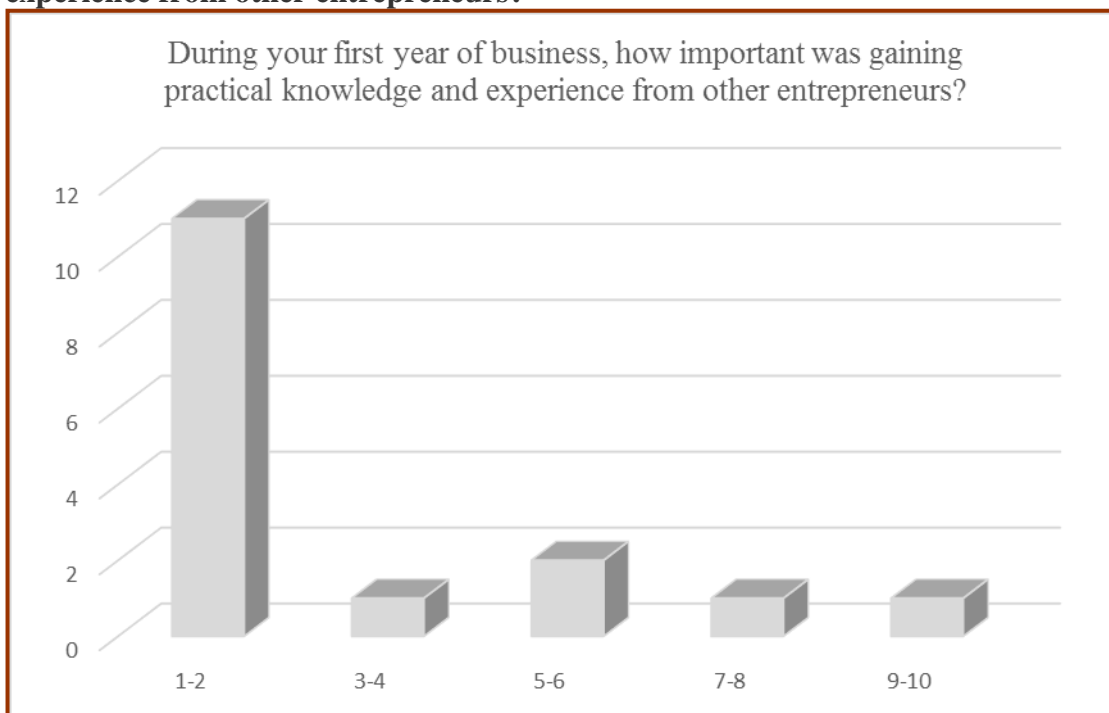
If yes, how useful was it?



In your first year of business was collaboration with other local enterprises important in terms of winning business? If Yes, which areas of collaboration were important?

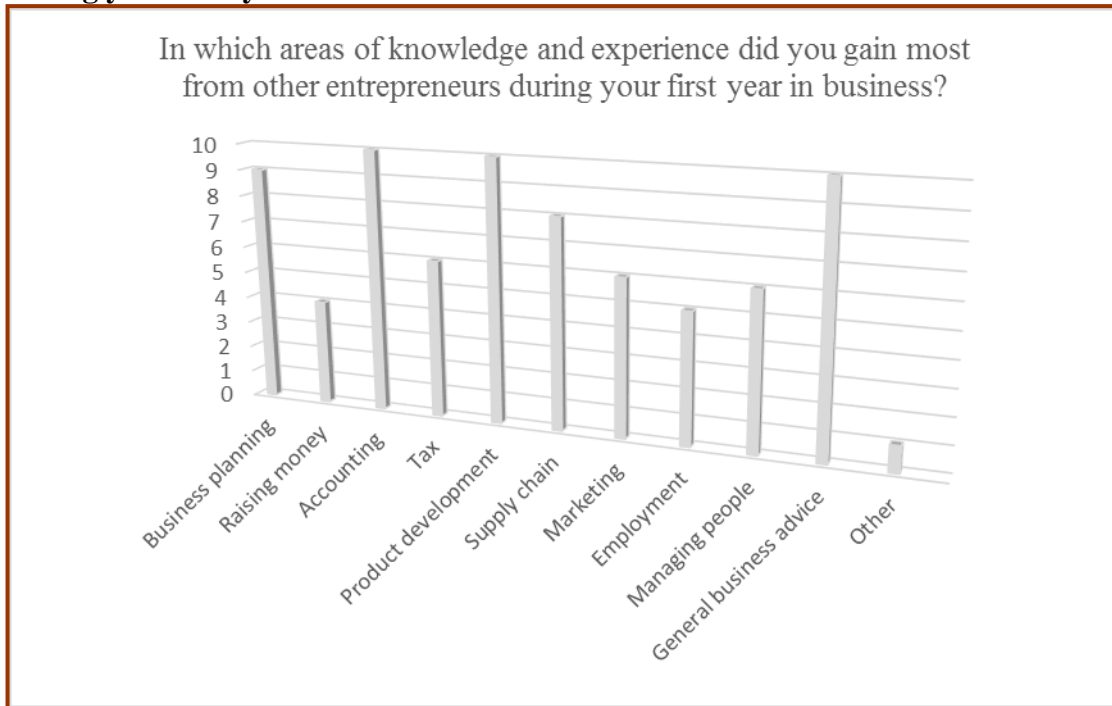


During your first year of business, how important was gaining practical knowledge and experience from other entrepreneurs?

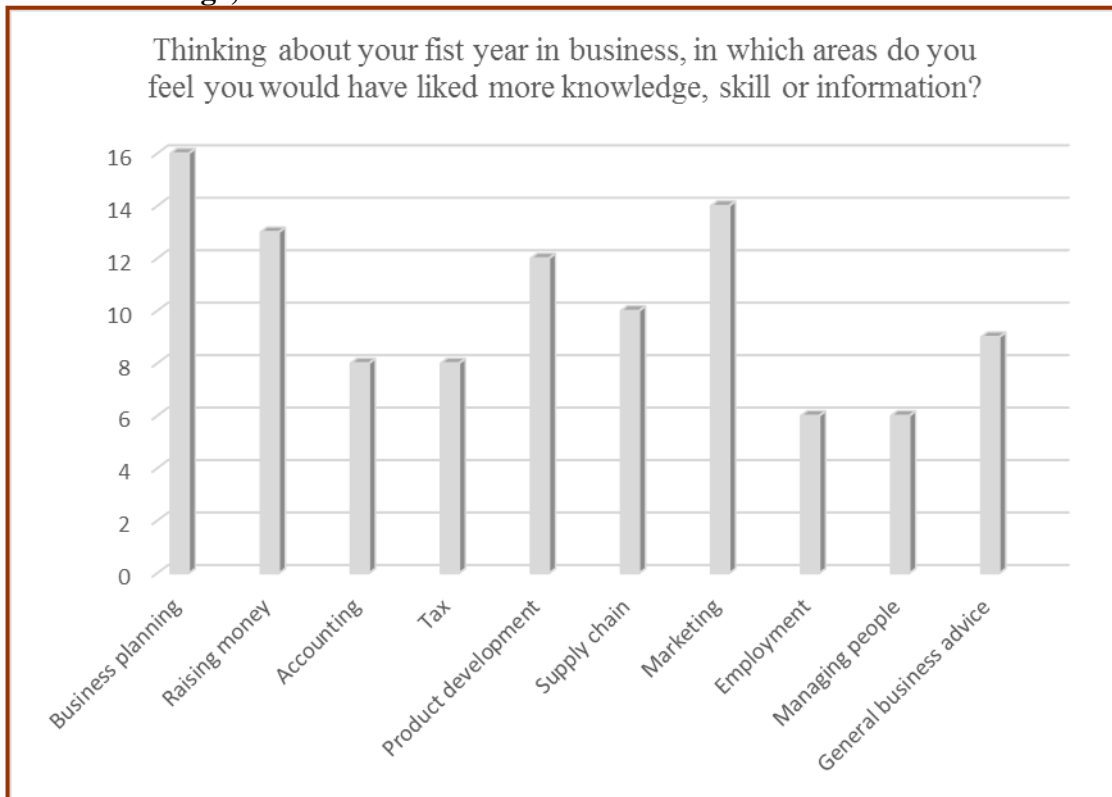


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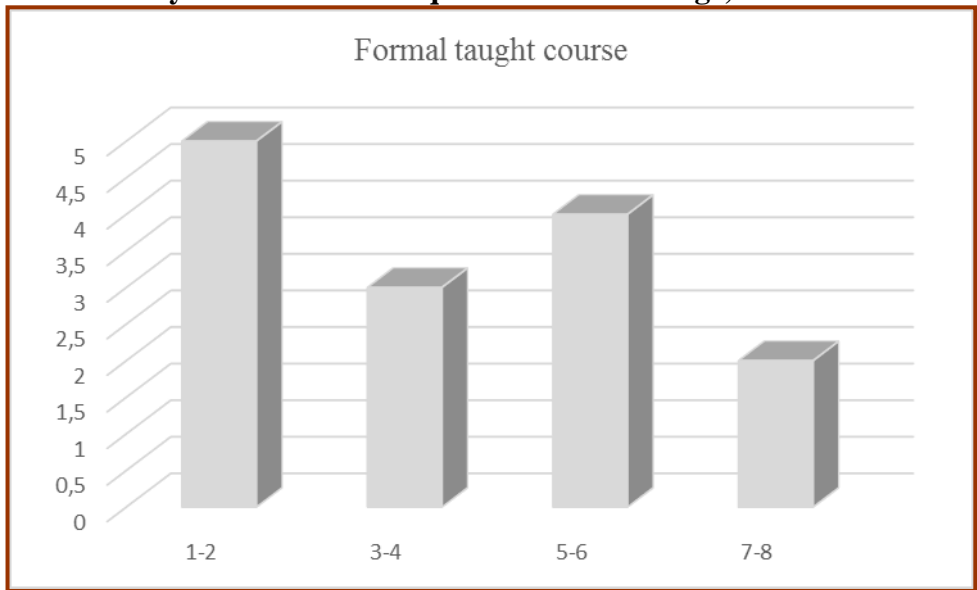
In which areas of knowledge and experience did you gain most from other entrepreneurs during your first year in business?



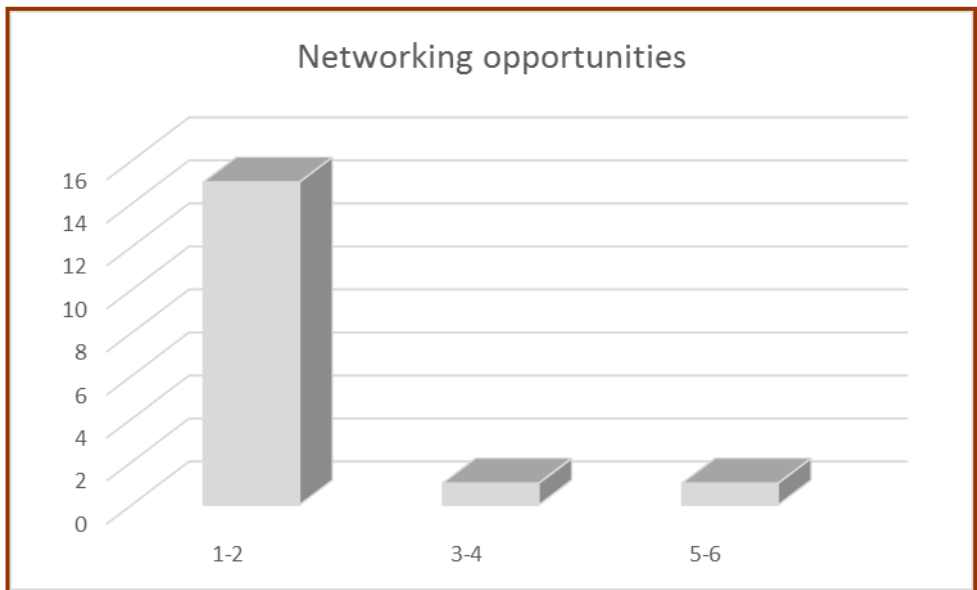
Thinking about your first year in business, in which areas do you feel you would have liked more knowledge, skill or information?



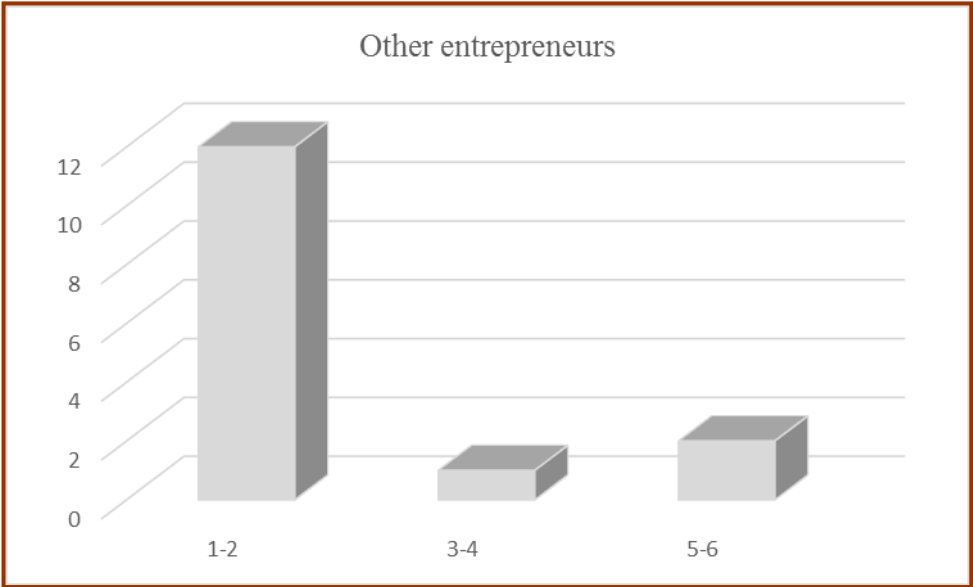
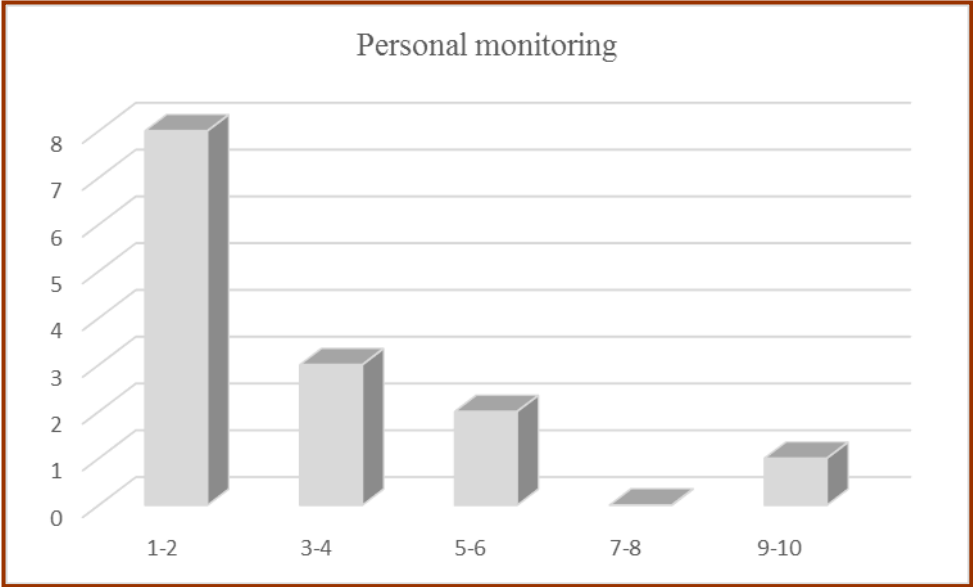
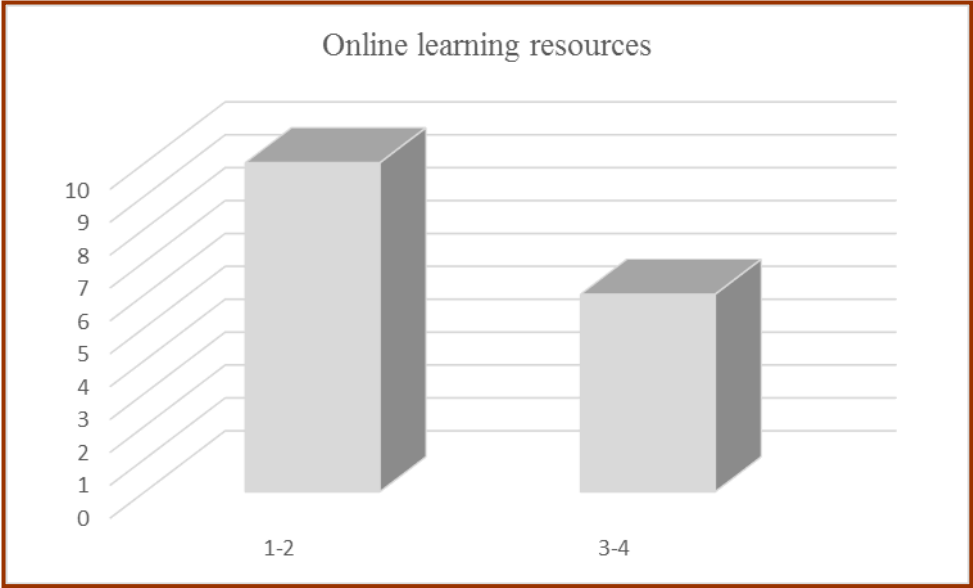
How would you like to have acquired this knowledge, skill or information?



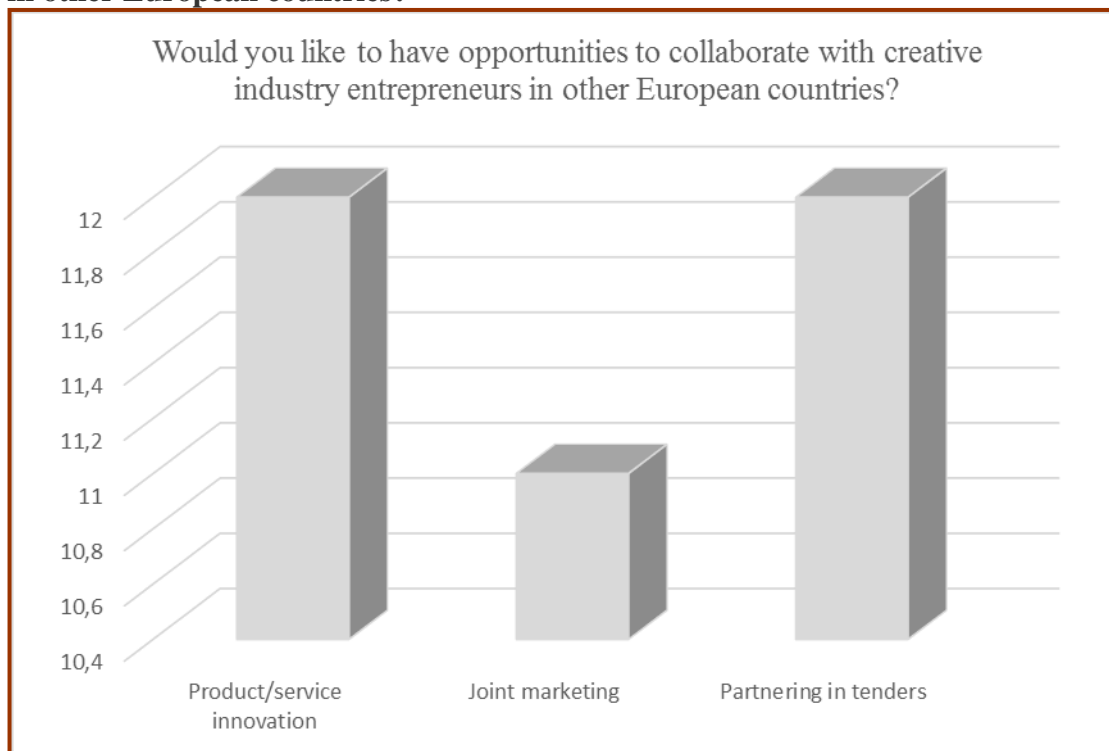
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Would you like to have opportunities to collaborate with creative industry entrepreneurs in other European countries?



Commentary:

Strictly speaking, Questions in this section of the standardized Questionnaire were to be answered by entrepreneurs who have been in business “for less than one year”. Due however to the limited number of such entrepreneurs in the Greek survey sample, we invited all other respondents to also consider the specific questions retrospectively and to provide responses accordingly.

- “Dissatisfaction with previous work situation” and “an appropriate business idea” seem to be the main “very important” or, at least, “fairly important” elements in entrepreneurs’ decision to start a new business. “Addressing an unmet need”, is also an important element.
- “Personal independence/self-fulfillment” and “freedom to choose place and time of work”, combined, to some extent, with “better income prospects” and “exploitation of a business opportunity” are the main arguments advanced as reasons justifying decisions to “go independent” (at least partially).
- Reasons that may have inhibited entrepreneurship initiatives are nevertheless also mentioned, with “lack of funds”, “complex administrative procedures” and “irregularity of income” being those most frequently mentioned.
- Although “fear of failure” is also a deterrent, entrepreneurs support the idea that “people who have started their own business and have failed, should be given a second chance”.
- Although 65% of the survey participants had not taken part in any course or activity about entrepreneurship (at school or University), those who did consider

such prior education as helpful, once they decided to start their own business, but not necessarily as instrumental for “becoming an entrepreneur”.

- Entrepreneurs indicate that collaboration and networking with others, is important, especially as a source of practical knowledge and experience in “product development”, “general business advice”, “accounting” and “business planning”. These are the same areas in which they felt that their knowledge, skill or information were particularly deficient, even before starting their businesses.
- Finally, entrepreneurs express strong interest in opportunities to collaborate with creative industries entrepreneurs in other European countries, particularly in “product / service innovation” and “partnering in tenders”.



CINET

Creative Industries Network

SURVEY

OF PORTUGUESE CREATIVE ENTREPRENEURS

PRESENTATION OF MAIN RESULTS

AND COMMENTARY

October 2015

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AbERTA 
www.uab.pt



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Contents

- **Introductory remarks**
- **Presentation of main survey results and Commentary**

ANNEX: Survey Questionnaire

- **Introductory remarks**

A relatively small scale survey of creative entrepreneurs was conducted in all CINET partner regions. The standardized Questionnaire used contained questions (multiple choice or “open” ones) referring to: (a) the entrepreneur’s demographics, (b) their business’ set up conditions, (c) the sources of assistance obtained during their operation and (d) a number of “core issues” associated with their motivation and objectives, the problems faced, their aspirations for the future etc.

The survey in Portugal was conducted on line, following information received from various sources (e.g. start-ups incubators, targeted approaches and reminders. More than 70 surveys were sent to selected entrepreneurs, either directly by the Portuguese partner UAb, or through incubators operation in the area of Culture and Creative Industries. We collected seventeen (17) answers, with completed questionnaires, from creative entrepreneurs mostly from the Lisbon and Cascais areas. Main findings are presented below, accompanied by commentary.

The present study was also supported by a series of interviews conducted to entrepreneurship responsible bodies, in Portugal. In this sense, and despite the survey’s sample small size, we consider that the results obtained are sufficiently representative of the prevailing situation in the “creative industries” sector in Portugal and they certainly demonstrate the main characteristics and qualitative attributes of entrepreneurs operating in this industry.

We would like to acknowledge the contribution of “creative entrepreneurs” who devoted time and effort to respond to the Survey Questions.

José Porfírio

Tiago Carrilho

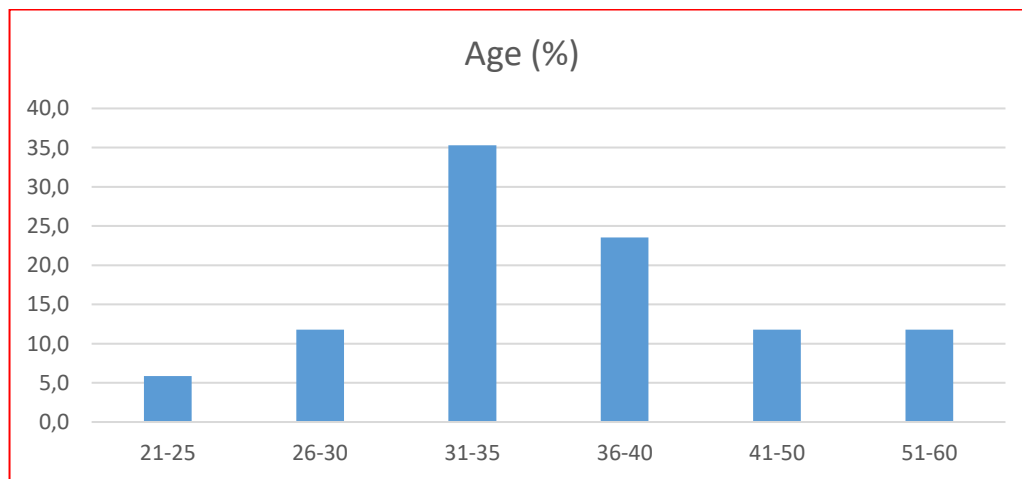
October 2015

PRESENTATION OF MAIN SURVEY RESULTS AND COMMENTARY

A. Demographics

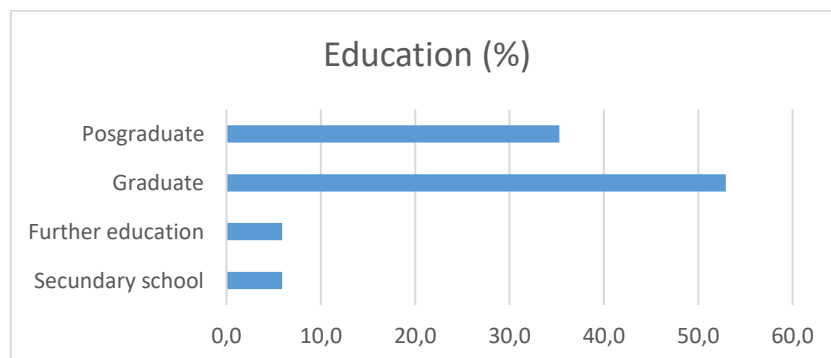
According to the answers received we may observe that more than one third of the entrepreneurs that have answered to our survey (35,3%) are between 31-35 years old. Considering that 23,5%, the second largest group, is between 36-40 years old, we conclude that 68,80% of the entrepreneurs of our sample are between 31 and 40 years old (see Fig.1 below). Also, we observe that the big majority of the entrepreneurs of our sample, precisely 76,5% are males.

Figure 1: Age of entrepreneurs



As observed in fig. 2, below, 88,2% of the answers state that the level of education of the entrepreneurs of our sample is equal or higher to the graduation: 52,9% are graduates, while 35,3% are postgraduate.

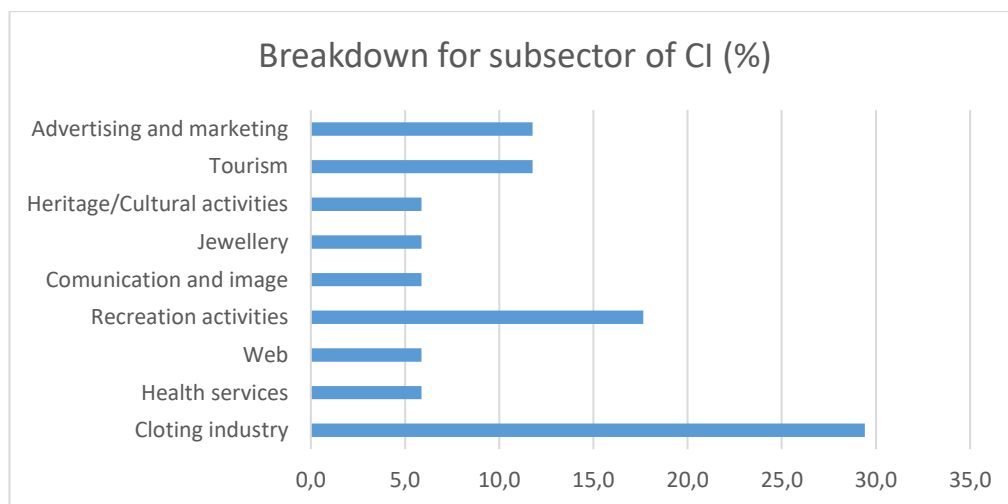
Figure 2 – level of education of the entrepreneurs of our sample.



B. The business setup

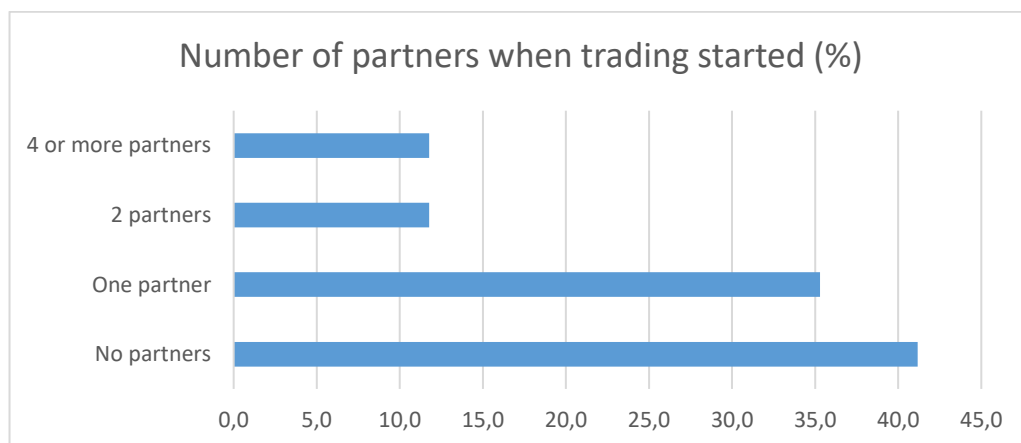
In terms of Creative industries' sectors represented in our sample, as shown in figure 3 below, a big number of answers are from entrepreneurs working in the 'clothing industry' (29,4%), followed by those dealing with 'recreation activities' (17,6%), 'tourism' (11,8%) and 'advertising and marketing' (11,8%). Together these 4 subsectors account for 70,6% of all the answers received.

Figure 3 – Breakdown of Creative Industries by sector



According to the answers received, most of the entrepreneurship ventures, independently of the legal type of the company established, started as a lonely or one sole partner activity for the entrepreneurs of our sample (76,5% of total answers). As shown in the figure below, most of the respondents (41,2%) did not have partners when trading activities started, while 35,3% had just one partner.

Figure 4 – Business partners when activities started



Moreover, the majority of the business (64,7%) started between 2012 and 2015 (see fig. 5) and were mostly divided between 'limited liability partnerships' (35,3%), 'companies limited by shares' (23,5%) or 'self-employed' (17,6%) (see fig. 6).

Figure 5 – Year of launching of the start-up

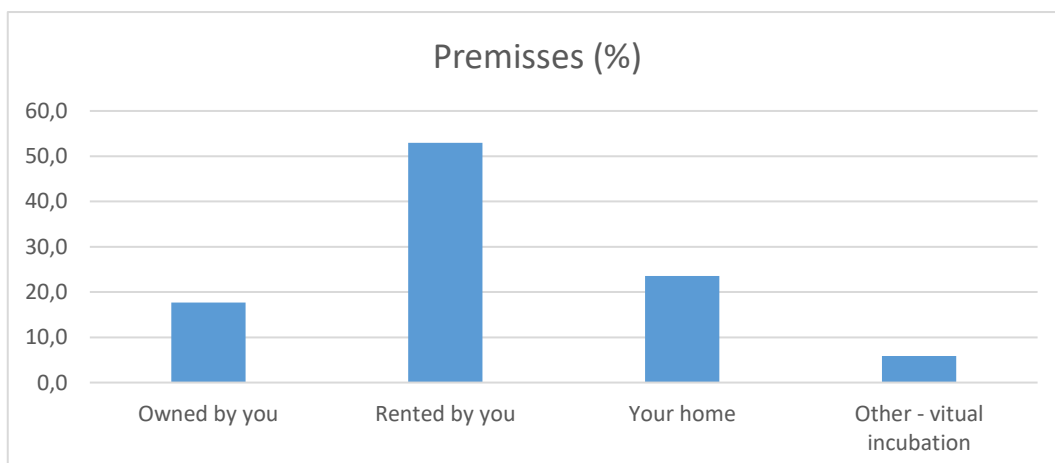


Figure 6 – Legal structure of the businesses



Premises are mostly rented (52,9%) but, in order to reduce risk, entrepreneurs often use premises own by them (17,6%) or even their own homes (23,5%). Virtual incubators are just used by one of the entrepreneurs' inquired (fig. 7).

Figure 7 – Type of premises used to develop businesses



Businesses that have answered to our survey show a good dynamics in terms of growth and job creation. While one year ago most of the companies (52,9%) did not have anyone employed or 29,4% had between 2 and 5 employed, this year 47,1% employed between 2 and 5 and 29,4% between 6 to 10.

Figure 8 – Present level of employment

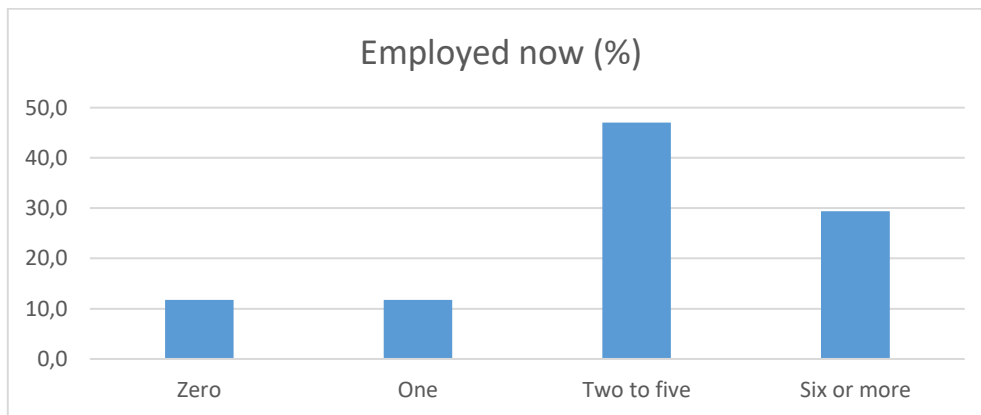
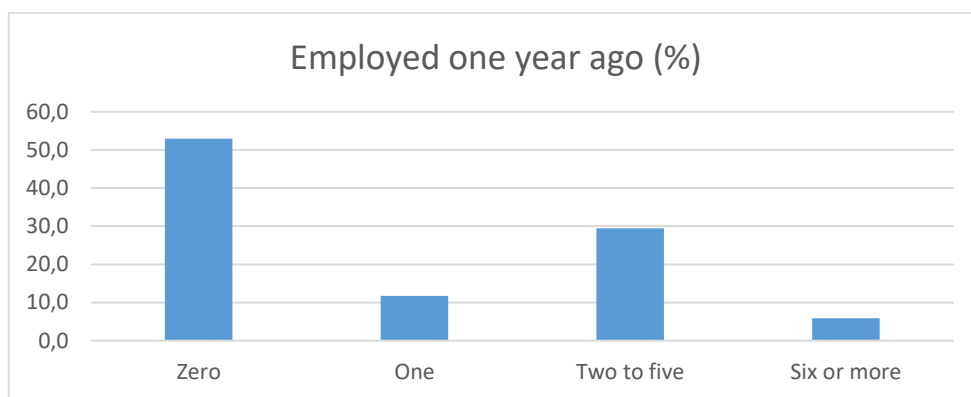
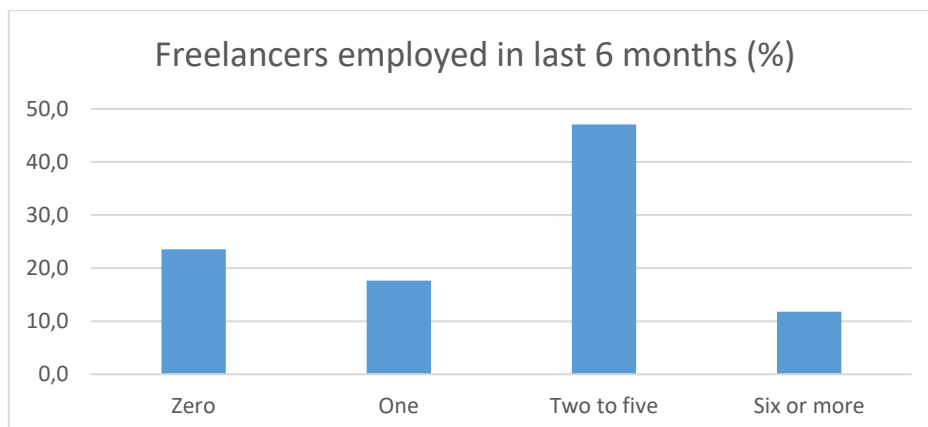


Figure 9 – Level of employment one year ago



Additional we see that in the past 6 months, 47,1% of the companies employed between 2 and 5 freelancers while 23,5% didn't have no one employed as freelancer.

Figure 10– Freelancers employed in the last 6 months



At an initial stage, businesses in CCIs generate a low level of income, what represents a big challenge for entrepreneurial ventures, especially considering that a large percentage of respondents (64,7%) had a relatively low turnover (max. of 12.500 euros) during the last accounting year (see fig. 11), while most of the entrepreneurs (58,8%) had their business as the only source of income during the first year of activity (64,7% when the questionnaire took place - see fig. 12).

Figure 11– Turnover of businesses during the last accounting year

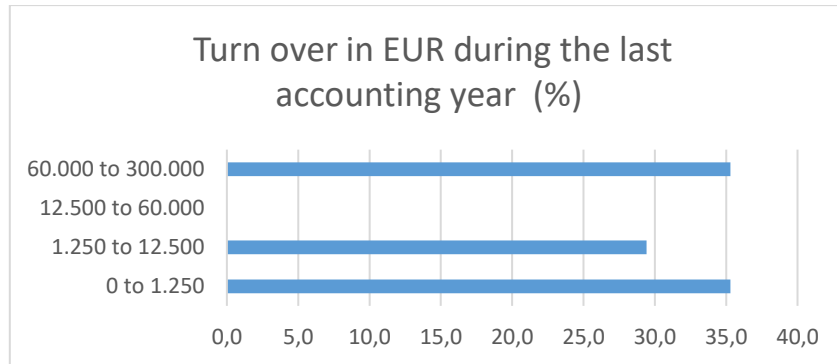
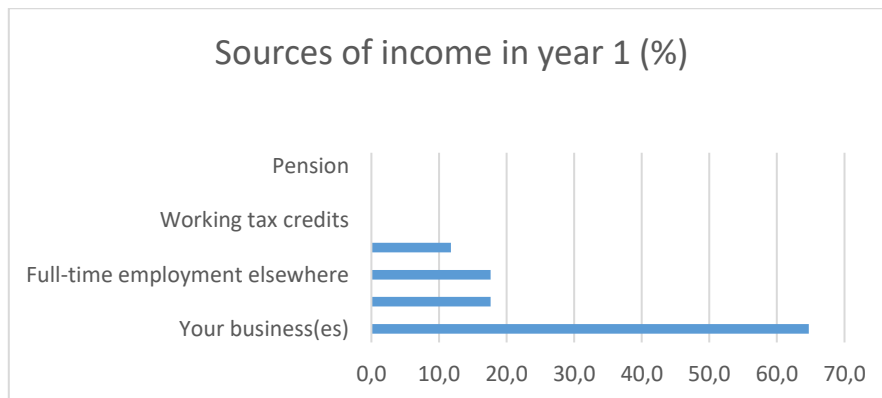
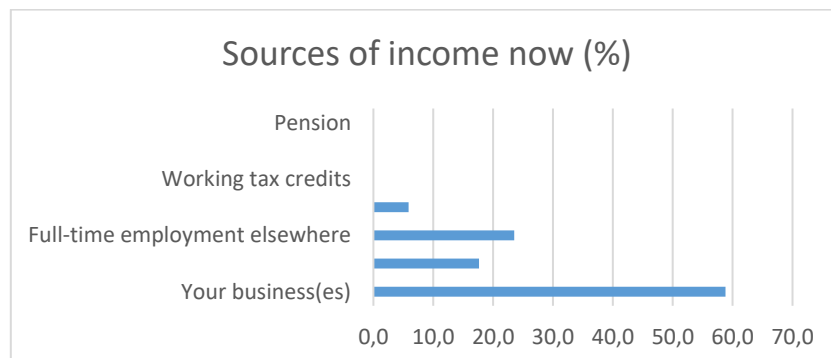


Figure 12– Main sources of income for businesses in the first year



For established businesses (more than one year from the moment when we asked entrepreneurs, main sources of income are still for more than 55% own business, while about 30% of entrepreneurs continue working elsewhere, both part-time (17%) or even full-time (23%), as per figure 13 below.

Figure 13– Present sources of income for entrepreneurs managing businesses with more than one-year activity



C. Core issues

Importance of previous training in entrepreneurship

According to our sample, in Portugal 47% of the respondents took part on a course or activity about entrepreneurship at school (fig. 14), college or university. In a scale from 4 to 1, respondents consider that education (see fig. 15) helped them to develop a sense of initiative and an entrepreneurial attitude (3,06). Education was also important to better understand the role of entrepreneurs in society (2,65), has given them skills and knowledge to run a business (2,59), and made them interested in becoming an entrepreneur (2,53).

Figure 14– Previous education on entrepreneurship?

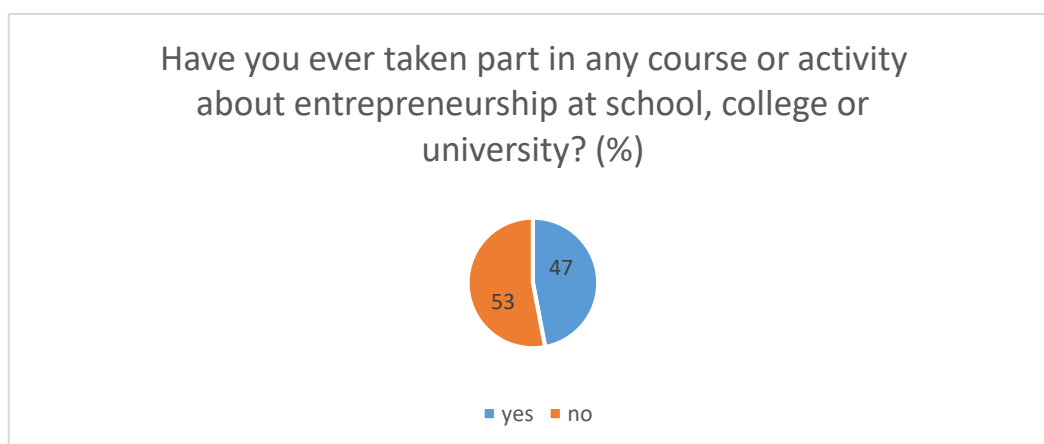
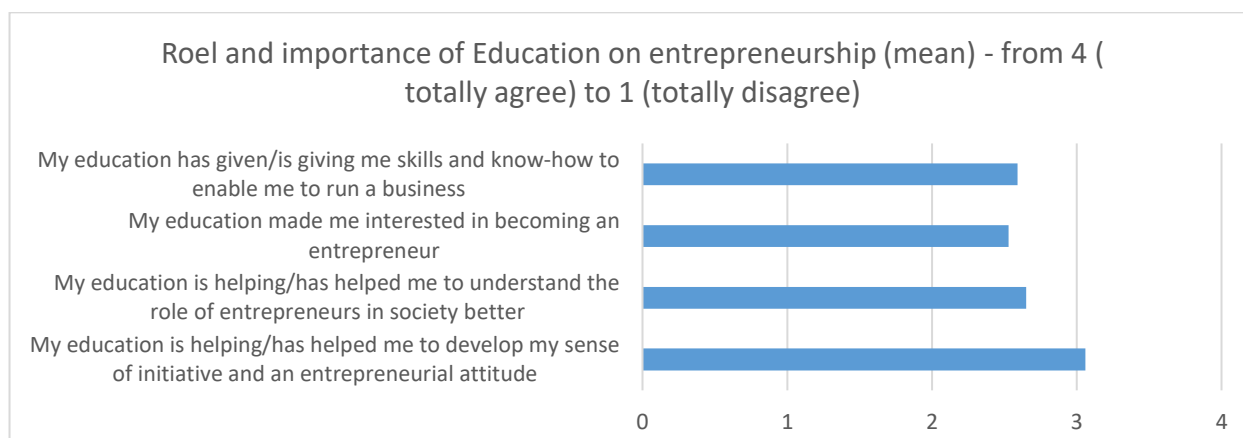


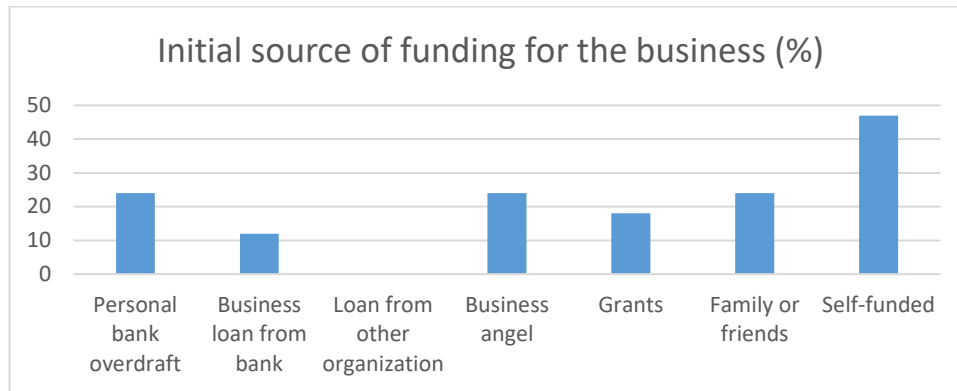
Figure 15– Roel and importance of education on entrepreneurship?



Funding for entrepreneurial ventures

Most of entrepreneurs (47%) self-funded their activities at the beginning of their entrepreneurial ventures. However, personal bank overdrafts (24%), business angels (24%) and family or friends' funding (24%) were also important sources of funds at the beginning of their businesses (see fig. 16 below). In the last 12 months, self-funding (57%), business loan from bank (57%) and personal bank overdraft (29%) represented the main sources.

Figure 16– Initial sources of funding for the new businesses



For businesses established at more than one year, self-financing still being important but loans from banks start being an important alternative to finance their businesses (see fig. 17 below).

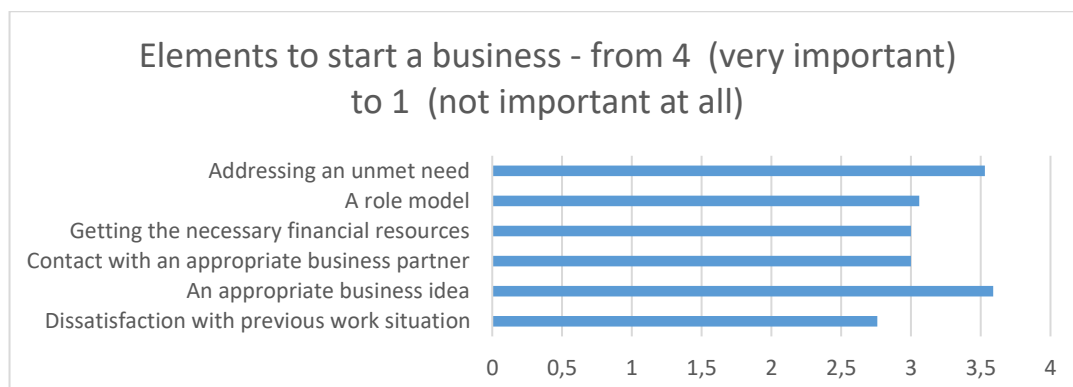
Figure 17– Sources of funding for businesses established for more than one year



Crucial elements to start a business in CCIs in Portugal

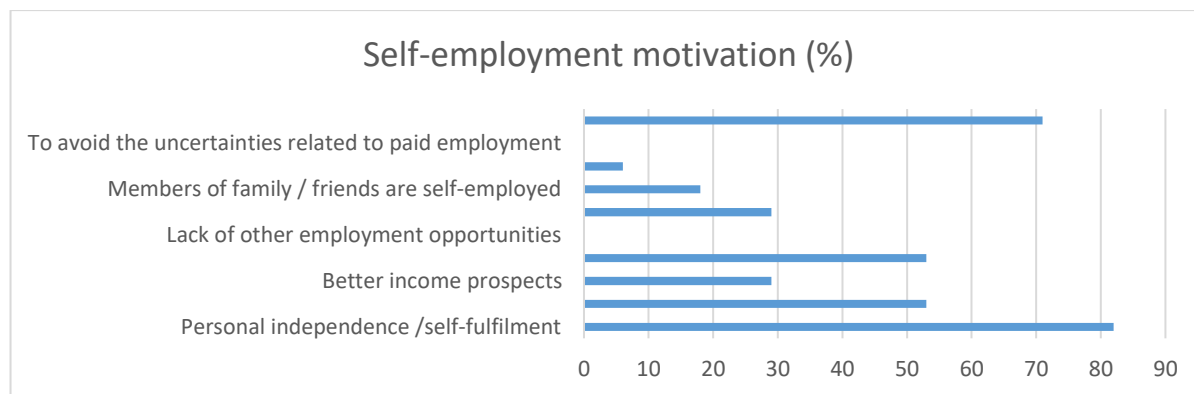
In terms of elements to start a business (see fig. 18 below), using a scale from 4 (very important) to 1 (not important at all), the most important issues seem to be ‘an appropriate business idea’ (3,59), ‘addressing an unmet need’ (3,53). For our sample, the importance of a ‘role model’ (3,06), the ‘contact with an appropriate business partner’ (3,0) and the opportunity of ‘getting the necessary financial resources’ (3,0) are the following important issues to start a business in CCIs (see fig. 18 below).

Figure 17– Main issues to start a business in CCIs in Portugal



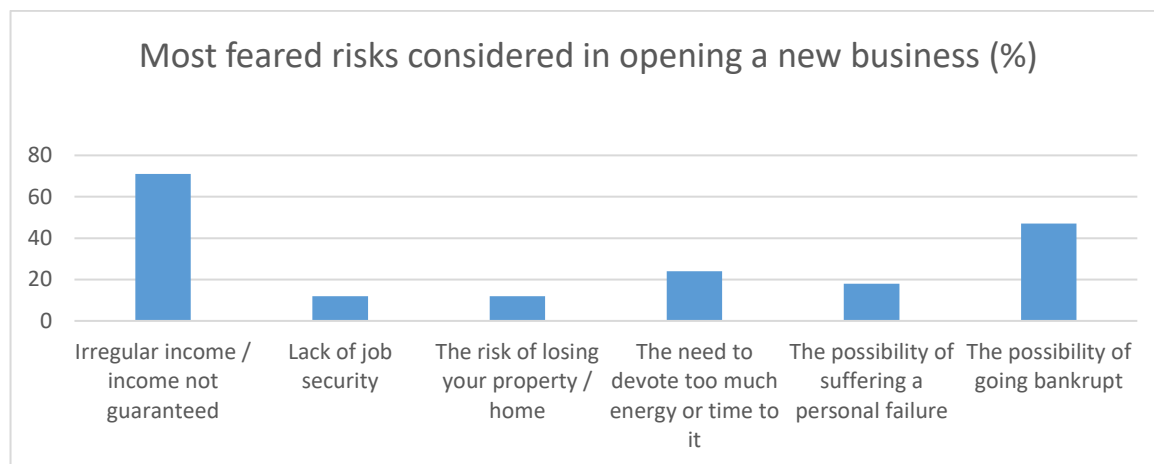
Motivation for self-employment is often seen as push to start an entrepreneurial venture. According to our sample of entrepreneurs in CCI in Portugal, the most important factors that drive self-employment motivation are ‘personal independence/self-fulfilment’ (for 82% of the respondents), ‘to contribute to society’ (71%), ‘exploring a business idea’ (53%) and ‘freedom to choose place and time of working’ (53%).

Figure 18– Motivations for self-employment of entrepreneurs in CCIs in Portugal



Aversion to risk is also a crucial issue to define entrepreneurial culture of any country. Portugal is often referred as a country where aversion to risk limits the potential of entrepreneurship. Supporting some of the features previously observed, for our sample (see fig. 19) the most feared risks considered when opening a new business are ‘irregular income / income not guaranteed’ (for 71% of the entrepreneurs) and ‘the possibility of going bankrupt’ (47%).

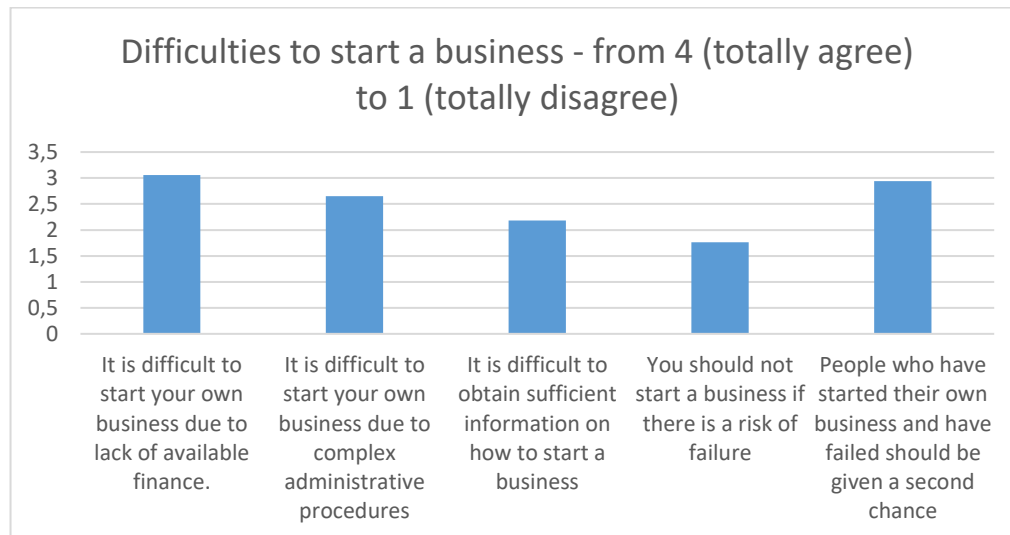
Figure 19– Most feared risks when opening a business



Risks can usually be limited by the creation of the adequate conditions and infrastructures to support entrepreneurs, at least at an initial stage of their ventures. So, the analysis of the most important difficulties considered by entrepreneurs in CCI in Portugal remain a crucial issue to devise the chance of developing entrepreneurial ventures in Portugal on CCIs. According to the results obtained from our sample, in a scale from 4 to 1, the most important difficulties to start a business are ‘lack of available finance’ (3,06), the need to ‘have a second chance’ in case of failure (2,94) and the ‘complex administrative procedures’ (2,65) faced until the opening of the business (see fig. 20 below). Curiously risk of failure seems to be a minor reason, according to the answers received, to start a business (mean

of 1,76) and according to the opinion of entrepreneurs inquired, it seems clear that a second chance should be given to entrepreneurs that have failed somewhere when running a business (3,41).

Figure 20– Most important difficulties faced to open a business



To overcome the observed difficulties, for the entrepreneurs of our sample, the sense of belonging to a community of entrepreneurs in CCIs seems to reveal a very important issue to the setting-up of their businesses. This is seen both by the importance of Development Associations dedicated to CIs, and also by the answer ‘others’, whose specifications have shown the importance of business associations linked to the mainstream industry (e.g. textile) that is on the basis of the Creative Industry to start a business in. Also the importance of incubators become clear both by the level of direct answers in terms of national or local municipal incubators, but also on the ‘others’ that included specifications related to specific local incubators namely some dedicated to the CIs’ business (see fig. 21). However, after the initial stage of businesses, banks become one of the main external support (see fig. 22).

Figure 21– Most important factors supporting businesses in Cis in the first year of activity, in Portugal

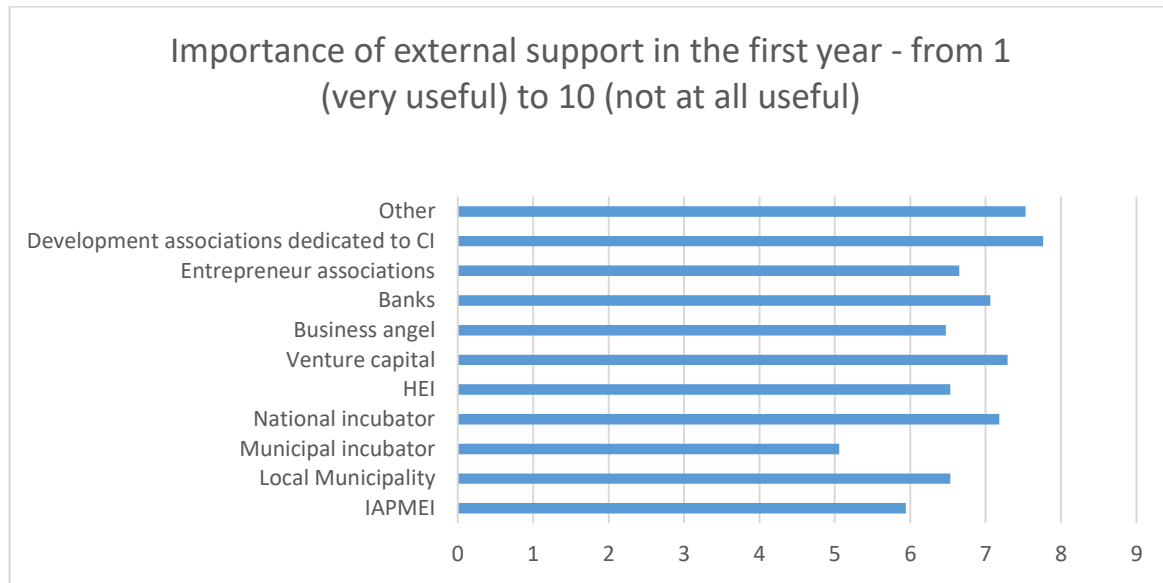
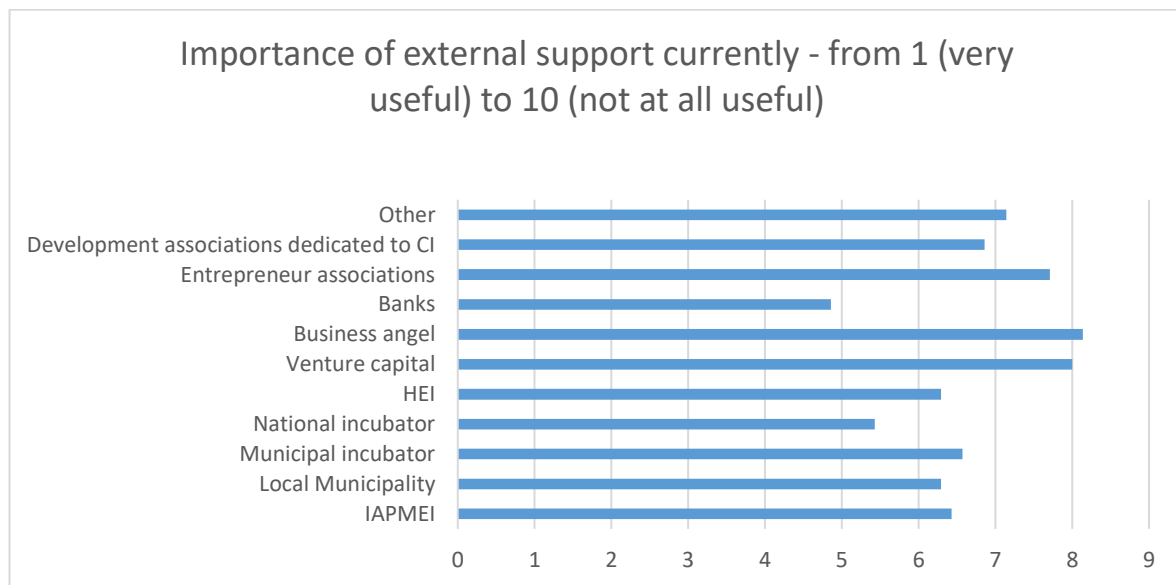
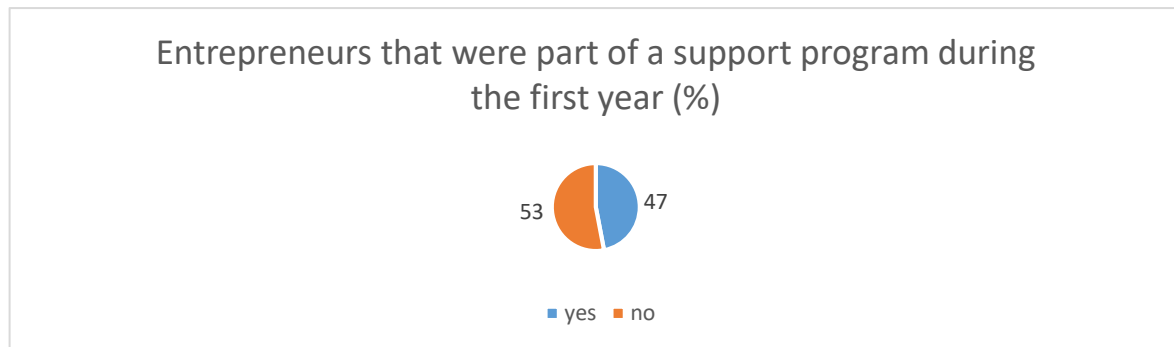


Figure 22– Most important factors supporting businesses in Cis after the first year of activity, in Portugal



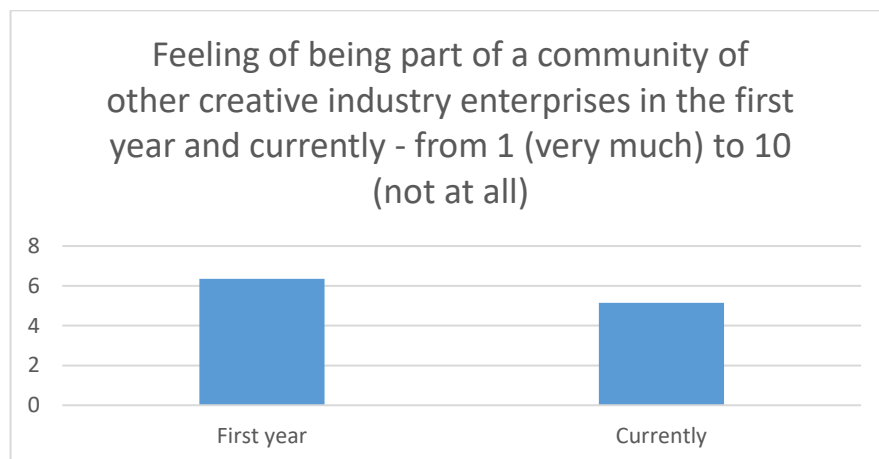
During the first year, 47% of the entrepreneurs were part of some kind of a support program (see fig. 23). Notwithstanding, we conclude that the utility of the support program in the first year of activity is considered to be relatively low: 6,63 (in a scale of 1, very useful to 10, not useful at all) in the first year, but increases its importance on the following years of activity, reaching a mean of 5,0, in a scale of 1 (very useful) to 10 (not at all useful), for the inquired businesses at their current stage.

Figure 23– Percentage of businesses benefiting from a support programme during the first year of activity, in Portugal



Entrepreneur’s feeling of being part of a community of other creative enterprises is also relatively low: 6,35 in the first year and 5,14 currently in a scale from 1 (very much) to 10 (not at all).

Figure 24– Sense of belonging to a community of CIs’ entrepreneurs



These communities reveal important in different ways, according to the stage of development of the respective businesses (see fig. 25). In the first year, the collaboration with local firms is considered to be important in terms of ‘raising money (for 41% of the respondents) and of ‘joint participation in public tenders’ (35%), although it ‘was not important’ at all for 29% of the respondents. Currently (see fig. 26) these issues remain ‘not important’ for 35% of the entrepreneurs.

Figure 25– Main domains of importance arising from the collaboration with local firms in the first year of activity

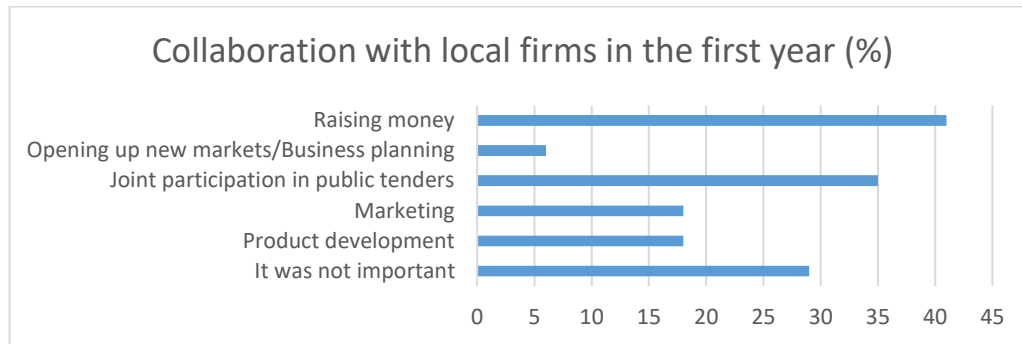
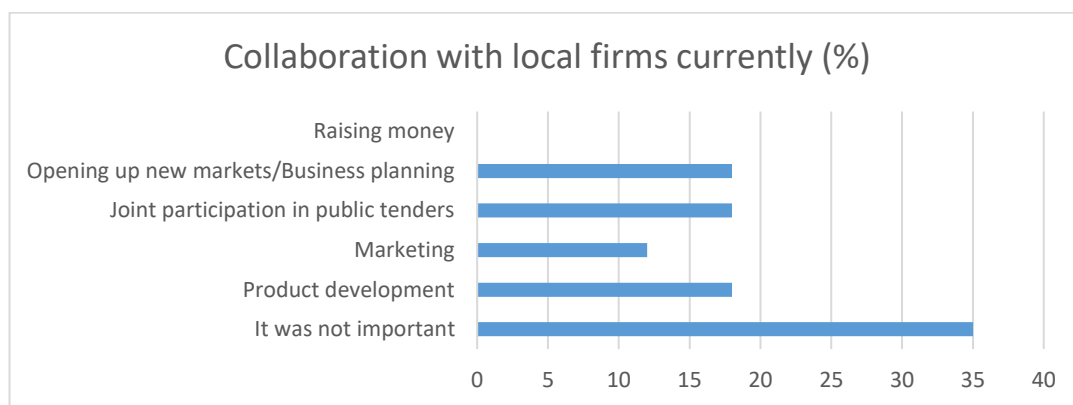
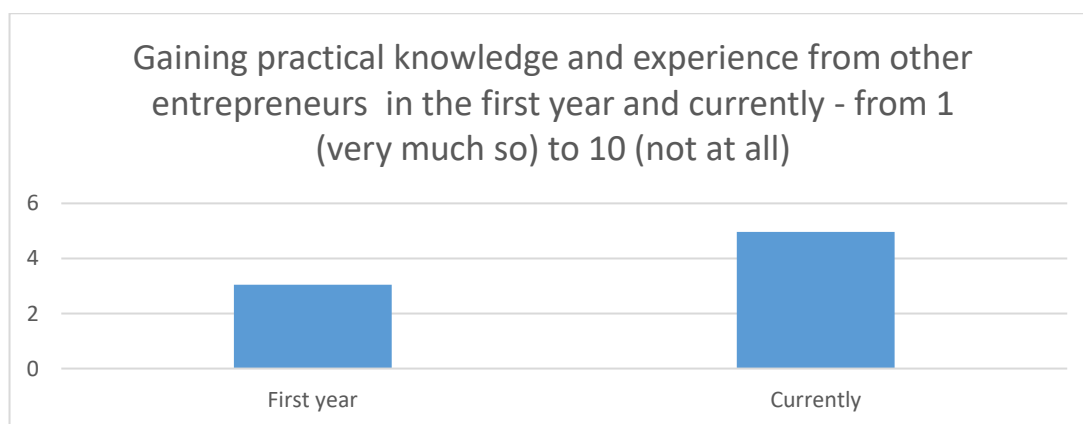


Figure 26– Main domains of importance arising from the collaboration with local firms presently



As expected, the importance of gaining knowledge and experience from other entrepreneurs is higher (3,05) in the first year of activity, than presently (4,96). However it stills remaining a very important issue for entrepreneur’s activities.

Figure 27– Comparison on the level of importance of gaining practical knowledge and experience from other entrepreneurs in the first year of business activity and currently.



Respondents considered very important to have acquired more knowledge, skills or any other information in all the referred domains of the questionnaire, both in the first year and currently. However, information on ‘supply chain’, opportunities to ‘opening up markets’, ‘raising money’ and for ‘product development’ are four of the most important areas where to develop knowledge for the respondents (see fig. 28 below).

Figure 28– Domains where it would have been important to acquire more knowledge in the first year of activity

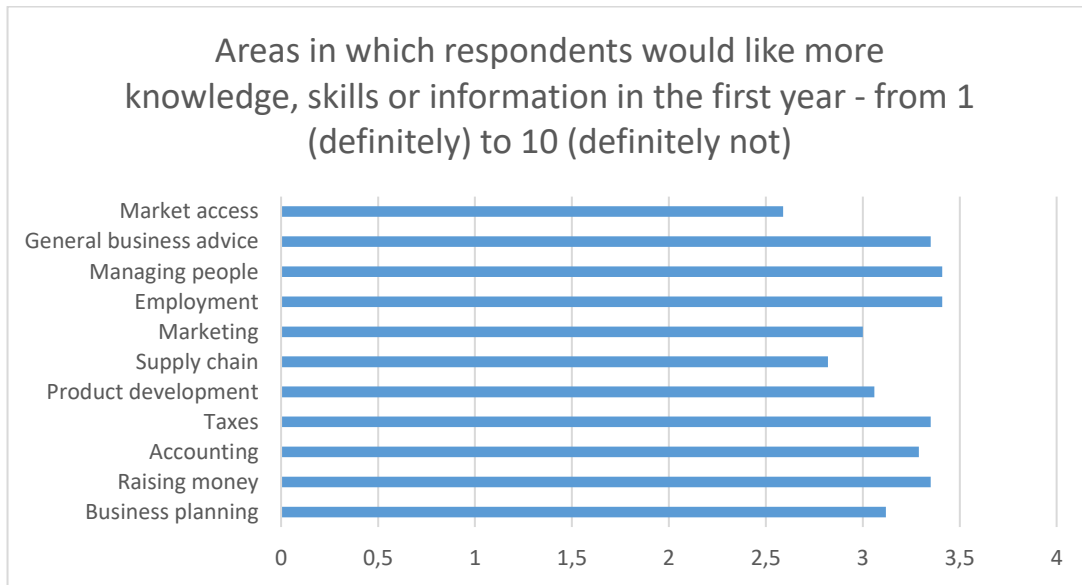
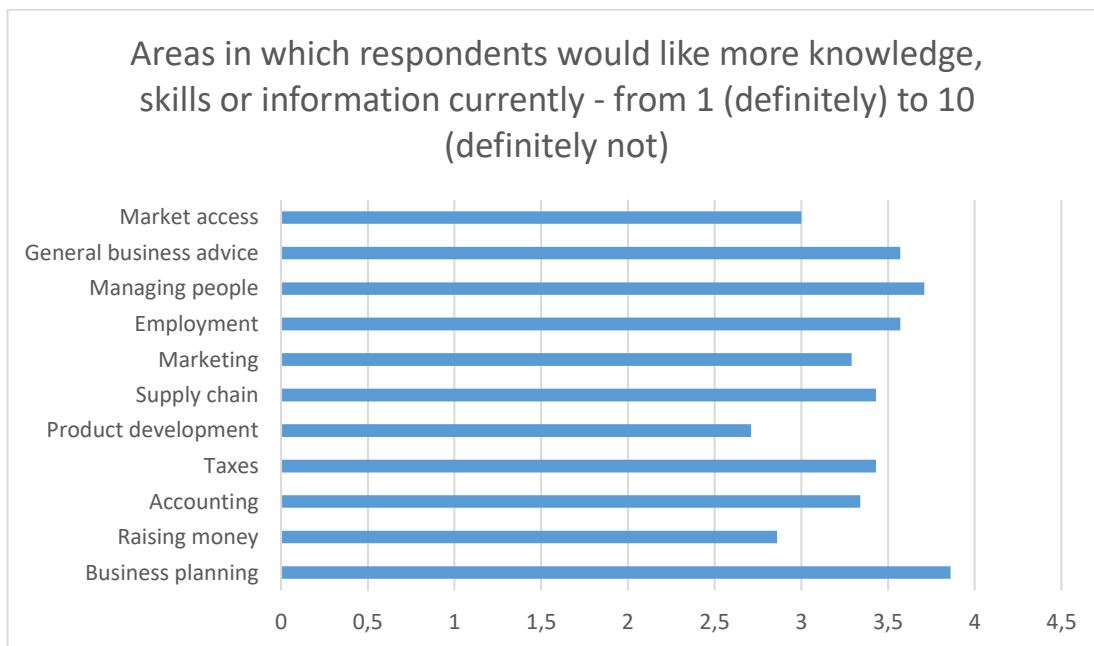


Figure 28– Domains where it would have been important to acquire more knowledge currently



The importance of networks is still revealed by the sources of support of entrepreneurs both at the first year of business and currently. According to the answers received, the most important channels for entrepreneurs to acquire the knowledge, skills and information they need to develop their businesses are ‘other entrepreneurs’ and ‘personal mentoring’ (see fig. 29).

Figure 28– Main sources of knowledge, skills and information of entrepreneurs in CIs in Portugal during the first year of business

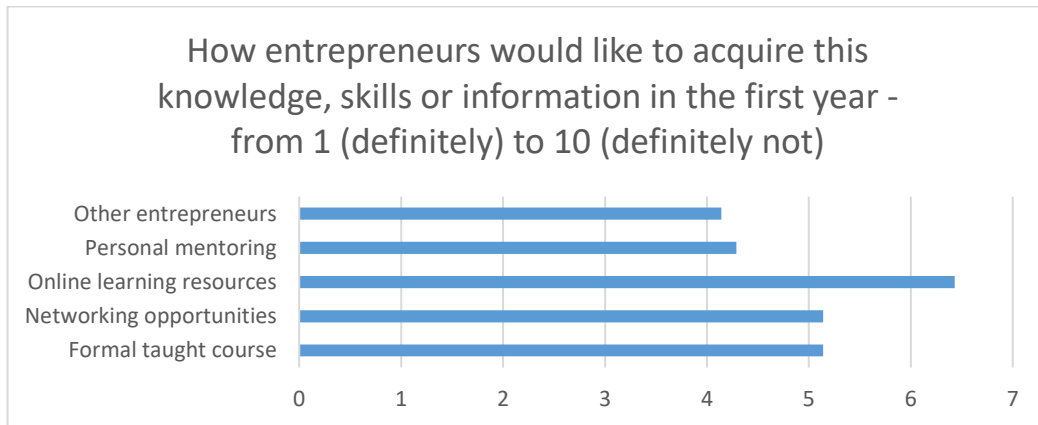
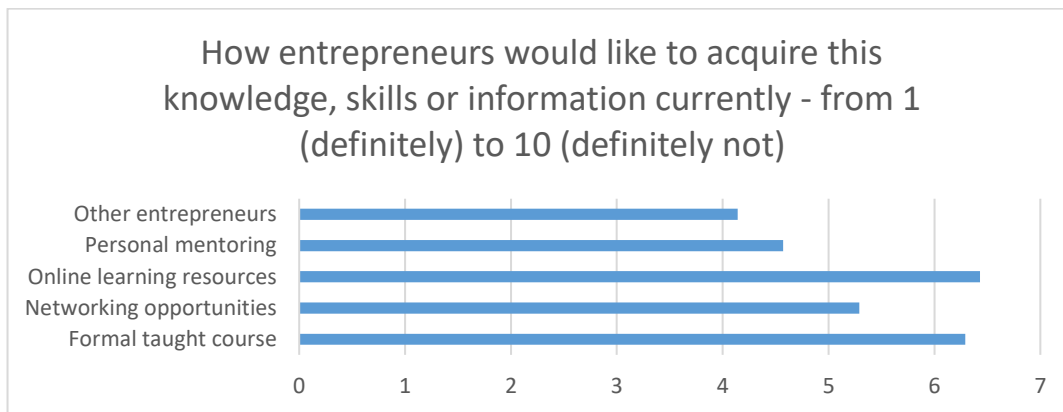


Figure 29– Main sources of knowledge, skills and information of entrepreneurs in CIs in Portugal currently



DATA ANALYSIS OF WP3 SURVEY

BARCELONA

A. Entrepreneur's background and motivations

I. Gender

Men	66,0%
Women	34,0%
N	47

II. Age

	MEAN	STANDARD DEVIATION
Age	42,30	9,54

III. Qualification

Secondary education	14,9%
Graduate	34,0%
Postgraduate	51,1%

IV. Education for entrepreneurship

	MEAN	STANDARD DEVIATION
My education is helping/has helped me to develop my sense of initiative and an entrepreneurial attitude.	2,83	1,08
My education is helping/has helped me to understand the role of entrepreneurs in society better.	2,63	1,10
My education made me interested in becoming an entrepreneur.	2,63	1,06
My education has given/is giving me skills and know-how to enable me to run a business.	2,76	1,10

V. Initial source of funding for the business

	Percentage
Personal bank overdraft	4,3
Business loan from bank	8,5
Loan from other organization	2,1
Business angel	0,0
Grants	2,1
Family or friends	10,6
Self-funded	70,2

VI. Elements for the decision to start a business

	MEAN	STANDARD DEVIATION
Dissatisfaction with previous work situation.	2,65	1,20
An appropriate business idea.	3,17	0,68
Contact with an appropriate business partner.	2,46	1,00
Getting the necessary financial resources.	2,54	1,07
A role model.	2,61	0,88
Addressing an unmet need	2,67	0,87

VII. Self-employment motivation

	MEAN	STANDARD DEVIATION
Personal independence /self-fulfilment	0,87	0,34
Exploiting a business opportunity	0,30	0,46
Better income prospects	0,34	0,48
Freedom to choose place and time of working	0,57	0,50
Lack of other employment opportunities	0,09	0,28
Lack of attractive employment opportunities	0,19	0,40
Members of family / friends are self-employed	0,15	0,36
Favourable economic climate	0,15	0,36
To avoid the uncertainties related to paid employment	0,19	0,40
To contribute to society	0,36	0,49

VIII. Most feared risks considered in opening a new business

	MEAN	STANDARD DEVIATION
Irregular income / income not guaranteed	0,83	0,38
Lack of job security	0,09	0,28
The risk of losing your property / home	0,11	0,31
The need to devote too much energy or time to it	0,26	0,44
The possibility of suffering a personal failure	0,06	0,25
The possibility of going bankrupt	0,40	0,50

B. Comparative analysis between first and following years

IX. Difficulties to start a business

	MEAN	STANDARD DEVIATION
It is difficult to start your own business due to lack of available finance.	3,22	0,96
It is difficult to start your own business due to complex administrative procedures.	3,07	0,88
It is difficult to obtain sufficient information on how to start a business.	2,61	0,93
You should not start a business if there is a risk of failure.	1,78	0,63
People who have started their own business and have failed should be given a second chance.	3,65	0,60

X. Importance of external support

	FIRST YEAR	CURRENTLY
Local development agency	23,3%	25,6%
Regional government	25,6%	34,9%
Local government	18,6%	18,6%
Universities	18,6%	20,9%
Business Schools	25,6%	23,3%
Chamber of Commerce	18,6%	16,3%

XI. Support programs for entrepreneurship

	FIRST YEAR		CURRENTLY	
	MEAN	STANDARD DEVIATION	MEAN	STANDARD DEVIATION
Utility of the entrepreneur support program	7,17	1,17	---	---

XII. CI Community

	FIRST YEAR		CURRENTLY	
	MEAN	STANDARD DEVIATION	MEAN	STANDARD DEVIATION
Feeling of being part of a community of other creative industry enterprises	3,16	2,57	4,47	3,02

XIII. Collaboration areas with local firms

	FIRST YEAR	CURRENTLY
	Percentage	Percentage
It was not important	37,2	0,0
Product development	25,6	48,8
Marketing	27,9	53,5
Joint participation in public tenders	9,3	21,3
Opening up new markets/Business planning	37,2	48,8
Raising money	4,7	27,9

XIV. Sharing of practical knowledge and expertise

	FIRST YEAR		CURRENTLY	
	MEAN	STANDARD DEVIATION	MEAN	STANDARD DEVIATION
Gaining practical knowledge and experience from other entrepreneurs	6,19	2,45	7,33	2,41

XV. Areas in which respondents would like more knowledge, skills or information

	FIRST YEAR		CURRENTLY	
	MEAN	STANDARD DEVIATION	MEAN	STANDARD DEVIATION
Business planning	1,72	1,20	2,39	1,58
Raising money	2,46	1,38	2,65	1,19
Accounting	3,56	1,15	3,73	1,42
Taxes	3,13	1,26	3,81	0,98
Product development	3,05	1,36	3,00	1,55
Supply chain	2,33	1,53	3,50	2,12
Marketing	3,56	1,31	3,00	1,24
Employment	3,33	0,58	3,00	2,31
Managing people	3,47	1,07	3,31	1,30
General business advice	3,00	1,50	3,08	1,47
Opening up markets	3,60	1,25	3,00	1,35

XVI. Channels to acquire this knowledge, skills or information

	FIRST YEAR		CURRENTLY	
	MEAN	STANDARD DEVIATION	MEAN	STANDARD DEVIATION
Formal taught course	5,21	3,32	4,47	3,19
Networking opportunities	6,63	2,79	6,35	3,06
Online learning resources	5,40	2,99	4,74	3,07
Personal mentoring	6,79	3,15	6,14	3,33
Other entrepreneurs	7,58	2,55	7,28	2,68

XVII. Sources of funds to invest in the business

	Percentage
Personal bank overdraft	2,3
Business loan from bank	34,9
Loan from other organization	2,3
Grants	9,3
Family or friends	14,0
Self-funded	53,5



**Nottingham's
Creative Industry
Ecology
SURVEY REPORT**

June 2015

Peter Totterdill, Dimitra Gkiontsi and Maria Sousa

INTRODUCTION

This report presents the results of the questionnaire survey conducted during the autumn of 2014 as part of the CINet project funded under the EU's Leonardo programme. Thirty nine valid responses were received from creative entrepreneurs in Nottingham and the results provide an important insight into the backgrounds, motivations, support structures and challenges that characterise their business histories. The survey findings should be read in conjunction with the accompanying report on *Nottingham's Creative Industry Ecology* which includes six individual case studies as well as a broad overview of the sector.

CINet brings together creative industry clusters in Nottingham, Athens, Barcelona and Lisbon. Its aim is to facilitate shared learning amongst entrepreneurs and to develop the conditions for collaborative advantage within small firm clusters.

Geographical clusters of creative enterprises such as that found in Nottingham can become learning networks where entrepreneurs share knowledge and experience with each other and build "collaborative advantage" by working together. Nottingham's experience also demonstrates the important role that institutional actors such as local authorities, universities and colleges, social entrepreneurs and places of cultural consumption can play in sustaining and growing a dynamic creative economy.

CINet starts with an analysis of Nottingham's creative ecology, not to provide a blueprint for other cities but a generative resource which will stimulate new thinking and innovative ways of supporting enterprises in one of Europe's increasingly important sectors.

CINet partners are:

Universidade Aberta, Lisbon (Portugal)

UK WON (UK Work Organisation Network)

Universitat Oberta de Catalunya, Barcelona (Spain)

Kentro Erevnon Panepistimiou Pireos - University of Piraeus Research Centre, Athens (Greece)

Association for Education and Sustainable Development (Romania)

DNA, Cascais (Portugal)

Media Deals Association (France)

We are deeply indebted to all the creative industry entrepreneurs and other stakeholders in Nottingham who gave up their very precious time to contribute to this study.

For more information about CINet please visit the website: <http://cinet.eu.uab.pt/>

For more information about this report please contact:

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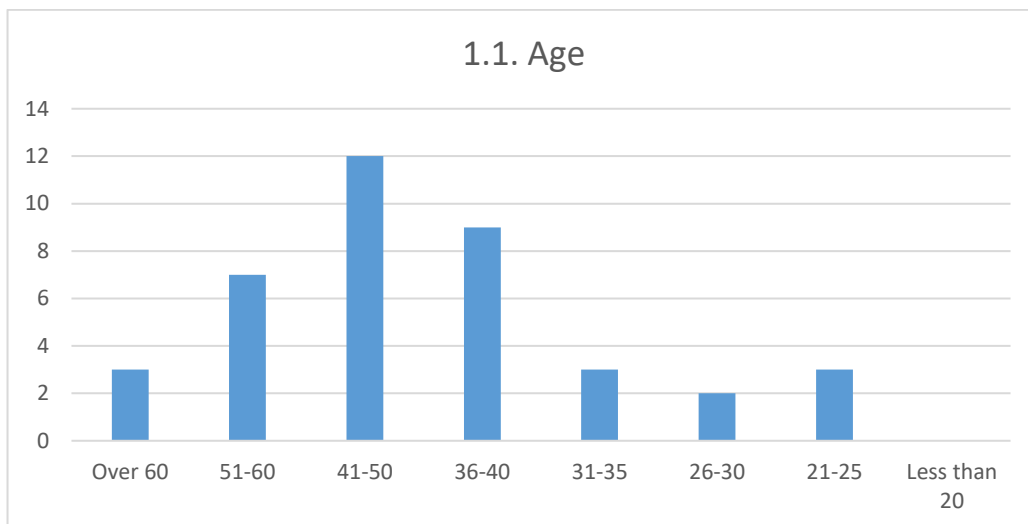
Web www.goodworkplaces.net

Cover from a Mixed Media Wall Art Design by Jo Welch (www.jokatywelch.com)

SECTION 1 – ABOUT THE RESPONDENTS

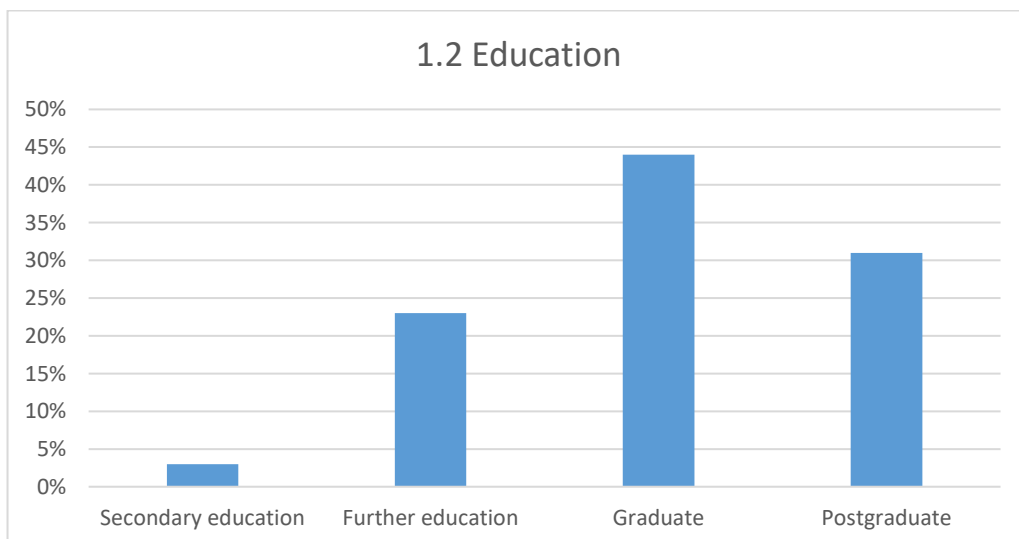
Age and gender

- Thirty one percent are between 41 - 50 years old and form the largest age group.
- Fifty four percent of respondents are females and forty six percent are males.



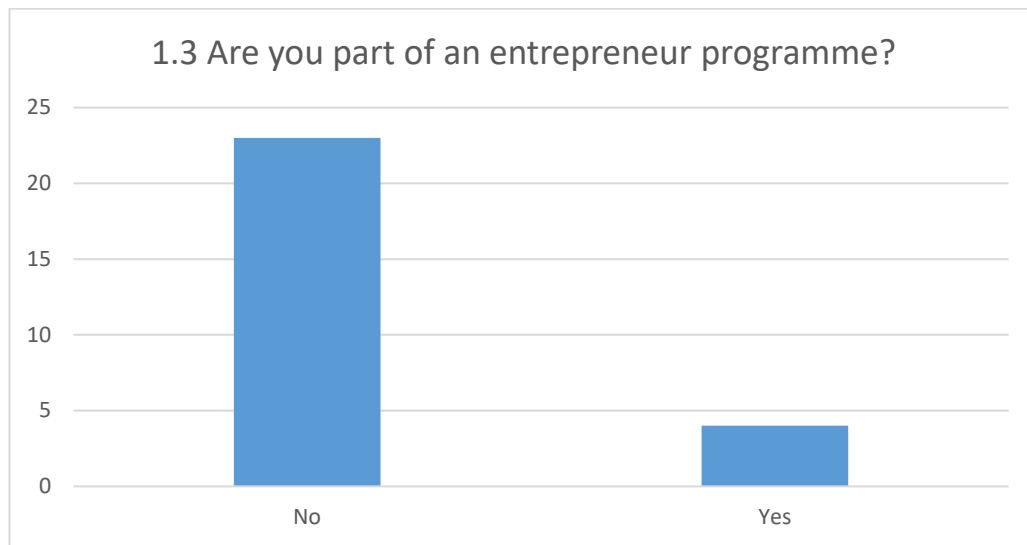
Education

Seventy five percent of respondents are graduates or postgraduates.



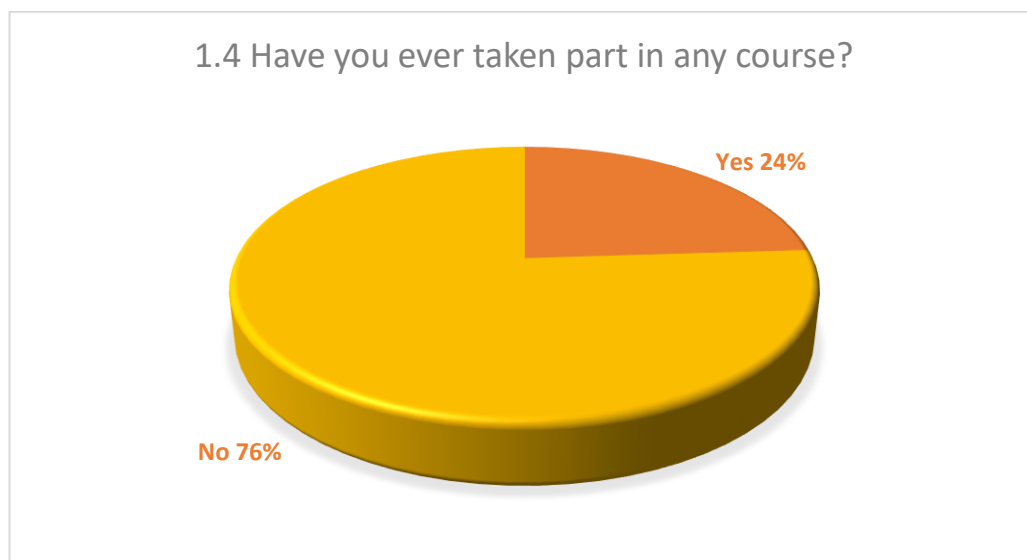
Entrepreneur support programmes

Four respondents are currently part of an entrepreneur support programme.



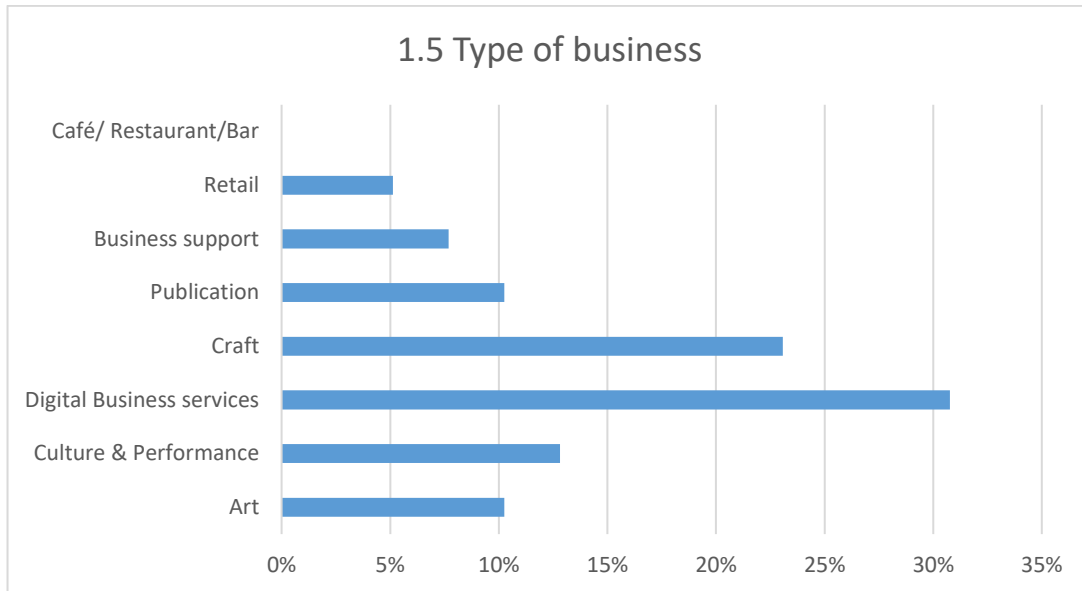
Courses or activity about entrepreneurship at school, college or university

Seventy six percent of respondents have not taken part in any kind of course or educational activity relating to entrepreneurship.



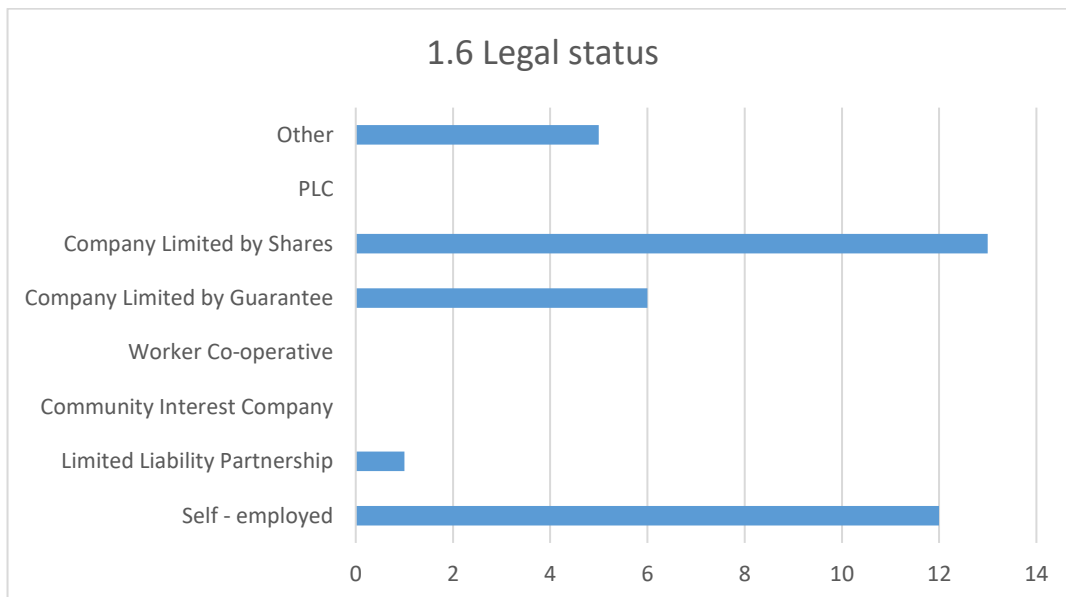
Type of business

Thirty one percent of respondents' businesses are in Digital Business Services. This is the largest category followed by Craft at 23%.



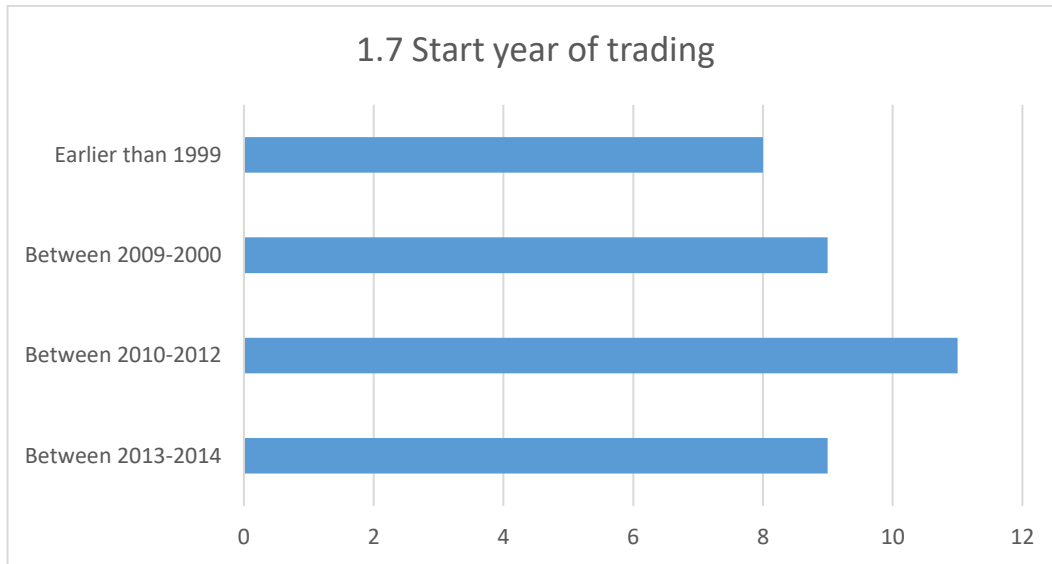
Legal status

Companies Limited by Shares (13 businesses) and self-employment (12 businesses) are the most common legal forms.



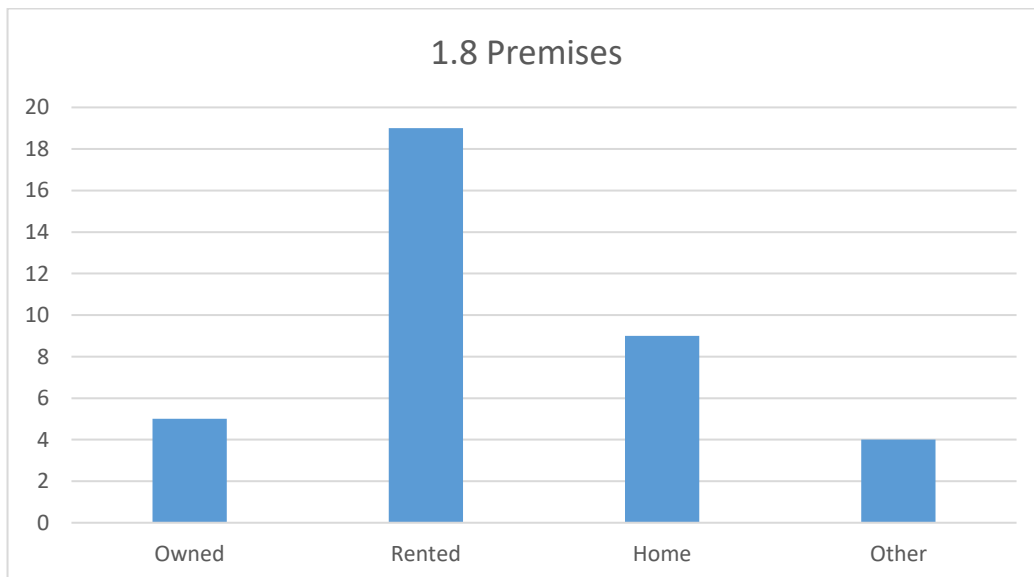
First year of trading

The largest group of respondents started their businesses between 2010 and 2012. Businesses older than 15 years form a relatively small minority.



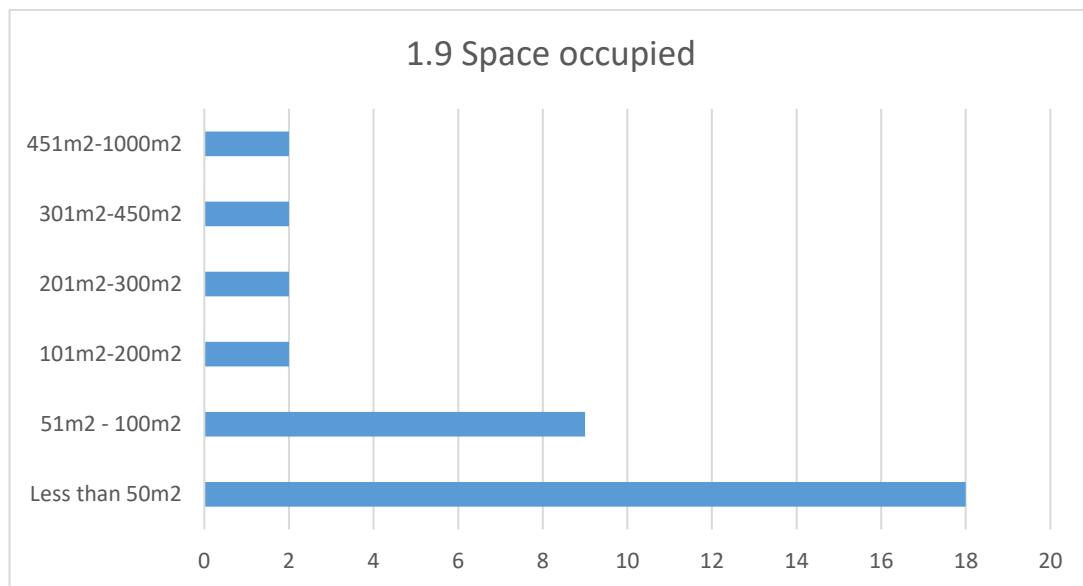
Business Premises

Nineteen respondents are renting their premises, whereas nine run their businesses from home.



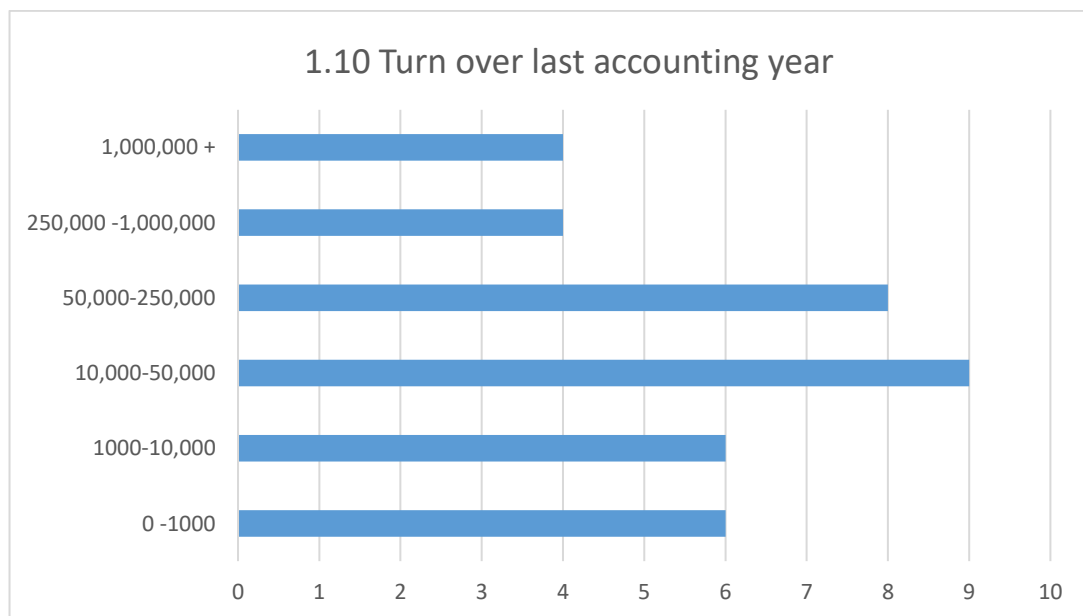
Space occupied

Eighteen businesses occupy less than 50m², whereas nine occupy between 51m²- 100m². Eighteen companies are based in Nottingham city centre (NG1 postcode).



Turnover in the last accounting year

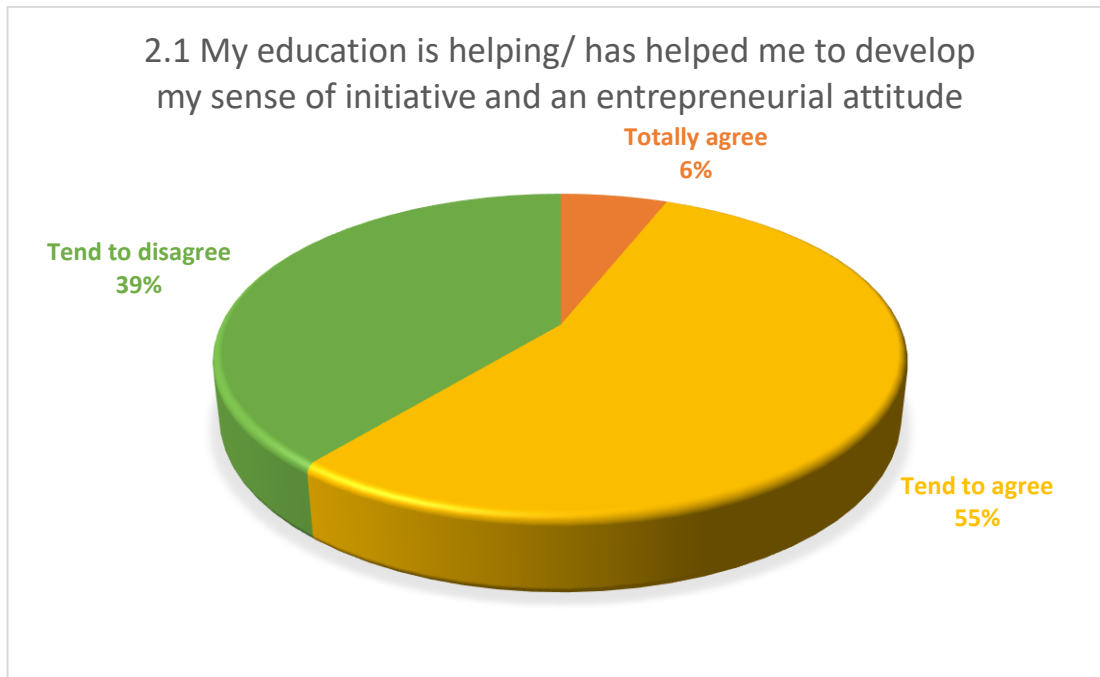
Table 1.10 shows a wide distribution of turnover during the last accounting year. Whilst the largest group of businesses' generated £10,000-50,000, a significant number of newer or one-person businesses fell below this threshold.



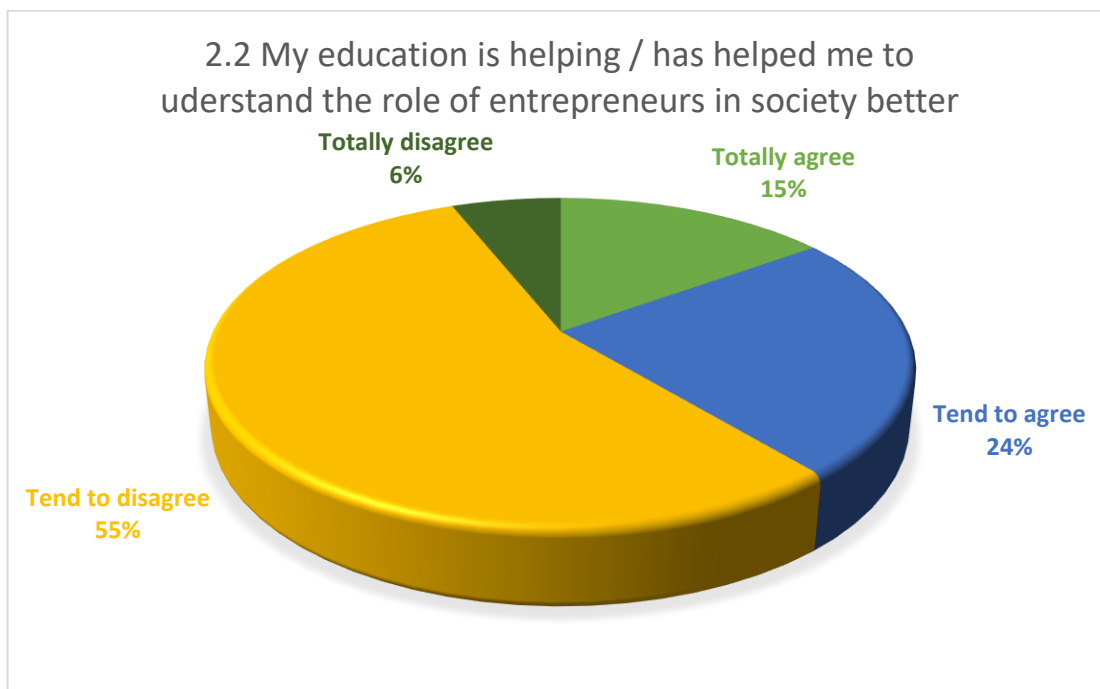
SECTION 2 - REASONS & MOTIVATIONS FOR ENTREPRENEURSHIP

Does education help to create entrepreneurs?

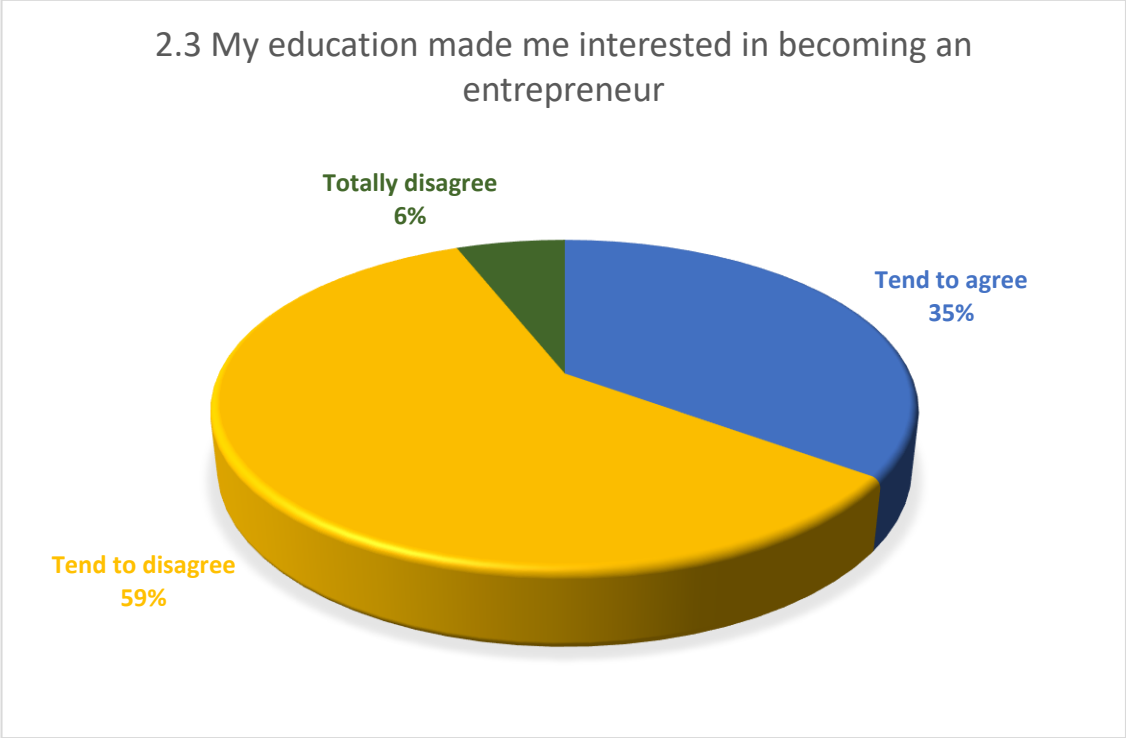
Sixty one percent of respondents agree that their education helped them to develop an entrepreneurial attitude.



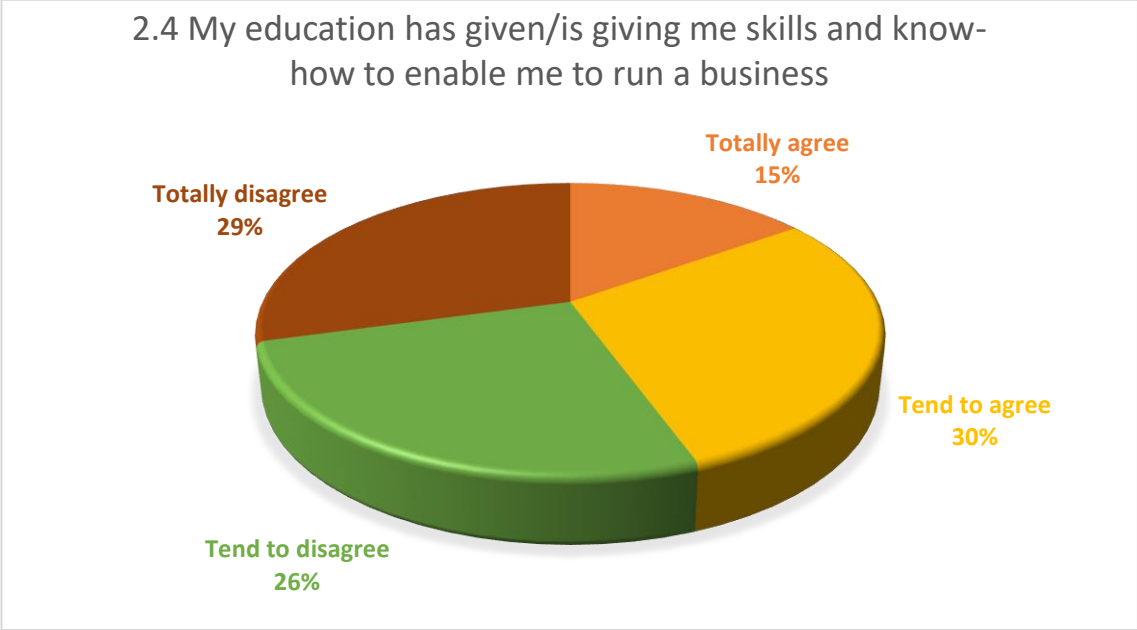
On the other hand, sixty one percent disagree that education has helped them to understand the role of entrepreneurs in society better.



Sixty five percent do not believe that their education made them interested in becoming an entrepreneur. Thirty five percent say that it was a factor.

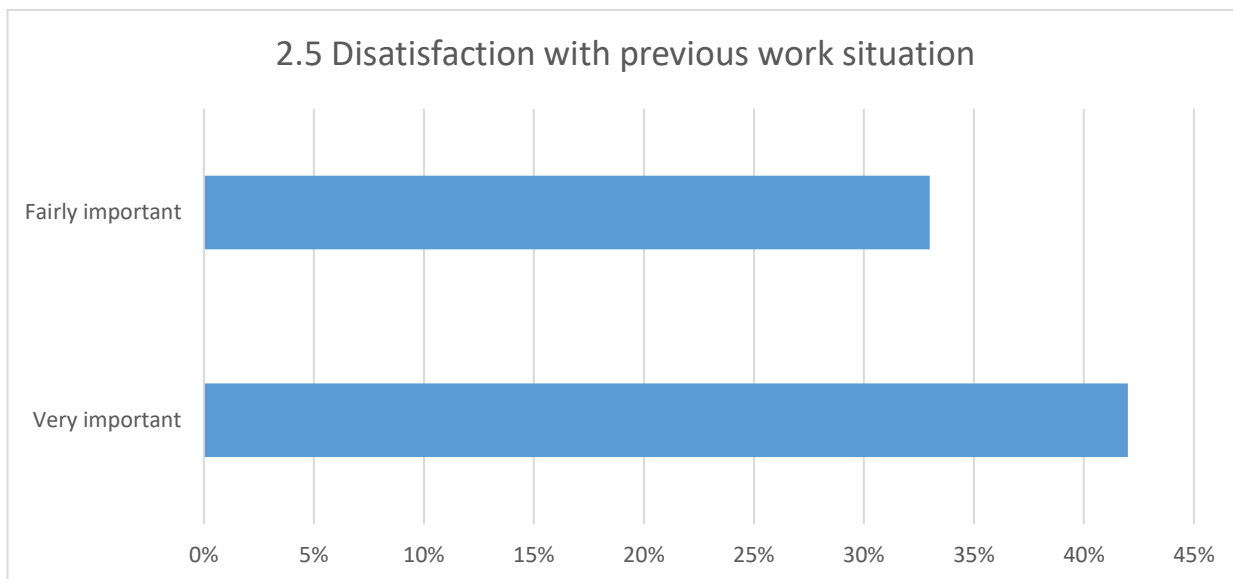


Fifty five percent disagree that their education gave them the necessary skills to run a business, whereas forty five percent agree or tend to agree.

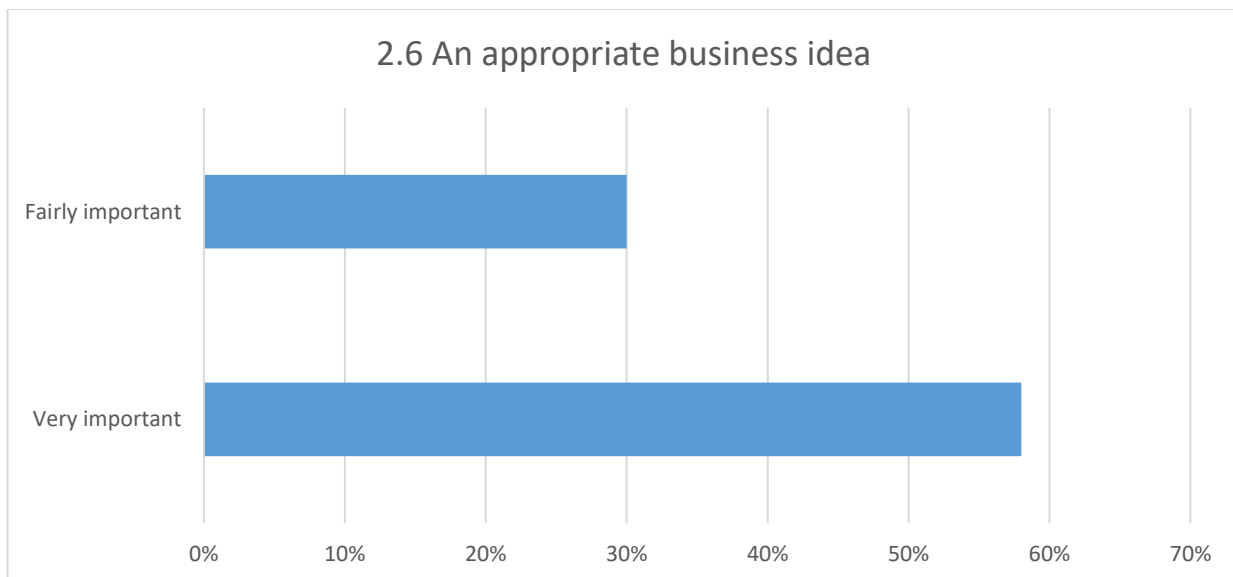


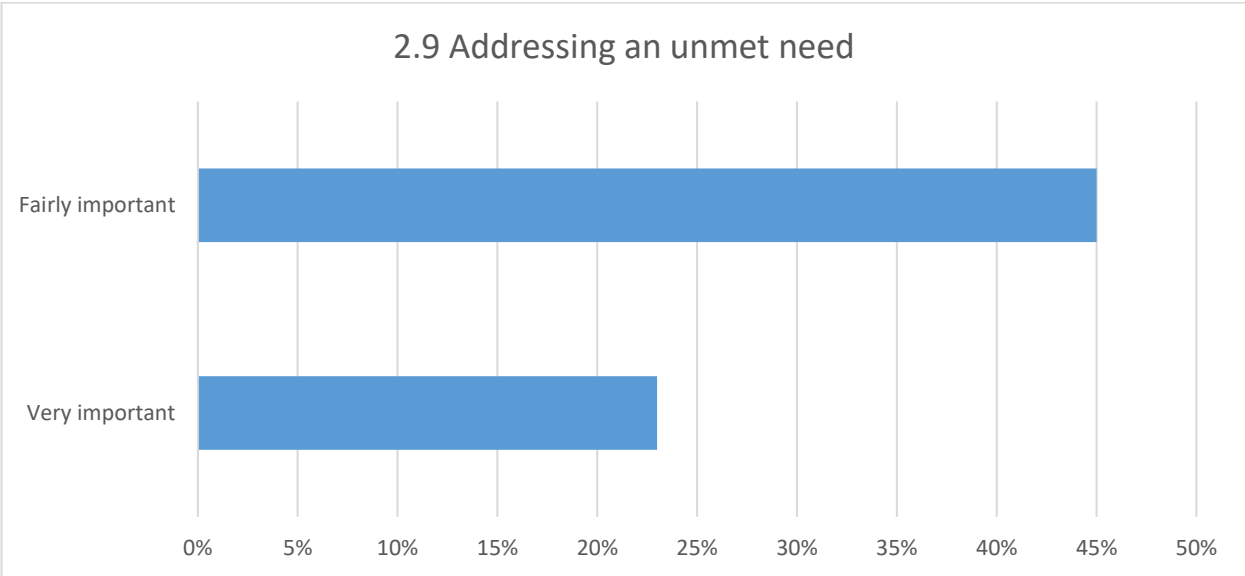
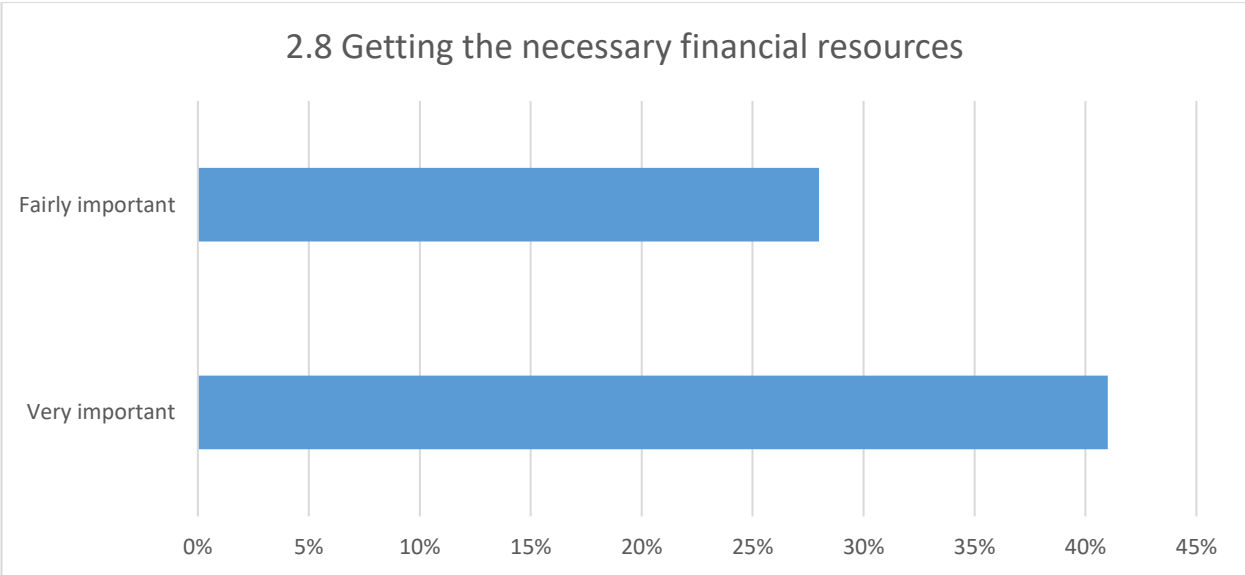
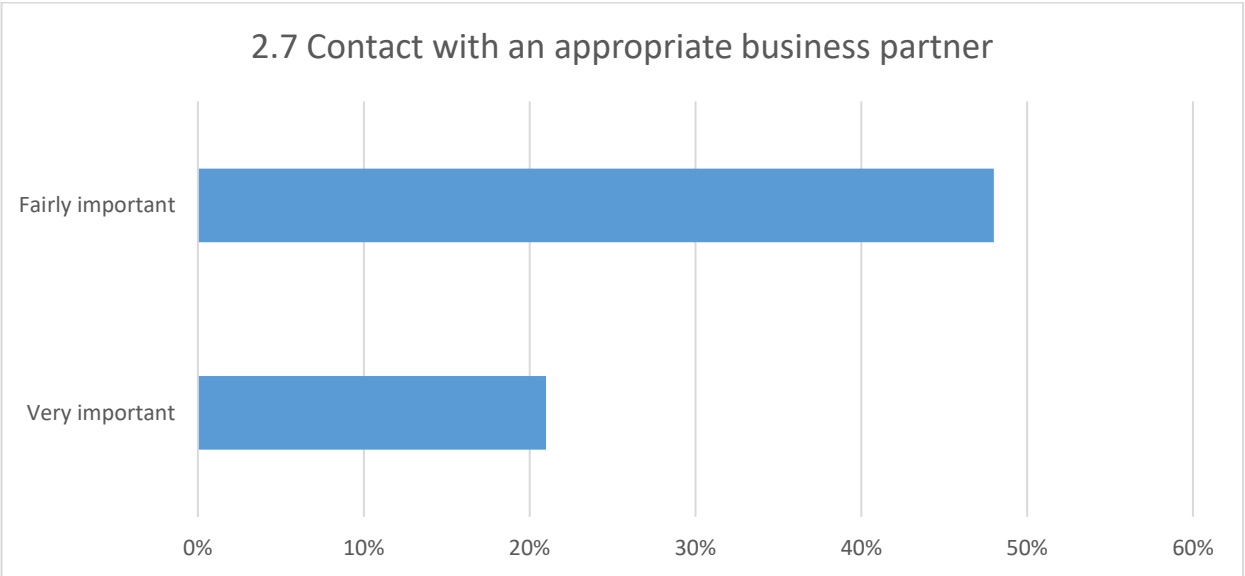
Important factors in the decision to start a business

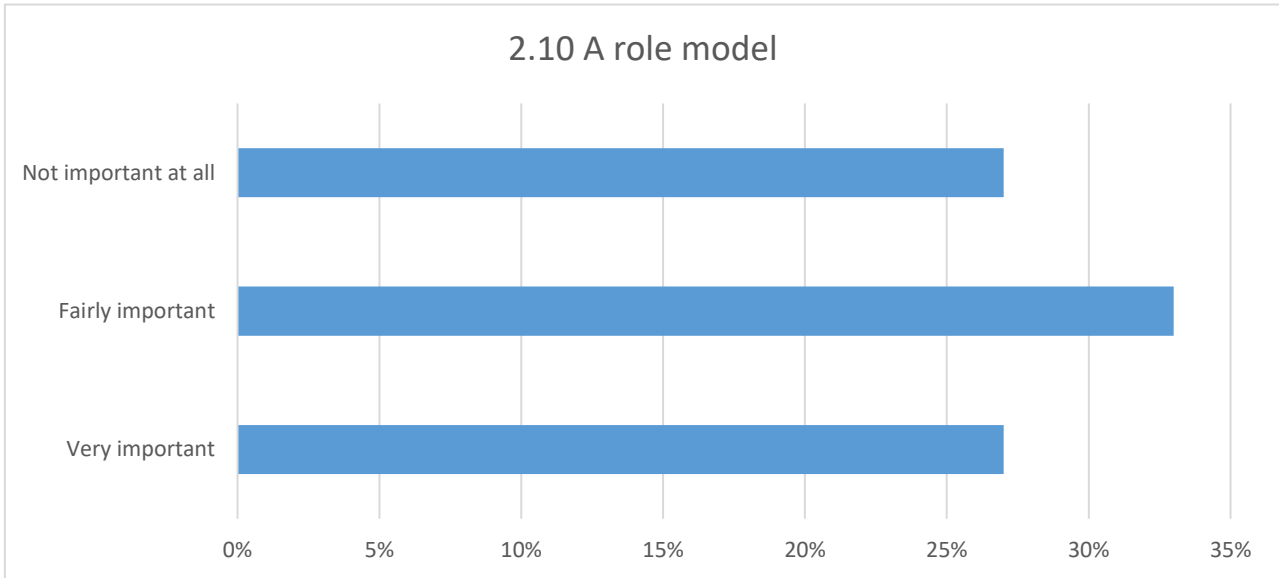
Seventy five percent of respondents agree that dissatisfaction with their previous work situation played a role in their decision to start a business.



The largest group of respondents agrees that an appropriate business idea, contact with an appropriate business partner, financial resources, a role model and addressing an unmet need are important in the decision to start a business.

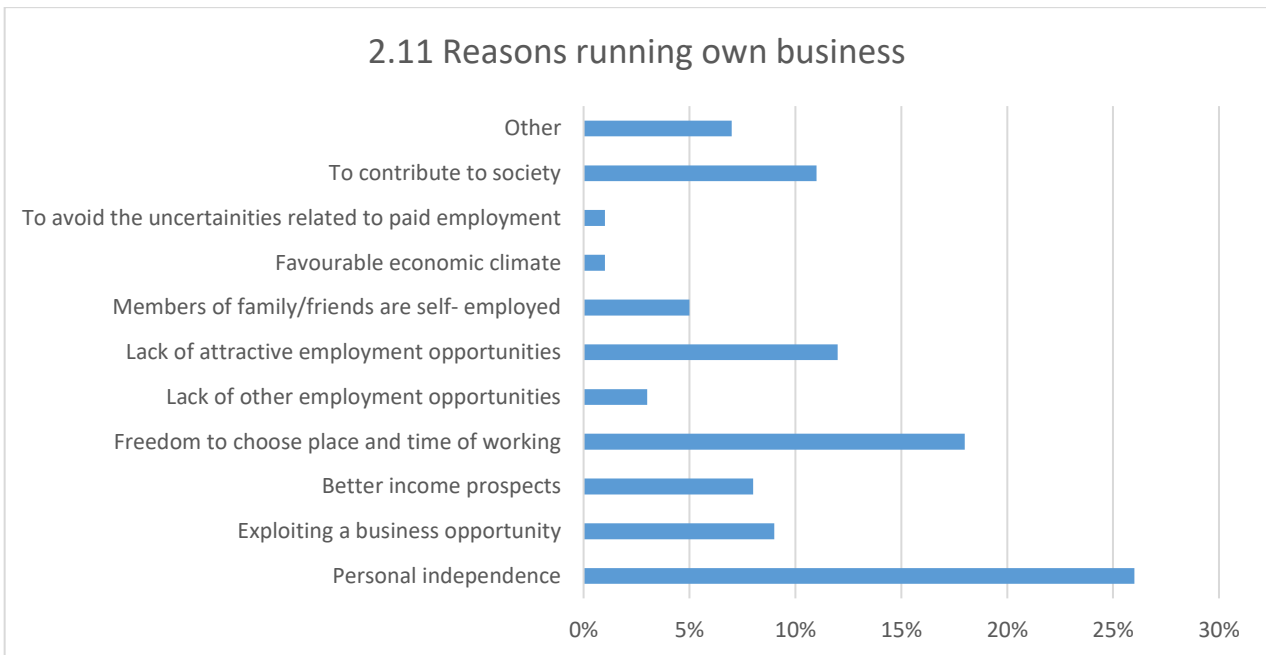






Reasons for running a business

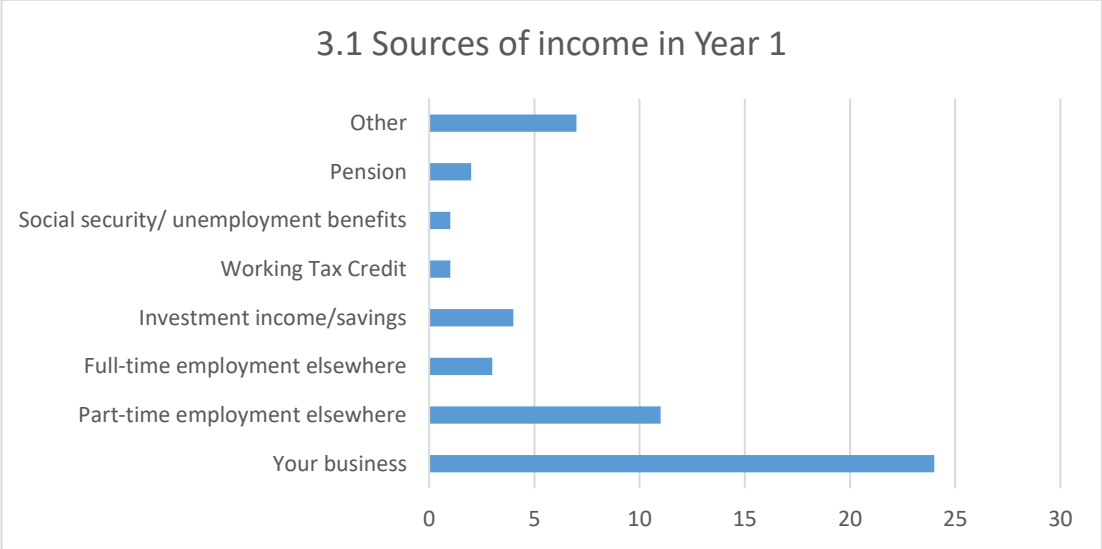
The largest group of respondents agrees that personal independence is main reason for running their own businesses. Only a minority foresee enhanced income.



SECTION 3 - FIRST YEAR OF THE BUSINESS

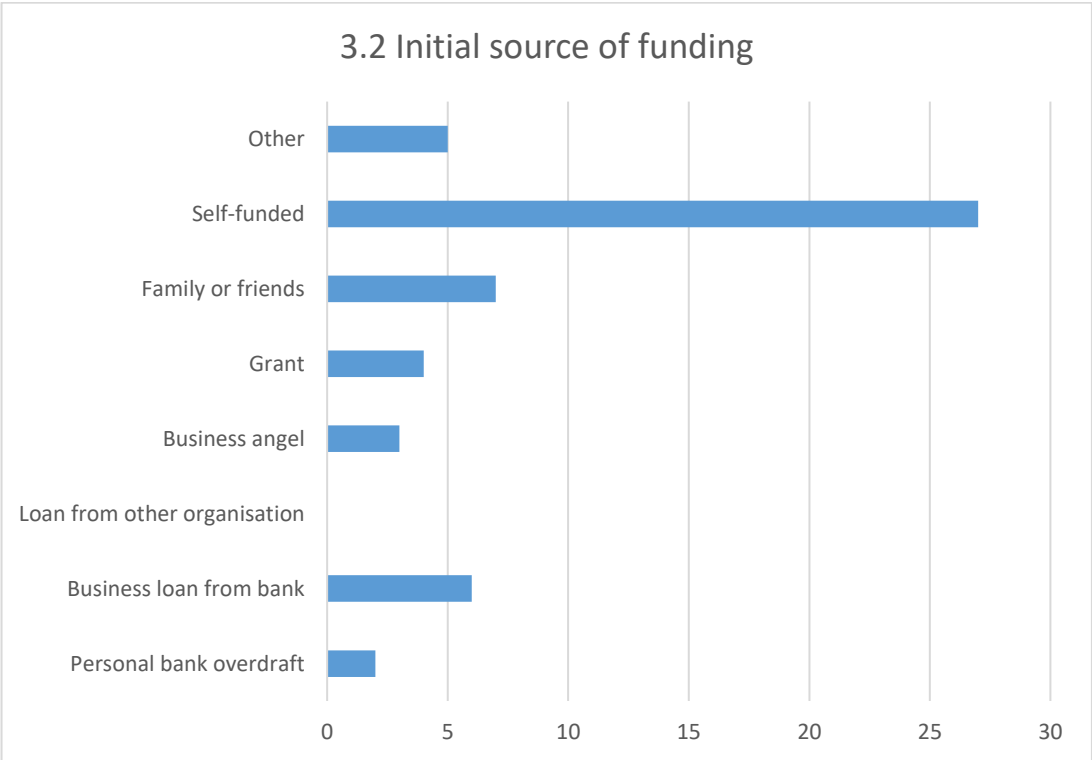
Sources of income in year 1

The main source of income in Year 1 for the largest group of respondents was from their businesses.



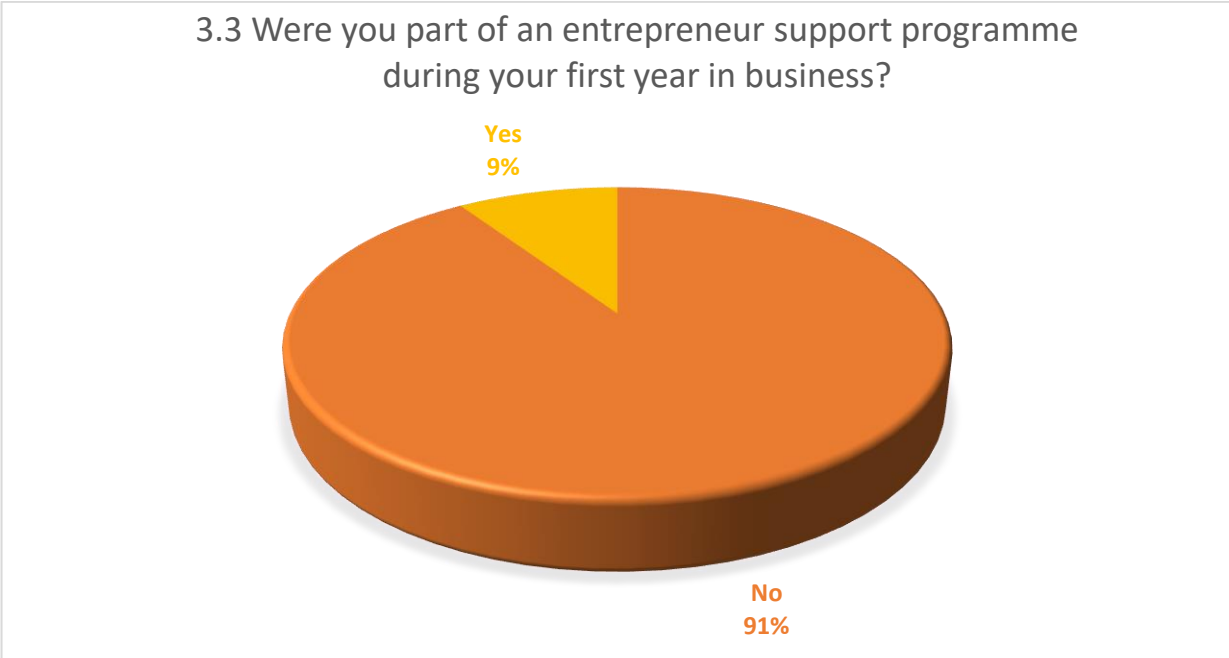
Initial source of business funding

Twenty seven respondents self-funded their businesses in the first year; only 8 made use of bank loans or overdrafts and only 4 were awarded grants.



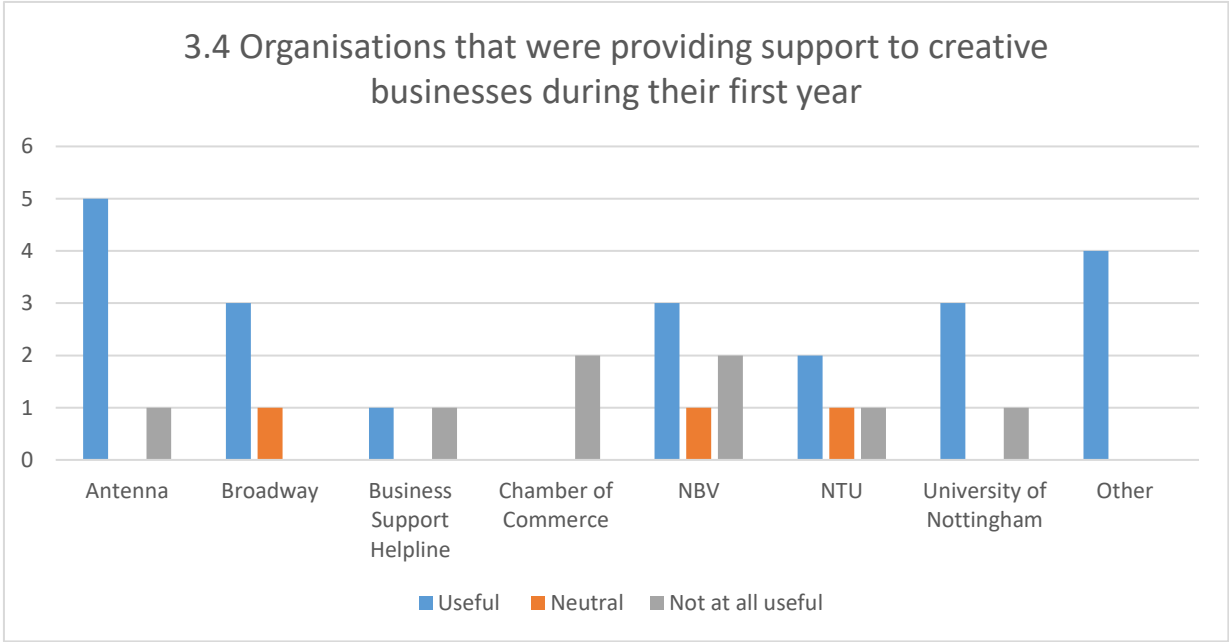
Entrepreneur support programmes

Ninety one percent of respondents were not part of a specific entrepreneur support programme during their first year in business.



Support

The breakdown of responses from the 15 enterprises receiving any form of support during the first year of business is as follows:



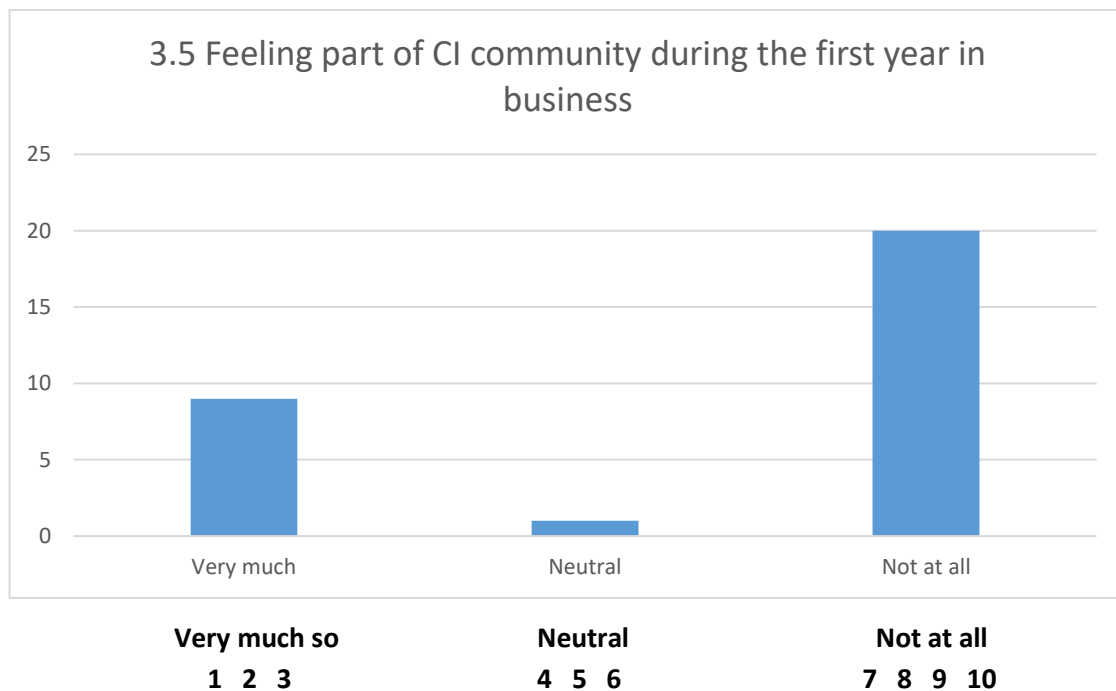
Useful
1 2 3

Neutral
4 5 6

Not at all useful
7 8 9 10

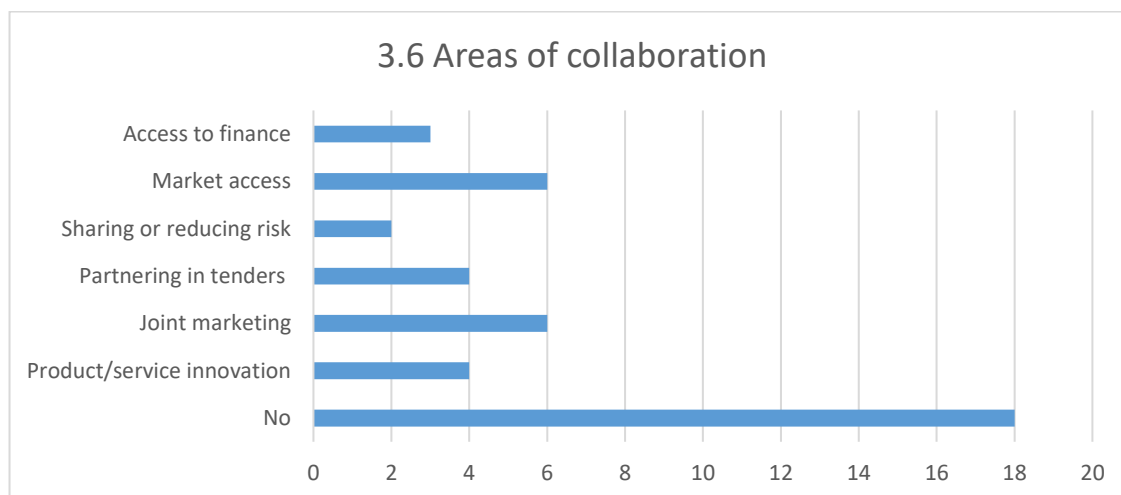
A creative industry community

Nine respondents felt that they were part of a local community of creative entrepreneurs during their first year in business.



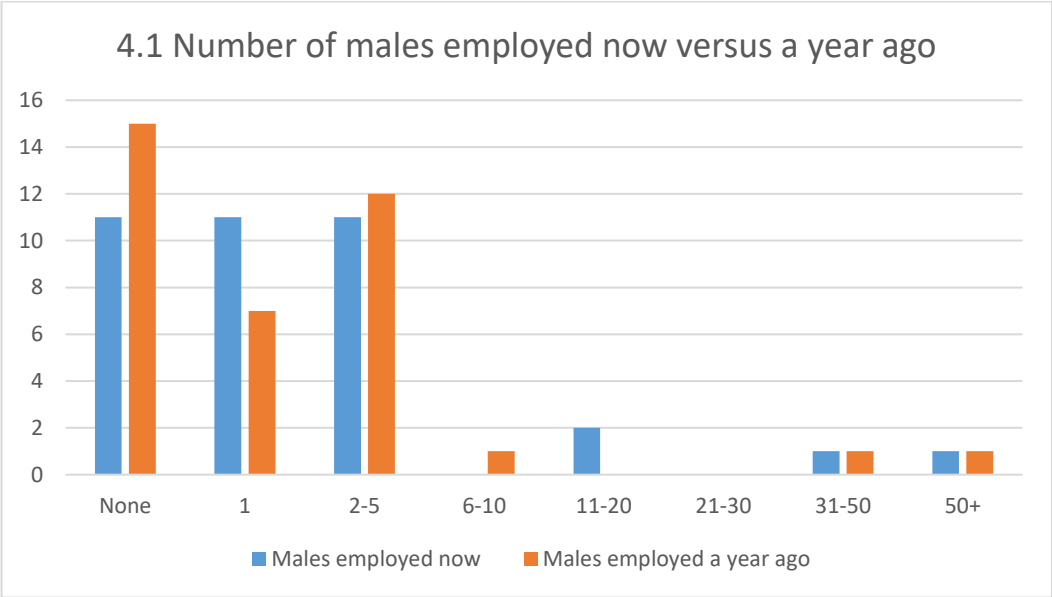
Collaboration with other local enterprises

Slightly under a third (12 respondents) felt that collaboration with other enterprises played an important role in their first year of business. Market access and joint marketing formed the major areas of collaboration.

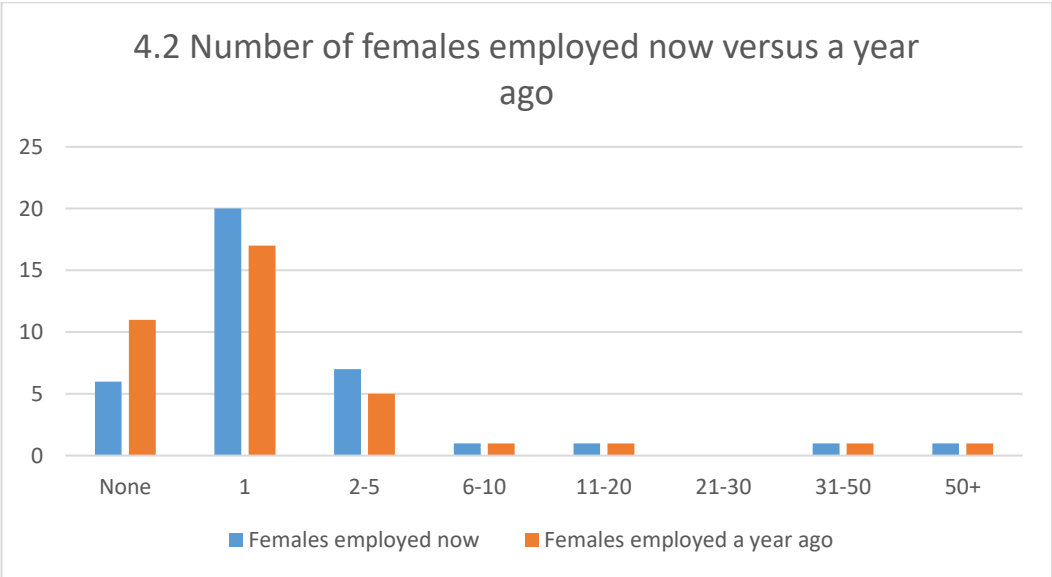


SECTION 4 - THE BUSINESS NOW

Number of males employed in the business compared with one year ago.

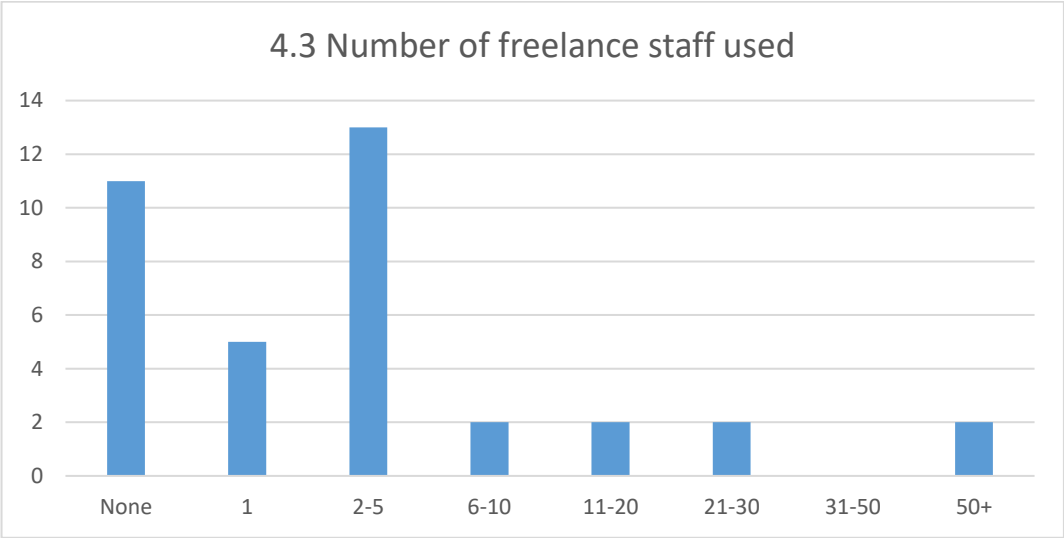


Number of females employed in the business compared with one year ago.



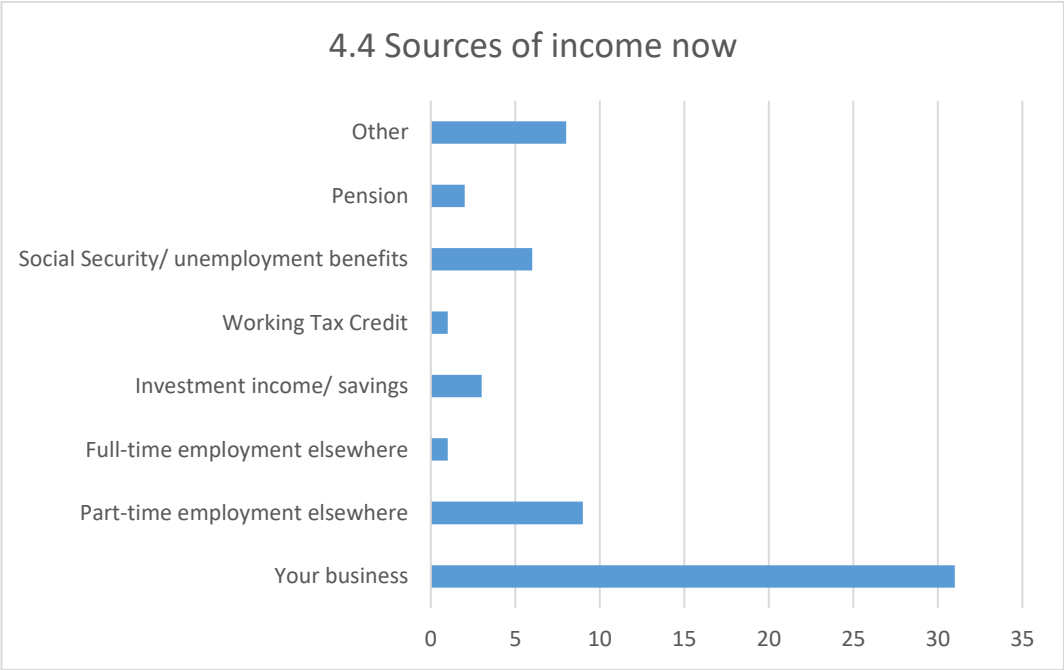
Number of freelance staff used

The largest group of respondents have used between 2-5 freelance staff in the last 6 months.



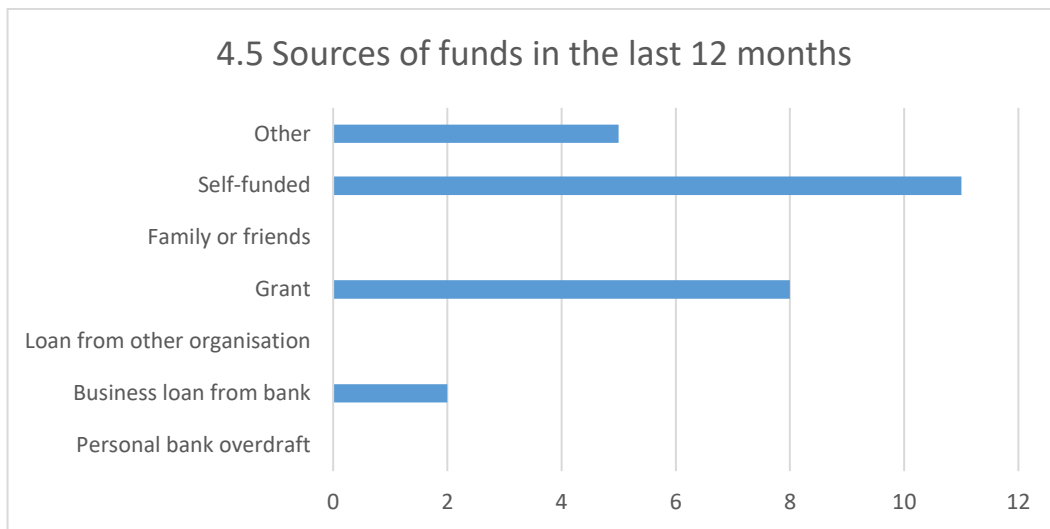
Sources of income

For thirty one respondents, current income derives from business activity.



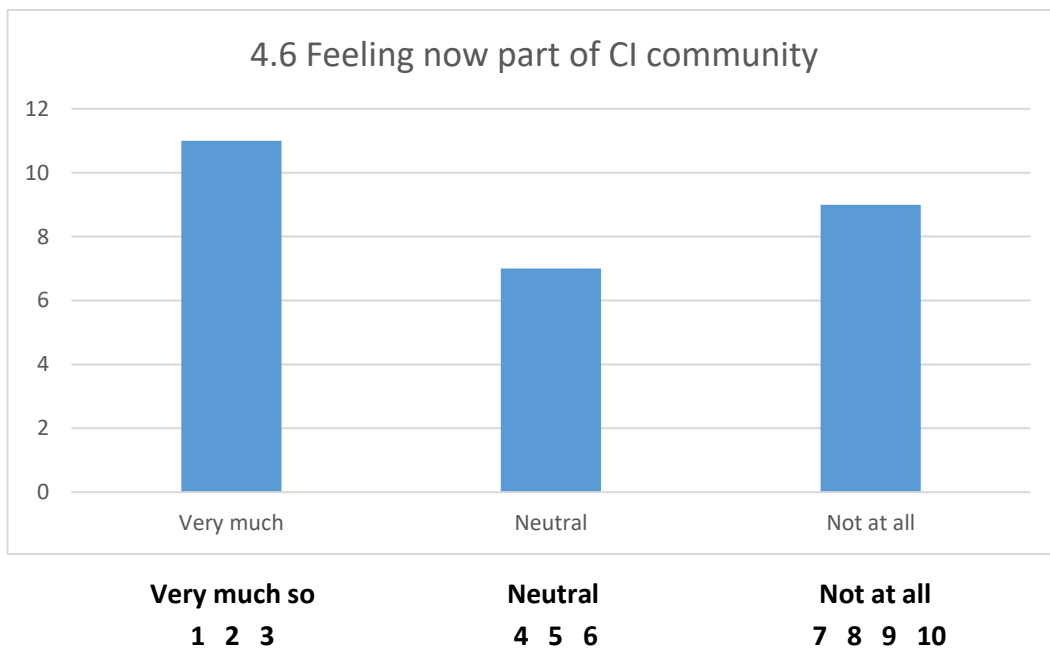
Sources of funds invested in the business during the last 12 months

Eleven respondents have self-funded their businesses while eight have received grants.



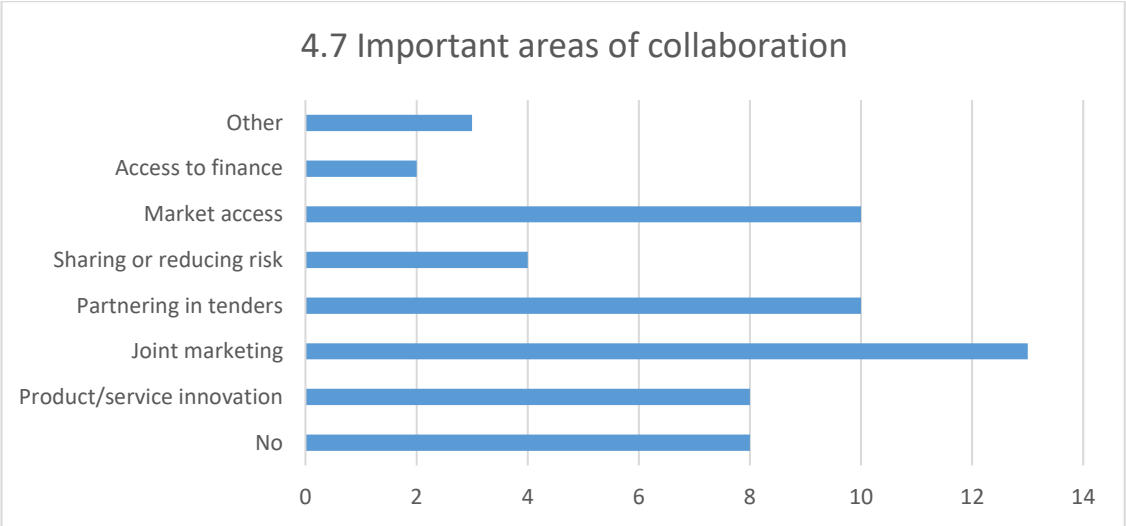
A local creative industry community

Forty two percent of respondents whose businesses were older than a year currently felt part of such a community involving other creative industry entrepreneurs, an increase in comparison with the first year in business (Table 3.5).



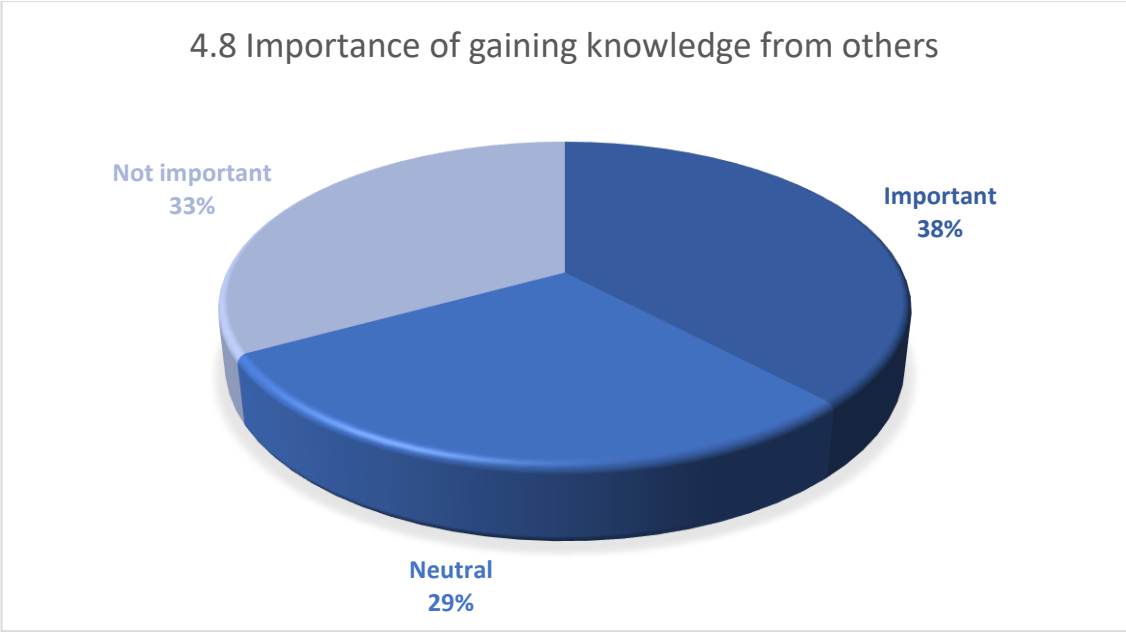
Important areas of collaboration with other local enterprises

Although only 42% report that they feel part of a local creative industry “community” (Table 4.6), collaboration with other local enterprises is seen as important in terms of winning business by 19 of the 30 respondents with companies older than a year. Important areas of collaboration are shown in Table 4.7.



Importance of sharing knowledge with other entrepreneurs

Likewise thirty eight percent of respondents believe that gaining practical knowledge, skill and experience from other entrepreneurs in the current stage of their business is important.



Important	Neutral	Not important
1 2 3	4 5 6	7 8 9 10

The demand for more knowledge

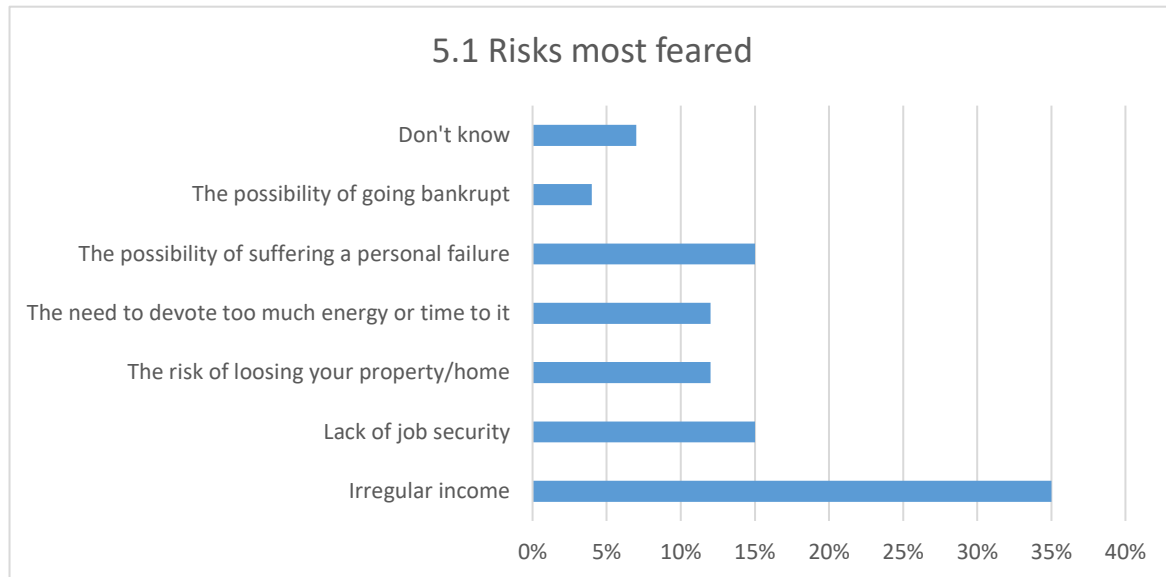
Enhanced knowledge of business planning is the learning priority for the largest group of respondents.



SECTION 5: OBSTACLES TO ENTREPRENEURSHIP

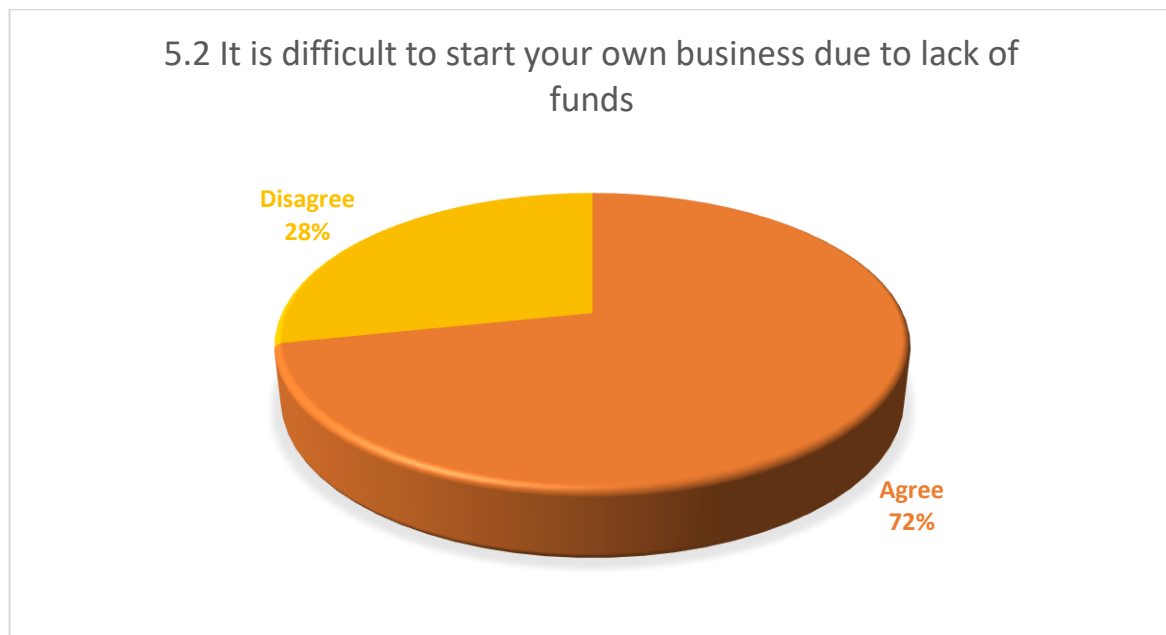
Risks

Thirty five percent of respondents said that irregular income is the risk they would most fear if they decided to open a business today.

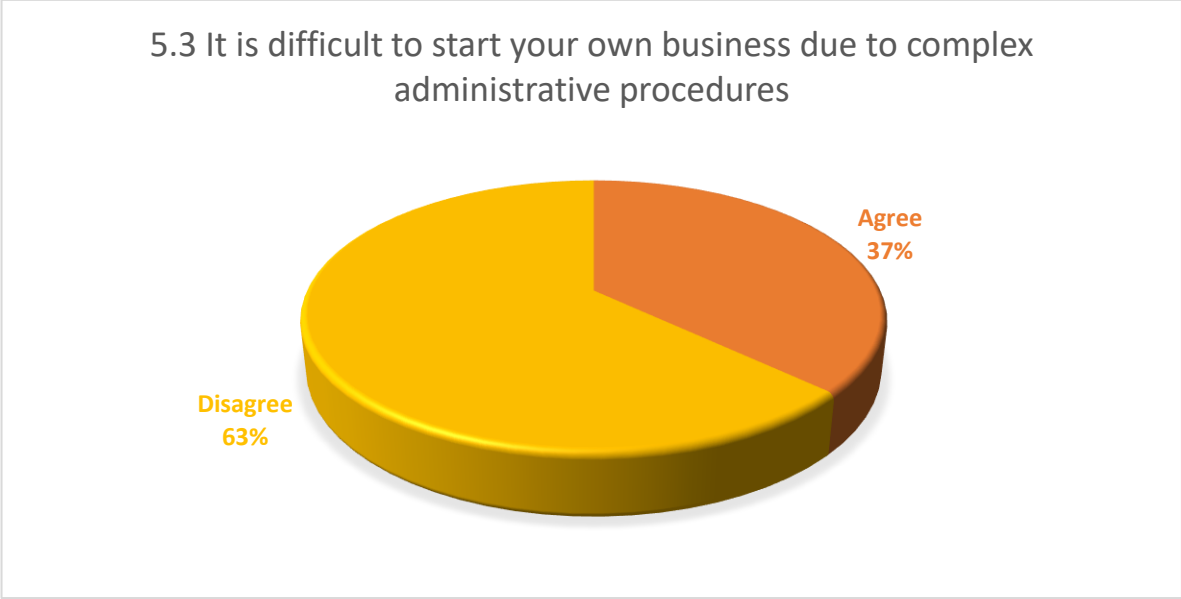


Obstacles to starting a business

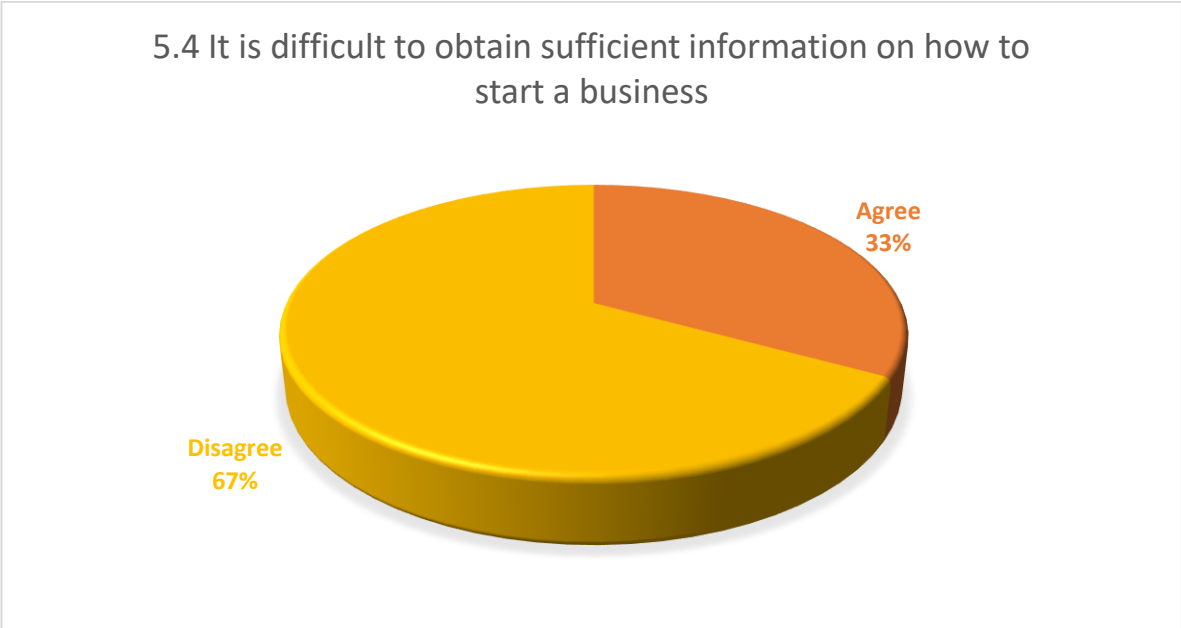
Seventy two percent of respondents agree that lack of funds is an important constraint in starting a new business.



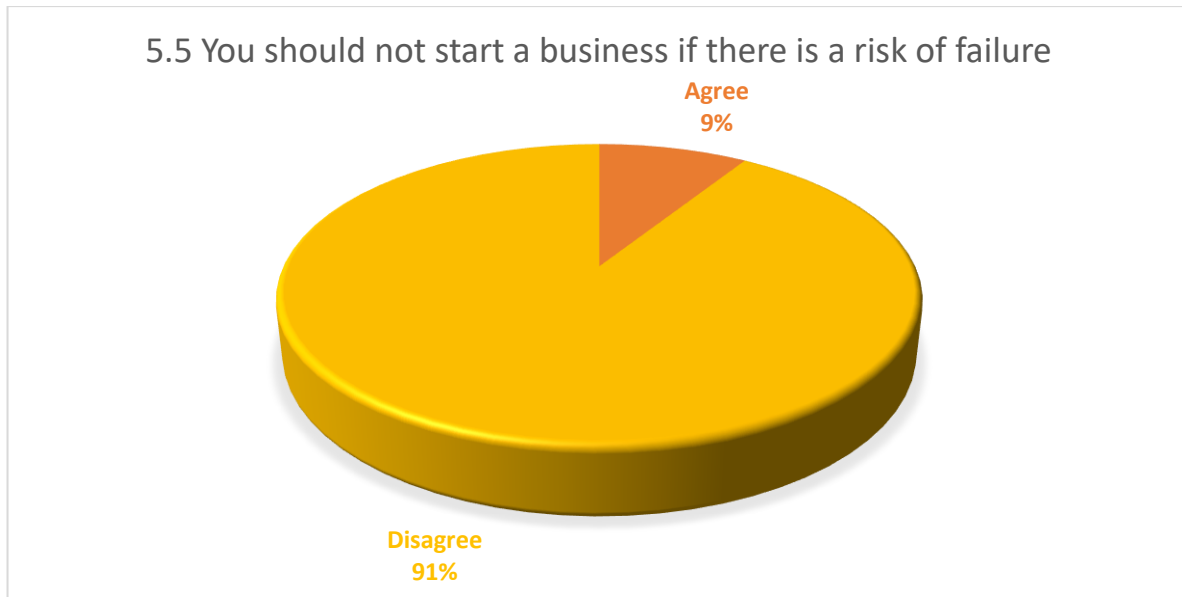
Thirty seven percent consider that the complexity of administrative procedures is an important obstacle in starting a new business. Sixty three percent disagree.



Thirty three percent of respondents experience difficulty in accessing sufficient information about starting a business.



Ninety one percent of respondents disagree that risk of failure should inhibit the decision to start a business.



All respondents agree that people who have started their own business and have failed should be given a second chance.

SECTION 6 – OPEN FEEDBACK

Entrepreneurs highlighted access to funding, networking, information, training and mentoring as major factors in supporting creative business start-ups.

They believe that a wider range of networking opportunities and a more cohesive system of support would provide a stronger momentum for creative enterprise development and growth. Specific suggestions include:

- clearer guidance on the types of support and information available to the creative sector;
- a brokerage service introducing enterprises to both clients and freelancers;
- 'How to' advice and practical support on the processes involved in starting a business;
- mentoring schemes;
- advice and support on how to market your product; a marketing organisation to support start-up businesses;
- access to free/cheap legal and financial advice;
- no business rates for the first year and then increased in proportion to profits;
- subsidised premises;
- an NBV-style centre for creative enterprises as a focal point for business support and networking across the city;
- a newsletter where opportunities, funding, events etc. relevant to creative entrepreneurs can be found in one place.

Wider concerns include the need to enhance the reputation of Nottingham and the East Midlands as a centre of creative industry including further investment and professional support to enable the 'Creative Quarter' to compete at national and international levels. Some would value regular progress and feedback meetings with officials and representatives of other organisations involved in the development of the local creative economy.