

# Creative Economy and Culture in the Innovation Policy

Publications of the Ministry of Education, Finland 2010:13

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## To the reader

The creative economy and culture have emerged as an important element in regional competitiveness and innovation activities. This can be seen in the strategies and programmes of the European Union as well as Finland's national strategies and programmes and as practical measures.

Developing the creative economy and creative industries features strongly in the current Government Programme. The Ministry of Education enhances the creative economy through the framework of cultural policy. At a practical level, activities are financed through, for example, the Development Programme for Business Growth and Internationalisation of the Creative Industries 2007–2013, co-financed by the ESF. The measures under the Cultural Export Promotion Programme 2007–2011 are implemented by the Ministry of Employment and the Economy and the Ministry for Foreign Affairs in addition to the Ministry of Education, and thus represent a cross-sectoral approach. The Cultural Theme Group of the Rural Policy Committee supports the strengthening of the creative economy and cultural entrepreneurship in rural areas.

The Ministry of Education has strengthened the opportunities for growth in the creative economy through its strategic work. The operational programme for the regional development of culture, sport and youth policy, which was published in 2003, included cultural entrepreneurship as a theme for developing action strategies in regional policy. The creativity strategy work carried out in 2005 and 2006 created the foundation for the development of the creative economy. The report entitled *Creative Industries Business Development: A Networked Operating Model*, published at the end of 2006, set out the direction for many measures to develop business activities in the creative industries and cultural entrepreneurship. This publication acts as a continuation to previous publications by the Ministry of Education and provides, in particular, perspectives on the strategic development of the creative economy in different regions within programme and strategy work.

The creative economy as part of the cultural industries is an important sector. According to the Culture Satellite Account, over 102,000 people worked in the cultural industries in 2006. This figure represented 4.19 per cent of Finland's entire employed labour. According to Eurostat, the share of the cultural labour force of the entire labour force in Finland in 2005 was the third largest in the EU countries after Holland and Sweden. The added value to the national economy produced by the cultural industries was around EUR 4.6 billion (3.2%) in 2006.

Globally, the international trade in products and services in the creative industries increased annually from 2000 to 2005 by 8.7% according to the UN's Creative Economy report. The share of exports rose from 1996 to 2005 from USD 227.5 billion to USD 424.4 billion. The share of services increased annually by 8.8 per cent.

The world is currently experiencing a global recession, so employment in the cultural sectors is important. The sector involves not only public and third sector companies but also many micro-companies and SMEs, craftsmen and freelancers, who are self-employed in spite of the recession. The production of intangible services constitutes a significant part of the activities in the cultural industries. There is a particular need to strengthen service production and innovation because they can meet the challenges posed by the decline in the consumption of goods as a consequence of climate change and sustainable development.

Many traditional sectors are currently in difficulty. The challenge for Finland is to find a new direction for innovation policy at the national and regional level. The creative economy and culture offer one opportunity for new initiatives to strengthen Finnish innovation activities. With this publication, the Ministry of Education and Cultural Theme Group hope to offer new perspectives on the sector to those working in the creative economy and especially regional developers. At the end of the articles, the different authors present their opinion on development proposals that could be implemented in various development activities.

The Ministry of Education and Cultural Theme Group wish to thank all the article authors and the individuals that have participated in preparing this publication.

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# Creative economy and culture at the heart of innovation policy

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## 1 Introduction

The global economy has entered an innovation-led phase. For companies, a capacity for constant innovation has become a prerequisite for competitiveness. Companies operate in an utterly international sphere, where the marketplace and resources are global. The world has flattened in the sense that national boundaries have become or are becoming irrelevant. This does not, however, mean that it would be inconsequential for companies where they operate. On the contrary, companies consider even more carefully than before where they locate their operations. Production plants are established in areas with growing markets and inexpensive labour.

Developing economies have been able to attract investments, and a significant part of world production has moved to China, India and other growing economies. But the real scarce resource in the world is skilled workers and professionals, and creative, well-educated citizens. Although skilled workers and professionals are dispersed all over the flattening world, the most likely locations where they are to be found are creative environments, world-class knowledge clusters. It is these competent professionals and knowledge clusters that companies thirsting after innovations are looking for. In the choice of location for knowledge-intensive operations, the price of labour and the proximity of markets are not the only decisive factors.

Recent innovation studies have often arrived at the conclusion that innovations flourish in special interactive environments, which I call innovation ecosystems. In natural ecosystems, certain species flourish because they have optimal living conditions and the food chains are complete. The ecosystem metaphor stresses fruitful interaction between different factors and actors, as well as their interdependence. Being capable of self-regulation, an ecosystem does not need external guidance to be viable.

The innovation ecosystem can be examined in terms of both idea generation and the execution of ideas. A good ecosystem contains numerous factors that together provide a fertile soil for the generation of new ideas and their execution in the form of products, services and new paradigms. Roughly speaking, idea generation requires knowledge, skills and, above all, creative individuals, whereas the execution and exploitation of ideas requires effective organisations and companies. Innovations are new, practical things that are put to use. The innovation ecosystem is the very environment for the generation and commercialisation of ideas.

The significance of culture for innovation and innovation environments has been increasingly highlighted in recent studies. It is no longer a mere attraction factor but directly relates to innovation. Culture is important for the success of innovation for various reasons, which are discussed in this article. At this point we can mention the significance of creativity for innovativeness in general and the transition towards user- and demand-led innovation policy.

The article looks at innovation, starting with the concept of ‘innovation ecosystem’, and in this context addresses regional success factors. Another point of departure is the nature of innovation as a combination of different forms of knowledge. This leads to the conclusion that the creative industries and culture are at the heart of innovation. It is from this premiss that innovation policy and innovation strategy are examined. Finally, there are certain recommendations for integrating the creative economy and the knowledge within in it more closely into innovation policy.

## 2 The world is flat and thorny

Thomas L. Friedman describes the newest globalisation phenomena in his book aptly titled *The World is Flat*. The world is flatter; all regions have a level playing field in terms of commerce and competition (Friedman 2005). According to Friedman, the dynamic force of Globalisation 3.0 is the individual’s power to collaborate and compete globally. Globalisation is taken forward by individuals who understand the flat world, swiftly acclimatise themselves to its processes and technologies and start to march forward. More than finance ministers, the global world is shaped by the spontaneously explosive energy of “zippies”. Zippies are young, well-educated and urban disciples of the information era. The term was coined in India to denote the first free, post-socialism generation.

Friedman’s “zippies” are convincingly supported by Richard Florida’s research. In his book *The Rise of the Creative Class* Florida argues that people’s creativity is a basic resource for the economy (Florida 2002). The ability to come up with new ideas and better procedures enhances productivity and raises the standard of living. The creativity of a society is manifested by the number of creative people, “the creative class”. The creative class comprises those who create for a living: researchers, engineers, teachers, journalists, artists, musicians, designers, etc. According to Florida, it also includes professionals working in management, business and financing, law, health care and technology, and senior salespeople. In industrialised countries, the creative class comprises some 30%, the working class 26% and the service class 43% of the employed. In this definition, the service class is considerably smaller than is traditionally understood.

Central to innovation policy is Florida's observation that innovation activity is higher than average in tolerant places. This is due to the fact that tolerant places attract creative people and are open to new ideas. Florida sees that economic growth is dependent on three T's: technology, talent and tolerance. Florida measures technology by the number and output volume of high-tech companies and talent by the number of people employed in creative jobs. Florida's main finding is that regions where the three T's are strong are the most creative. Some of the most creative and innovative places in the USA are Austin, San Francisco, Seattle and Boston.

Florida has also applied his research method to a comparison of certain countries (Florida & Tingali 2004, see also Himanen 2007). According to the study, the ten top countries according to the creativity index are Sweden, the US, Finland, the Netherlands, Denmark, Germany, Belgium, the United Kingdom, France and Australia. Florida's research and books have engendered an extensive debate on regional development. The capacity to attract creative people has become a fundamental asset in inter-regional competition. In this view, culture is a key attraction factor.

Although the references above are mostly to Florida's work, it must be pointed out that innovation environments and their success factors have been studied extensively and from differing angles. It has been shown that Florida's Three-T model does not explain the success of all regions. Secondly, the concept 'creative class' is problematic. In fact, all people belong to the creative class but are not all in a position to put their creativity to use in the same way, for instance because of differences in education and training (see *Muutoksen Suomi* report, Hautamäki 2008).

### 3 Innovation ecosystems

Innovation environments and innovation ecosystems constitute the framework for innovative business. According to Florida, creative processes flourish in places which offer a comprehensive ecosystem that feeds and supports creativity and channels it into innovations, new companies and, ultimately, economic growth and a rising standard of living (Florida 2002).

In the division of work in global knowledge production, it is innovation clusters that succeed. They have some special knowledge and skills that companies need and which are not available elsewhere at the same cost. At its best, this convinces companies to set up their research facilities or production plants there or to purchase a local company. In this sense, the companies make a strategic investment. Finland is not a country where investments are made because of markets, they are made for strategic reasons. Recently it has transpired that Finland's technologically aware population can in fact function as a special trial market or a living laboratory for new-generation technology products, mobile applications in particular.

Matters look different from the viewpoint of a domestic company. For it, the place is the home base, from which it reaches towards the international marketplace. As a result of the global division of work, companies seek to locate their operations in places which offer the most favourable conditions for them. For instance, production is transferred close to the growing Asian markets, where labour is cheap. The home base specialises in strategic operations, design and product development. This is what many Finnish technology companies are doing.

This means that urban areas must be examined in terms of foreign companies' strategic investment and domestic companies' home base. Attracting foreign investment demands long-term, relatively costly measures for making Finland and the place known in the world (Foreign Ministry, Invest in Finland, promotion by cities themselves). Keeping the home bases in Finland again demands catering for the headquarters and strategic operations, such as product development (taxation, legislation, the innovation environment, etc.) and ensuring effective logistic connections abroad (air routes, freight routes).

There is a great variety of components that need to be present in innovation ecosystems (Figure 1), notably:

- World-class universities and research institutes produce new knowledge and educate skilled professionals for the needs of companies and society at large.
- Organisations financing R&D and capital investors secure funding for product development and for the establishment and growth of knowledge-based companies.
- Specialised business services support the start-up and success of companies (legal issues, marketing, management, realty services, design, business accelerators, etc.)
- Sufficient supply of specialised labour, both accomplished intellects and capable hands, secures the establishment and growth of companies.
- The international companies operating in the region help new companies with pulling force.

These factors relate to the generation of knowledge and ideas, their commercialisation and business activities. But these are not all the success factors in innovation ecology. The region itself and the culture prevailing there are crucial factors in an ecosystem. The dynamics of the innovation ecosystems are largely dependent on the attitude climate. For instance the Silicon Valley ecosystem is characterised by a very strong business culture encompassing creativity, risk-taking, work orientation and cooperative exchange. In a culture like this, entrepreneurship comes naturally. At the same time, the ecosystem supports business start-up and cooperation. Risk-taking also means the possibility of failure, but failure is always seen to promote the development of the ecosystem as a whole, and those failing are not left out in the cold. The innovation ecosystem in itself is a huge laboratory for testing new ideas.

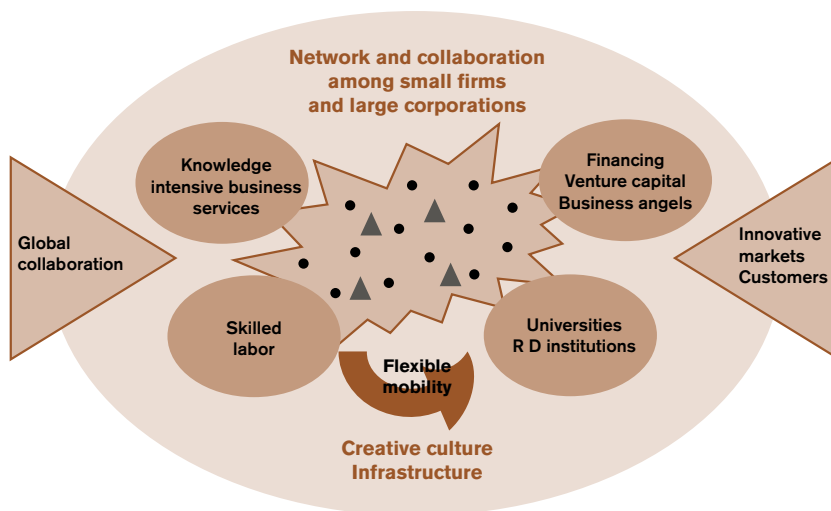


Figure 1: Innovation ecosystem and sustaining creativity culture

The success of the Silicon Valley escapes explanation without reference to the contribution of surrounding cities like San Jose, Santa Clara and Palo Alto to the level of amenity, services and general business prerequisites. It is the action of these cities that determines whether the region can offer a smoothly-running community structure, where housing, services, jobs and leisure activities are in balance and easily accessible. Also, the ecological sustainability of the community structure will be a major value in the future. A well-designed community structure and quality services gain importance in a knowledge-intensive innovation economy. Modern cities compete with amenity and quality of life. These are things that professionals appreciate.

Entrepreneurs can turn ideas into money. As Schumpeter expresses it: The inventor produces ideas, the entrepreneur 'gets things done'. Enterprise culture is substantially different from corporate culture, in which owners are somewhere far away and the employees are like civil servants. The business owner takes risks, staking everything. The success of the Silicon Valley is largely explained by the strong enterprise culture. It is imbued with a pioneering spirit, which embodies hard work, enthusiasm and doing things well. Failure does not destroy an entrepreneur's career; it is taken as a learning experience. In the Silicon Valley ecosystem, starting and closing businesses is part of a grand adjustment process for testing if ideas carry or not. AnnaLee Saxenian (2006) calls this experimenting business culture. The short life of many businesses turns into a sustainable success factor for the region and contributes to its innovative capacity. Competition between companies, the birth of new companies and bankruptcies also constitute an important mechanism raising productivity (see also Hyytinen and Pajarinen 2005).

The role of culture in the attractiveness of regions has been constantly growing. In the modern economy, culture has many dimensions. Culture comprises the values and attitudes prevailing in society, as well as arts and cultural industry, the creative economy, which draws on them. The creative economy and culture are always robustly local, and at the same time part of a wider interaction sphere. The following will look at urban areas as seats of innovation and creativity.

#### **4 Urban areas as seats of innovation and creativity**

My basic idea is that the enhancement of innovation ecosystems entails a new kind of regional thinking and the development of urban areas into "creative cities". Cities must be seen multi-dimensionally in innovation policy (see e.g. ISOCARP Review 2005). Urban development only in one dimension, for example in terms of industries, may lead to problems in areas like culture or to the deterioration of the public space (e.g. congestions or withering city centres). According to studies, the following dimensions are crucial in the development of cities into competitive actors in the global economy:

- Creativity and culture
- Public services
- Housing
- Public space
- Logistics.

The development of these dimensions should have two basic aims, namely the quality of life and entrepreneurship – the sources of contentment and prosperity.

1. *A high quality of life*, which is particularly influenced by culture, housing, the public space and services;
2. *Good prerequisites for business*, which are particularly influenced by the innovation environment, public services, and traffic and communications.

## Creativity and culture

The future city will offer an urban space for creativity. Creativity underpins innovativeness, but in itself is something quite different: continuous creation of new things and ideas, experimentation and joy, whatever the living sphere. While the innovation ecosystem and the innovation environment relate to innovation in companies, the creative milieu is a more universal creative environment.

In his book *The Creative City* (2000), Charles Landry defines the creative milieu as follows. A creative milieu is a place that contains the necessary requirements in terms of 'hard' and 'soft' infrastructure to generate a flow of ideas and inventions. The *creative milieu* is a physical cluster (of buildings, spaces and people)

- where a critical mass of entrepreneurs, intellectuals, social activists, artists, officials, policy-makers and students can operate in a liberal, international setting;
- where face-to-face interaction generates new ideas, artefacts, products, services and institutions; and
- which, as a result, contributes to economic success.

According to Landry, the "hard" infrastructure is composed of

- the built environment
- institutions (i.e. research institutes, educational establishments, cultural institutions)
- supportive services (i.e. transportation, health care).

The "soft" infrastructure is composed of groupings and social networks, communications, and human interaction, which create and sustain the flow of ideas between people and institutions.

In a creative milieu, institutions are located close to each other, densely. But mere proximity creates neither a flow of ideas nor interaction, this demands a special climate. According to Landry, the construction of institutions and flexibility help create a climate conducive to interaction. At this juncture, it is worthwhile to bear in mind that institutions are mostly norms and mores. This was evident already in the case of the Silicon Valley.

The term 'culture' has various meanings. The discussion above looked at culture as values and attitudes, as the prevailing climate. The other basic meaning of culture encompasses arts: music pictorial arts, theatre and performance. A high-standard, creative art life is an inalienable constituent in the quality of life. Many cities are known for their art life in particular: New York for music, Paris for art, London for theatres, San Francisco

for performance, etc. Notable cultural buildings also exert attraction power. The best known is perhaps the Guggenheim Museum designed by Frank Gehry, which attracts millions of tourists to Bilbao, Basque Country, every year. Along with the museum, the whole region has started to flourish (the "Guggenheim effect"). In the same spirit, it has been suggested that skyscrapers be built in Pasila, Helsinki. Another interesting project is a new hotel designed by the world-renowned architects Herzog and De Meuron which will be built in Katajanokka, Helsinki.

## Public services

In efforts to create a setting for creativity and innovativeness, public services are of the utmost importance. Public services build up the common good, which benefits everyone. Especially crucial are schools and social and health services. These have different roles. Schools create a foundation for citizens' success and working life. Social and health services, on the other hand, restore functional capacity and ensure that day-to-day matters run smoothly (day-care centres). A special feature of the universal model in Finland is that these services are provided free of charge, or strongly subsidised, and thereby accessible to all those who need them (see also Himanen 2004).

Public services are necessary in operations in which markets do not create services. Public services gain their justification from market deficiencies. This becomes understandable from the situation in cultural services. Cultural services give everyone access to high-quality culture, which in market prices would be out of reach for many people. Publicly subsidised cultural production sustains a diverse supply of culture and enlarges the freedom of expression, which is easily curtailed in market-driven supply.

In the spectrum of public services, leisure-time services are easily overlooked. Sports pitches, swimming halls, gyms, cycle paths, outdoor tracks and lit ski tracks are of great importance in quality of life terms. They are not particularly costly but have a considerable external impact. A physically active person stays healthier and copes better with work and life. Life management improves when physical exercise becomes part of daily routines.

## Housing

The housing standard is an important quality of life factor. In Finland houses and flats are rather small and relatively expensive. The scarcity of plots in zoned areas and a short supply of new housing in relation to the growing demand keep prices up. This undermines the development of service industries and culture because the pay level in these does not allow purchasing or renting a flat in city centres. Public housing production is an important balancing factor, especially if it turns out enough affordable houses and flats. When residential areas are located far from services and jobs, it increases commuting and environmental loading. In the growth centres all over the world, the price of housing in better areas is manifestly rising out of the reach of the middle class. Good schools often add to the desirability of a residential area. By maintaining the standard of all schools as high as possible, it is possible to control many incidental phenomena relating to housing, such as segregation or rising prices.

Many attractive urban areas offer modern, pleasant and safe living environments close to jobs. Similarly, old city centres are being refurbished and revitalised. Families with children prefer new residential areas, whereas students, childless couples and singles prefer an urban environment with services and night life close by. In the innovation economy, good housing is an important factor determining the choice of domicile.

## Public space

A functional and beautiful public space is a significant public commodity, providing a place for people to meet and relax. It encourages interaction and gives a sense of security. Public spaces are mainly market places and squares, parks, streets and public buildings. How to build new public space is one of the key questions in innovation policy. Functional, pleasant and interaction-enhancing public space is needed to provide meeting places for people.

A lively debate is going on in urban planning concerning the preservation of small shops close to people. They seem to thrive in city centres, but otherwise shopping malls and new mega centres are destroying corner shops. This trend is difficult to reverse. In terms of the development of the urban space, one possibility would be to build “alternative” shopping malls, for instance artisan lanes or publicly subsidised centres of creative activity, such as the old cable factory (Kaapelitehdas) in Helsinki or the old broadcloth mill (Verkatehdas) in Hämeenlinna. These characteristically have a compact structure, with services, shops, events and so on at close quarters forming a cluster (see ART MUR-MUR in Oakland).

## Mobility

The modern city is full of movement. People are in constant movement between home, work, services and hobbies. Goods are transported and refuse taken out from the city. The car is a flexible and alluring means of transport. Yet, cars are the very source of many problems. Congestions are a major challenge. Cars use non-renewable energy – oil – and are often primary atmospheric polluters. Car traffic also emits particles that cause many illnesses. Further, car traffic is asocial in the sense that the poor cannot afford cars or fuel. This restricts their mobility and complicates their working life.

Solutions are sought in public transportation. Trains take care of the main directions. Shorter communications and routes can be handled with buses and trams. Creating a community structure where there is no need for personal cars is a huge challenge. This means that housing, services, jobs and leisure activities are compactly located and served by excellent means of transportation. People make their purchases over the web and retailers transport them to their homes, which would make shopping unnecessary. Community structure development and communications arrangements in keeping with sustainable principles are no longer utopia but a matter of political will. They are also indispensable in terms of quality of life.

## 5 Innovation policy and the national innovation system

The viewpoint underlying innovation policy is that technological development and innovation are sources of long-term economic growth (Ylä-Anttila 2005). These again entail the production and diffusion of knowledge in regard of which the market functions imperfectly. Companies have neither resources nor motives for producing public utility knowledge. Especially basic research and education demand public funding. Left to the market forces, they would be limited in scale, and the priorities would be derived from the special interests of companies.

The new growth theory emerging in economics (i.a. Lucas and Romer) stresses the significance of knowledge and innovations for economic growth. Knowledge and skills constitute new intellectual capital, capable of limitless growth and increasingly supplanting traditional capital. This capital is augmented by research, and it is disseminated through education and learning (Ylä-Anttila 2005).

The concept of 'innovation system' was born in the 1980s to describe the significance of innovation for the national economy. The pioneer in the field, C. Freeman defined the national innovation system as a network of public and private sector institutions whose activities and interaction create, shape and disseminate new technologies (Freeman 1987). This definition highlights institutional networking and interaction, which form the dynamic structure of the system. On the other hand, the definition only mentions technologies, overlooking various processual, business and social innovations.

Finland promptly embraced the concept of innovation system as the underpinning of innovation policy in the early 1990s. In keeping with the concept of national innovation system, innovation policy was emphatically technology policy. The focus was on R&D, and the GDP share of national R&D investment rose from 2% to 3.5% in ten years (1991-2001). This world record is all the more noteworthy as the early 1990s were a time of deep economic recession, during which Finland systematically invested in R&D in support of economic growth.

The concept of national innovation system is receding into the back stage. Today's concept is 'innovation environment', in which the focus is on the general and local conditions for innovation and business. To succeed in a given area, business needs favourable conditions. Mere capital and investments are not enough if the region does not have a sufficient supply of competent workforce, necessary services, research institutes, structures for knowledge transfer, subcontractors, even competitors, and so on. Similarly, taxation, statutes governing competition, copyright and many other national-level factors influence the innovation environment.

The backdrop to the concept of innovation environment is observations of the benefits accruing for companies operating in the same sector from proximity to each other. This accumulates knowledge, and knowledge spreads easily from one entrepreneur to another, as Alfred Marshall already noted in the late 1800s. Regional economics has long stressed the advantages of location, accumulation and the scale advantages of centralised production (see e.g. Sotarauta & Kosonen 2004, Lemola 2005).

The cluster theory set out by Michael Porter in the early 1990s takes cluster formation and associated national competitive edge under close scrutiny (Porter 1990). Later Porter also addressed regional innovative clusters as dynamic engines of the national innovation

system (Porter 2001). Apart from Porter, several researchers have put forward their own concepts to describe regional environments (innovative milieus, learning regions, etc.).

Regional economics and globalisation theories have similarly highlighted the role of regions and especially urban areas in the global economy (see e.g. Castells 1996). Certain successful regions and urban areas draw competent professionals, entrepreneurs and financiers like magnets. It is not nations that compete in the global economy, but regions. For companies, it is a question of the advantages a given location offers for their operations.

Since the competitiveness of companies increasingly rests on their innovativeness, the basic question in innovation policy is how to develop innovation environments which generate new business and towards which new business gravitates. Finding an answer to this question is the key challenge facing innovation policy in the years to come. The answer is sought in many directions.

I have analysed the basis of innovation policy in several articles and books and put forward 'sustainable innovation', 'innovation ecosystem' and 'innovation cluster' as new basic concepts (see e.g. Hautamäki 2006, 2007 and 2008). In sustainable innovation the foundation of innovation is the promotion of welfare and good life, instead of economic growth (see Figure 2).

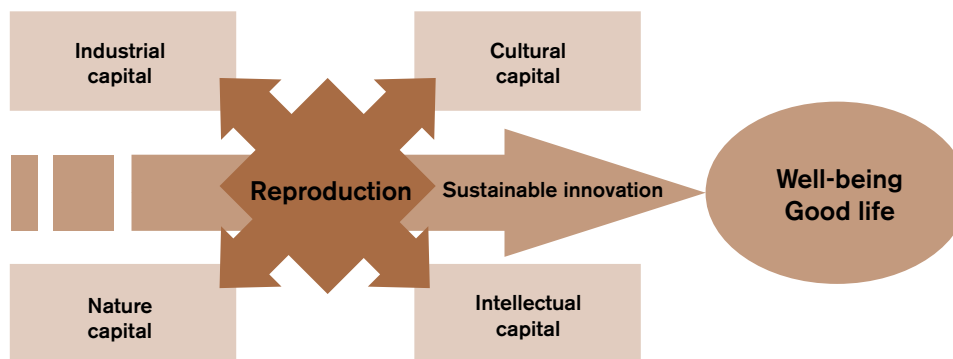


Figure 2. Sustainable innovation in promoting good life and renewing capitals

In this paradigm, innovation utilises, and at the same time maintains, all forms of capital. An innovation policy geared towards economic growth easily destroys nature capital (emissions, waste of non-renewable natural resources), intellectual capital (people burning out) and culture capital (polarisation of society, see *Muutoksen Suomi*, Hautamäki 2008). In my book *Kestävä innovointi* (Sustainable innovation), I used the term social capital, but culture capital, being a broader concept, is more descriptive (see also Himanen 2007). Culture capital consists of the following:

- values and attitudes
- shared responsibility and communality
- trust and cooperation
- education and culture.

Culture capital is a vital precondition for networking, which in turn is absolutely crucial for innovation (open and public innovations, combinatoriness, consumers).

## 6 Creative economy and culture in the innovation context

In his epoch-making book *Luova talous* (Creative economy), Markku Wilenius describes creative economy as follows (Wilenius 2004, 11):

We are moving over to an economy in which culture knowledge and human and organisational creativity springing from it are a critical engine. Culture knowledge includes all the human abilities and organisational factors enabling culture capital to be utilised in human interaction and in production.

A Ministry of Education report on creativity (OPM 2005), has interesting definitions of the concepts 'creativity', 'innovation', 'culture' and 'creative industries' worth repeating here:

- **Creativity** is an ability to do or produce something new and surprising and is manifested for instance in the form of new ideas, meanings, interpretations, practices and products.
- **Innovation** is a new invention, product, service or action model of commercial or economic significance. Innovations are developed from the level of ideas to practice within the economy or in society.
- **Culture** is the soil for creativity and one of its manifestations. Broadly taken, culture is a reality created by human beings with all its manifestations (culture vs. nature and biology). Narrowly taken, culture refers to historically and regionally diverse cultures (mores, means of production, beliefs, etc.). Thirdly, it is possible to speak of culture as the intellectual sphere of society (ideas, values, etc.).
- **Creative industries** refers to sectors of creative production. Creative production in turn is exchange of cultural meanings. **Copyright** constitutes the backbone of the creative economy. Creative economy is also called **copyright economy**.

Earlier the concept used was 'culture industry', but it has its own encumbered history in the culture critique of the Frankfurt School (see Irmeli Hautamäki 1999). Similarly, the term 'creative industries' must be treated with care, as all innovations (from the wheel to the computer) require creativity. The most characteristic feature of the creative industries is that the services and products are immaterial and involve "immaterial consumption". The term content production is widely used, especially when the focus is on the content as compared to technology (computers, information networks).

The creative economy comprises music, film and games industries and, broadly taken, the media (print and digital media). These represent a substantial proportion of the national economy, especially in the Anglo-Saxon countries. Industrial design can also be seen to belong to the creative economy in that it adds value to a material product (e.g. a mobile phone) in the form of a cultural component.

The significance of the creative economy and culture for innovation can be described by means of Figure 3. In it, innovations are created by creative and competent individuals, using science and art outputs (see also Edwards' interesting book *Artscience*). Innovations relate to business and industry, public administration and civil society. Innovations are new products, services and procedures.

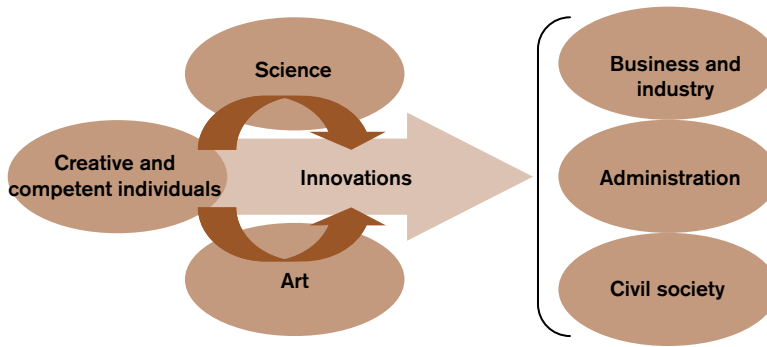


Figure 3. Creativity and the economy (OPM 2005, 64)

This figure can be deepened. We must differentiate “creativity culture” from culture in its narrow sense. Creativity culture involves developing society as a whole in terms of creativity and innovativeness. It is characterised by a wealth of ideas, openness and courage. These characteristics are central to both culture (incl. art) and innovation. Art and other sectors of culture are of the utmost importance for the enhancement of creativity culture and for innovation. Innovation and its paradigms in turn shape culture and influence the commercialisation of cultural output. Innovation and culture overlap to some extent: the creative industries - the creative economy - exist in the interface of culture and innovations. It has been estimated that the creative industry will grow, which will expand the interface, and an ever greater part of innovations will be “culture-oriented” or contain a strong cultural component (e.g. design).

When corporate innovation is examined from this point of view, culture is in the heart of production. In a Finnish working group on the future of business, we analysed this change, seeing it as the “intellectualisation” of production, that is, the value of the cultural component will increase in relation to the material component (Figure 4. see *Arvot, työ ja vastuu*, Hautamäki 2008).

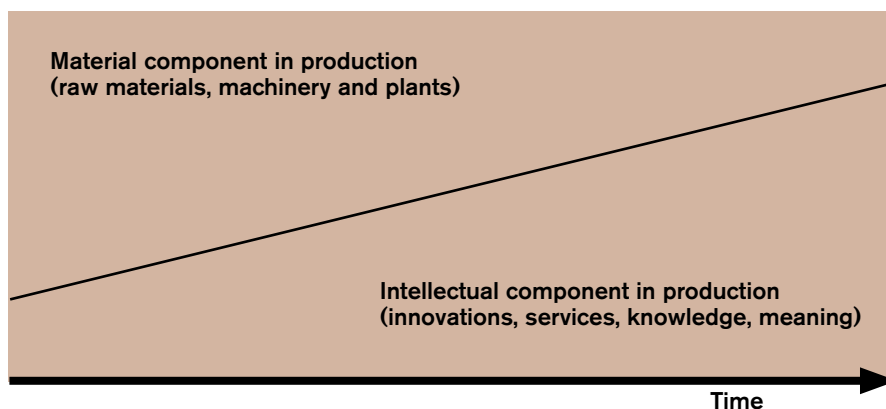


Figure 4. Growth in the value of the cultural component in production.

This enables us to describe the interconnection of culture and the economy by means of four factors (Figure 5):

- Creativity culture : culture that values creativity, courage, risk-taking, etc.
- Art and culture as an expression of and inspiration for creativity
- Creative economy: commercial production based on art and culture
- Added value brought by culture to all innovation (e.g. design, brands)

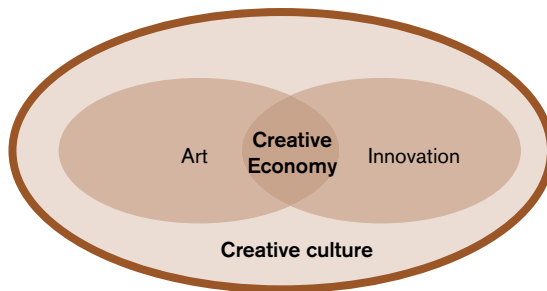


Figure 5. Creativity culture and the creative economy

Cultural knowledge is gaining importance in all business. The following are key dimensions, in which the common denominator is the role of the human being in business, or the human factor (see e.g. Antola and Pohjola 2006):

- Management: Leading people with visions and values
- Motivation: workers' commitment, incentives
- Plurality: multicultural work communities and activity in a multicultural environment
- Markets: fashions, trends and demand factors in a constantly changing marketplace
- Consumers: consumer choices highlight lifestyles, identity, meanings
- Brands: corporate image, quality and trust are key success factors for companies
- Ethics: companies' social responsibility and corporate citizenship.

This list already shows that business cannot be successfully pursued or develop without strong cultural knowledge (see *Muutoksen Suomi* report, Hautamäki 2008). To this list naturally belongs innovation, which will be discussed next.

## 7 Innovation processes: combinatoriness, serendipity, imagination

The nature of innovation processes is much better understood today than in the 1990s, when the development of the national innovation system began. At the time, the thought process still went linearly: from research to product development and ultimately to the market. Now it has transpired that the central factor is the **combinatoriness** of innovations, in other words, that innovations are created through an amalgamation of different

kinds of complementary knowledge and skills. This is why innovations entail a community in which people from different backgrounds work together. From this nature of innovation processes follows a need to find complementing knowledge and skills, which often are not found within the organisation. Therefore innovations are increasingly created through networks. A strong trend is work in open networks in which skilled professionals living in different parts of the world work together via information networks (so-called open and public innovations, see Hautamäki 2008). This kind of networked, open innovation entails an ability to combine various bits of information and understand different standpoints. Looking from this perspective, innovation processes take place dialogically in networked communities.

In the current view, innovation processes are open processes involving multiple parties. They are seen to follow an open innovation paradigm, in which ideas and innovations are sold and bought on an "idea market". Since the open paradigm relates to commerce in ideas and inventions, at least in the terminology of Henry Chesbroug, who launched the term open innovation, I have adopted the term '**public innovation**' to denote voluntary work taking place outside market relations. The best known of these is obviously the creation of the Linux operating system. This kind of communal creation and innovation follows a particular end-to-end architecture, in which the end-users directly work together in a common forum (see Figure 6, Weber). The work goes via information networks and the results are commons accessible to all, which can also be used by others ("free-riders") who do not contribute to the development.

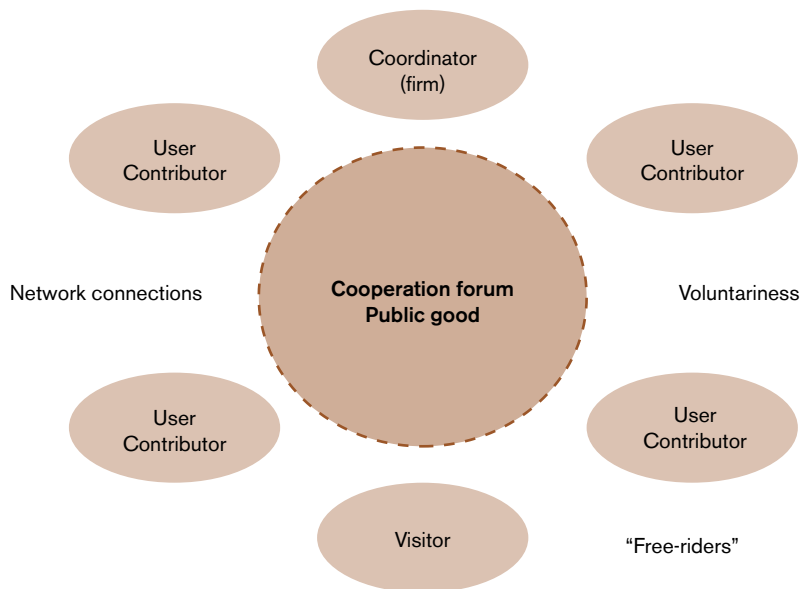


Figure 6. The end-to-end architecture of open innovation

Another characteristic describing innovation processes is surprise. Innovation is a **serendipity** (see Roberts 1989) that comes along unexpectedly. It is possible to feed serendipity by creating conditions and spaces where different kinds of people meet. Similarly, a change of jobs may bring surprising finds to the surface, which then lead to innovations.

Serendipity does not mean that anyone is able to create an innovation based on a surprise find. One has to be prepared, to have mulled over certain problems and to have tuned one's brain, as it were, to scrutinise subconsciously all new phenomena or observations (chance favours those prepared). The famous Newton's apple is a case in point: it is said that Newton invented the law of gravitation sitting under an apple tree and being awoken by a falling apple. This discovery entailed years of thinking about the principles of physics.

The third characteristic of the innovation process is **imagination**. Alexander Manu defines imagination as the ability to form images and ideas in the mind, especially of things never seen or never directly experienced. Creativity is an ability to make use of imagination to create new ideas or goods, in an artistic context in particular. One has to use creativity to straddle the divide of imagination obtaining between current knowledge and future opportunities. We cannot see everything we could do on the contemporary basis, for example with current technologies. We have to find the "question", or the need and use to which we already have the answer, or the capacity to satisfy the need.

I have dwelled on the innovation process for this long because the understanding of it is the key to the hybridisation of culture and innovation.

## 8 National innovation strategy and creative industries

In a quest to develop innovation policy, the Finnish Government launched a process for a new innovation strategy in 2007. The process was the responsibility of the then Ministry of Trade and Industry, current Ministry of Employment and the Economy. The draft strategy was completed in spring 2008, and in the autumn of the same year the Government submitted its innovation policy report to Parliament.

Both the draft strategy and the report look at innovation and its development through four strategic choices, which are

- 1. Innovation activity in a world without borders:** Connecting and positioning Finland in the global knowledge and value networks requires ability to participate and influence these networks, international mobility of experts and determined development of the attractiveness of the Finnish innovation environment.
- 2. User and demand-led innovations:** Innovation steered by demand, paying attention to the needs of customers, consumers and citizens in the operations of the public and private sectors alike, requires a market with incentives and shared innovation processes between users and developers.
- 3. Innovative individuals and communities:** Individuals and close innovative communities play a key role in innovation processes. Innovation capabilities and incentives for individuals and entrepreneurs are critical in the future.
- 4. Systemic approach:** The exploitation of the results of innovation activities also requires broad-based development activities enhancing structural renewal and determined management of change.

The innovation strategy notes that special challenges for the extent of innovation arise from the fact that several low-production branches and public sectors have not yet made systematic use of innovation in the development of their operations and productivity. Finnish innovation is largely concentrated into manufacturing industries and too nar-

rowly focused on the use of scientific-technological knowledge. The strategy stresses that innovation is based on the amalgamation and use of diverse – both technological and non-technological– knowledge, skills and know-how. A overly narrow conception of innovation means that some of the innovation potential is left unused.

According to these precepts, creative and cultural fields should have a central place in the strategy. Yet the creative industries do not feature very prominently in the strategy recommendations. They are mainly only mentioned in Recommendation 4.1.2: *Incentives enhancing the broad-based nature of innovation will be built up*, which has two points:

- Incentives will be developed to encourage business, management, procedural, design, creative contents and social innovations (Ministry of Employment and the Economy, Tekes)
- New incentives will be explored and created, where needed, to initiate innovation in companies in fields where innovation may play a key role in improving operations and productivity. (Ministry of Employment and the Economy, Ministry of Finance).

The recommendations talk about incentives, but the report to Parliament goes further:

Incentives and development measures targeted at business management, operating methods, design, creative industries and service and social innovations will be strengthened.

The construction of a creative economy is one of the major innovation policy challenges. Responding to it requires a systemic approach and broadly based cooperation within the Government and in the regions (local authorities, regional consortia, local state agencies, companies, cultural organisations, etc.).

## **9 Strengthening the status of the creative economy in innovation policy**

Based on the observations concerning innovation and innovation policy, we are looking to respond to three challenges:

1. How to include the creative economy more robustly in innovation policy on the national and international levels?
2. What are the roles of the public, private and third sectors in the linkage of the creative economy and culture with innovation policy?
3. How to integrate knowledge of the creative economy and cultural actors into the core of innovation policy?

### **Creative economy as part of innovation policy**

The national innovation strategy records the role of the creative industries, as well as the importance of creativity culture. It is urgent to proceed from these general policy lines to concrete action. A starting point for this is the key notion of the decisive significance of user- and demand-led innovation which permeates the whole strategy. This is a major de-

parture from the more traditional technology-based innovation policy (see von Hippel). Here the consumer takes the central stage and the consumer's experience of the product ultimately decides the demand for it. The consumer's or user's experience is not solely based on the technological properties of the product but on design in a large sense. To be born, a product needs all the components of the triangle, one being the physical properties – design – of the product, which comprises usability and the consumer's experience of the product (Figure 7). For the consumer, the product is a bearer of meanings.

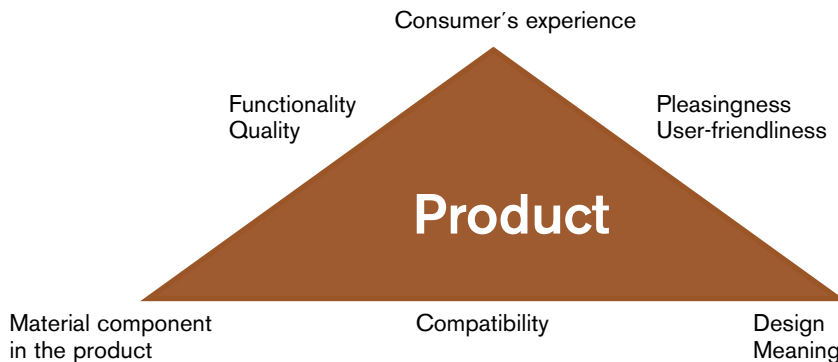


Figure 7. Product as a combination of technology and design

From this starting point, we can present some ways of strengthening the place of the creative economy and culture in innovation policy.

1. The promotion of user- and demand-led innovation will be taken as a key aim in all publicly funded innovation projects (Tekes, Academy of Finland, centres of excellence and regional centre programmes; industrial and employment districts), with emphasis on the participation of companies and actors in the creative industries.
2. New instruments will be adopted in the development of creative industry companies (incubators, venture capital, growth entrepreneurship and internationalisation; cf. cultural exportation). The traditional instruments designed to support technology companies have not worked very well in regard of culture-based companies.
3. Research projects will be undertaken to find out the underpinnings of user- and demand-led innovation and especially the role of creative industries in the innovation process. We know all too little about the role of users in product development and testing and how to integrate the user's knowledge and skills into innovation processes.
4. Measures will be taken to consolidate cooperation between the Ministry of Education and the Ministry of Employment and the Economy in the definition and implementation of innovation policy with a view to increasing the relative weight of culture and creative industries. The Ministry of Education has a great deal of knowledge that has not yet been fully used in innovation policy.
5. Local (urban area) forums will be created to put creative industries in touch with other industrial sectors. These forums can be organised by higher education institutions, technology parks, business incubators and local authorities, among others. The forums will help strengthen networking between companies operating in different branches of industry, which is a prerequisite for successful innovation.

## Role of different sectors in integrating the creative economy into innovation policy

By its nature, innovation policy is policy geared to create conditions conducive to innovation. The essential thing is, however, to enhance the knowledge and innovation capacity of the business field. Innovations are born in companies, but innovation processes involve and are influenced by many other actors as well. Innovation strategy stresses **systemic changes**, which refer to cooperation between various actors and to the removal of boundaries between administrative sectors. Systemicness is possible only in processes which involves all the crucial parties and which combines national objectives and priorities with the actors' own strategies (bottom up). Systemicness entails **innovation democracy**, in which all parties are heard and initiatives put forward by different parties are appreciated in the implementation of reforms.

In the definition of innovation policy, the voice of creative industry and culture representatives has not been very loud. In contrast, a large number of people working in creative industries contributed to the drafting of the creativity strategy. The knowledge of organisations and foundations in the culture sector could be used to a much larger extent in the planning of concrete measures.

As concrete measures, I propose the following:

1. The Ministry of Education will appoint a committee to explore measures which a) strengthen innovation in the creative economy and b) enhance cooperation between the creative industries and other industrial sectors. The members should represent creative fields in higher education institutions, organisations, cultural institutions and the business sector.
2. A wide debate will be initiated to explore the place and role of copyright in innovation policy, based on the work of a copyright committee set up to devise guidelines for legislative work, assess the need to amend copyright legislation and prepare guidelines for the Ministry in view of social, economic, technological and international development.
3. Regional and local (even municipal) plans will be drawn up regarding ways to implement innovation strategy and to enhance local ecosystems. With a view to concrete results, it is indispensable to anchor innovation policy into the local and regional levels. Innovations come about locally in local cooperation and therefore the development of innovation ecosystems is the only way to secure the impact of major innovation policy inputs.

## 10 Integration of knowledge of the creative economy and cultural actors into innovation policy

I see two levels in this challenge: integration of creative economy knowledge a) into corporate innovation and b) into innovation policy. Since this challenge has already been treated in the previous proposals, I'll take up only a few supplementary viewpoints here. Developing creative industries requires seeing to art and culture actors' own knowledge and skills and sufficient funding. A report on artists in Finland gives a fairly alarming picture of the conditions for artistic work in Finland.

1. General long-term artist funding will be increased (apart from project funding) with a view to strengthening the economic prerequisites of artistic work.

2. Open and public network-based innovation environments will be created with the purpose of integrating creative economy knowledge into corporate innovation. Examples abound, such as the social media company Tori.In, to mention only one.
3. In higher education and continuing professional education, management training and working life training will include introduction to creative industry themes and use representatives of cultural life as teachers.
4. Creativity and cultural knowledge will be integrated into all education and training. In the longer term, education is the vehicle for combining different kinds of knowledge in a natural way and at a sufficiently early stage. What this involves may even be a question of prioritising general knowledge.
5. The research and innovation council to be established must also include the representation of the creative economy.

## 11 In conclusion

My own view is that there is not enough sufficiently profound and comprehensive understanding of the essential nature of the creative economy and culture in Finland. This is why stronger input is needed to study these questions. Another challenge is to boost cooperation across administrative boundaries. Especially innovation policy should be seen as a strategic issue for the government, which spans all the administrative sectors. On the concrete level, cooperation between the Ministry of Education and the Ministry of Employment and the Economy should be deepened. Although the recommendations put forward in this article naturally require further elaboration, they may provide guidelines for better integration of creative industries and culture into innovation policy.

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# Self-directive culture and strategic regional development work

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## 1 Introduction

The position of culture, or expressed more broadly the creative industries, has strengthened within regional development work in recent years. One explanation for this is the idea that cultural activities have an impact on the creation of regional competitiveness. According to numerous reports and analyses, the creative industries constitute an emerging economic sector, although the discourse on the subject has been closely tied to the manner in which the statistics are compiled, and is thus conflicting.

The stronger strategic position of cultural activities has partially indicated a shift in the priorities of cultural policy, which has resulted from increased interaction among actors in regional development work and cultural administration. In the context of regional development, art-based cultural policy has made way for a commerce- and entrepreneurship-based development policy. This trend has also been reflected in the need to reform cultural administration. Alongside industrial policy, the emphases of innovation policy have begun to influence the logic of development work within the creative industries. Cultural activities are seen to have wide-ranging effects on innovation environments, which are important to acknowledge in strategic development work. Moreover, a debate on values with regard to the commercialisation of culture and the culturisation of the market has been ongoing in the background of the development processes.

Alongside art-based cultural activities, a range of new professions has emerged in connection with regional development works, which are embodied by the term creative industries. The main characteristics of the creative industries include bolder cooperation across sectoral boundaries in practical development work and product development processes. Within this framework, professionals in the fields of culture and art constitute an increasingly ambiguous concept. However, instead of an accurate definition of the cultural industries, what is essential for examining the changes in the labour market or regional educational requirements is an ability to make use of cultural competence in more crea-

tive and multifaceted ways in so-called atypical industries or contexts, such as in welfare services or in designing residential areas.

Cooperation across administrative and sectoral boundaries, new professional roles and decentralised decision-making in cultural policy have led to new ways of defining the position of culture in regional development work. This article examines regional development work, which faces the challenge of reconciling economic aspects related to cultural activities and the creative industries with a more conventional art and cultural policy. The aim is to provide a comprehensive overview of the position of culture in regional development work and in transforming regional administration structures.

## **2 Strategic planning of cultural activities and regional competitiveness**

Planning and adopting new service production models in the cultural and leisure-time sectors have given rise to the need for strategic planning and management also in municipalities. This development has demanded a new type of flexibility and development orientation from cultural administration. Producing new service concepts requires municipalities to adapt to changing conditions in a new way, which in the discourse of regional studies is referred to as self-renewal ability.

Municipalities that are the most able and ready to change are the most successful in reorganising cultural services. The self-renewal process takes place halfway between systematic and unsystematic activities. In other words, not only must new service concepts and products be created in connection with strategic regional development work, but an enabling development policy must also be implemented. In this way, the main feature and basic principle of cultural activities – their emergent, inherent and uncontrollable character – is integrated with systematic and rational regional development work. At its best, regional development work helps establish and attract new cultural activities to the region, creates opportunities for constructing competence clusters in the creative industries, and improves regional competitiveness.

Regional competitiveness cannot be defined unambiguously, as the interpretation depends on the context. According to Sotarauta et al. (2001) and Linnamaa (2004), regional competitiveness comprises the following dimensions: regional infrastructure, business activities, human resources, the quality of the living environment, institutions and an effective development network in the region, the image of the region, and an atmosphere of creative tension. The significance of culture and creative industries in regional development work can also be examined from the standpoint of the dimensions of competitiveness.

### **Multidisciplinary business activities**

Infrastructure as a dimension of regional competitiveness refers to the physical operating environment essential for business activities (water, air, road and railway transport, telecommunication connections). The cultural infrastructure can be understood to comprise the adequacy and quality of cultural premises, for instance. The composition of the business field is another basic requirement for creating regional competitiveness, and is affected, for example, by the size and industrial structure of enterprises, the export ori-

entation, knowledge intensity as well as the proximity of subcontractors and other business partners. With respect to culture and the creative industries, the issue concerns the number and quality of cultural enterprises as well as the creation of competence clusters within the creative industries. The driving forces of the cultural industry traditionally include film, music and television, which are connected to the key earning logic.

In 2003, an average of 86,000 people was employed by the cultural sector. It is important to note that a significant number of professionals in the fields of culture and art were employed in non-cultural sectors. (Kanerva & Lehtikoinen 2007, pp. 8-9). Individuals educated in the fields of culture are increasingly finding employment in so-called knowledge-intensive business services, i.e. KIBS industries, which can include advertising and business management consultancy services, as well as architecture, marketing, and industrial design (Lagerström & Mitchell 2005, p. 44). A key challenge in the regional development of cultural business activities is the increase in multidisciplinary job profiles. How can enterprises and competence clusters in the creative industries, which operate across different sectors, be supported and promoted systematically?

It is likely that the number of cultural and art professionals employed in atypical industries will continue to rise. At the same time, the applied use of art and diversification of professional roles will continue to increase. This change is difficult to track statistically, as the increase in art-related professions (e.g. game and web-design industries) cannot be established through industry and sector-specific scrutiny. It would be more important to examine the creation of innovation environments and competence clusters as a whole, in other words, as new types of interdependencies between different fields rather than as sector- and industry-specific statistics.

### Cultural intellectual capital

Human resources as a dimension of regional competitiveness are connected with the region's intellectual capital and especially with the effectiveness of the education system. In other words, cultural competence refers to the teaching of culture and art, and art education, etc. In Finland, education in art and culture refers to the teaching provided by comprehensive schools, upper secondary education (including vocational education and training, and general upper secondary education) as well as polytechnics and universities. In addition, there are upper secondary schools that have specialised in art and culture as well as basic education in the arts.

It is impossible to quantitatively measure or demonstrate the importance of cultural competence to regional development and competitiveness. There are no general indicators for measuring the intellectual capital of people educated in the field. On the other hand, attempts have been made to measure intellectual capital in light of narrow parameters (patents, licenses, copyrights). A general feature that has been observed with respect to education in the fields of culture and art is that interest towards education in the sector has increased over the last decade, and the number of degrees in the field of art, for example, has soared. At the same time, educational content has diversified and vocational skills requirements broadened, which has posed a challenge for providing foresight and defining educational needs. (Lagerström & Mitchell 2005.)

The competence requirements in the fields of art and culture can be divided into three areas: artistic work, cultural production and cultural services, as well as so-called associat-

ed fields that have shared content with artistic work and cultural production based on it. Changes in the labour market take place in the mutual relations and focus areas of these fields. A more diverse interface between jobs and the labour market of related and associated fields is vital for increasing employment and the creation of new business activities in the future. In addition to individual artistic creativity, the labour market focuses on establishing links between cultural competence and industrial production and growth areas in the service sector. The trend is evident, for example, in the potential for the applied use of new media and art and in service concepts in the tourism and welfare industries. (Lagerstöm & Mitchell 2005, pp. 193-196; Kanerva & Lehtikoinen 2007, p. 13).

There has been considerable debate about the increasing need for entrepreneurship and business skills among cultural actors in recent years. The key challenges for entrepreneurship training are considered to be the commercialisation of creativity and competence: conceptualising, productising and marketing ideas and export competence. The need was partially addressed in Finland in 1998 with the implementation of courses for cultural producers at polytechnics. This training offers teaching in the arts disciplines as well as strategic and operational teaching (e.g. financial administration, copyright, legislation, project management and marketing) (Halonen 2004, p. 32). Education for producers constantly seeks a balance between art and strategic subjects to meet the requirements of the labour market.

### Quality of the living environment

The quality of the living environment as a dimension of competitiveness refers to the physical, operational, social and financial environment as a whole, which affects the satisfaction and living conditions of the 'competent' labour force in the region. From a cultural viewpoint, this may involve the vitality of urban centres, a range of cultural and leisure time services, the local identity, heterogeneity, tolerance and cultural diversity.

The connection between a comfortable and attractive living environment, regional competitiveness and cultural policy was particularly highlighted subsequent to the study on the creative class by Richard Florida. According to Florida (2002, pp. 223–224), a diverse range of entertainment and cultural services makes an area attractive and enhances lifestyles, and this affects decisions taken on where to live and move by those working in creative professions. In Florida's thinking, the cultural diversity and creative atmosphere of a region become entwined in a multi-dimensional, imagery entity, on the basis of which the so-called creative class perceives the region as being either attractive or alien to them. The decision made by the competent labour force on where to live is affected by the labour market, cultural diversity, lifestyle, interaction, authenticity and identity as a whole, which Florida (2002, p. 231) groups under the term 'quality of place'.

Over the years, the quality of the living environment has received increasing emphasis as a dimension of regional competitiveness and attractiveness. As a result, many cities have given the cultural sector an increasingly important position in strategic development work. Florida (2002, p. 283) has underscored the importance of designing a 'creativity strategy' as part of a city's industrial policy. Instead of direct aid to enterprises and ambitious, image-oriented construction investments, regions and cities seeking to raise their level of competitiveness and competence should increasingly focus their 'strategic attention' on the development of an operating environment that fosters cultural diversity, new

and alternative lifestyle opportunities and the creation of an open atmosphere. Correspondingly, the debate in Finland has centred on the need for a comprehensive industrial policy, which, alongside direct subventions, emphasises the fact that the development of cities and regions should focus on factors that improve the operating environment. (Nupponen 2001; Kainulainen 2005a.)

### Creative industry networks and self-directive development

The institutional structure and effective cooperation networks are other important factors in the creation of regional competitiveness. The focus of attention in this respect falls on networks of regional development actors and the quality and dynamics of cooperation processes. Networks establish new investment capacity in regions, which enables the (self-)renewal of the regions. For example, the success of Silicon Valley in California is partially the result of dense social networks and an atmosphere that promotes entrepreneurship and bold experiments. The development of Silicon Valley stems from cooperation between individuals and corporations as well as informal cooperation structures and associations. The development of the region has not been primarily based on planning or development projects by public administration, but rather on reciprocal dynamics between private actors (Sutinen 2008, 7).

Silicon Valley is a somewhat remote example when considering the organisation of cultural services in Finnish municipalities. Despite the differences in scale and opportunities, the operating principles of Silicon Valley can be transposed to the everyday reality of Finnish municipalities. At present, municipal innovation policy must be implemented in an operating environment characterised by increasingly fast and complex changes. Thus, a capacity for continual self-renewal and strategic planning are of key significance (Kostiainen 2007, p. 2). Strategic planning can be defined as a resolve to steer organisational development in the desired direction. At their core, however, cultural activities are spontaneous and endogenous, which is why the role of conscious development work and administrative steering is limited. It can be said that endogenous, emergent cultural activities lose part of their essence when they encounter external development measures or when incorporated into some form of instrumental or systematic activity (Ruokolainen 2008, p. 10).

The danger of strategic planning is actually 'over-developing' cultural activities. The phenomenon has been discussed in Finland in connection with the development of the Dance Hall Lutakko in Jyväskylä and the cultural centre Kulttuuritalo Annis in Pori. Situated in the vicinity of Jyväskylä city centre, the graffiti-clad Lutakko youth centre has profiled itself as a rock concert venue. The venue has also provided young people and voluntary workers with opportunities to participate in activities. Kulttuuritalo Annankatu 6, i.e. Annis, provides a setting for independent cultural activities for children and young people in Pori. Activities focus on theatre, and the centre houses Finland's biggest amateur theatre, Porin teatterinuoret, which has over 300 members.

In both cultural centres, self-directive, independent youth activities and administration-based, systematic development have strived to find a balance. In the case of Dance Hall Lutakko, EU project activities and the resulting 'systematicness' have been seen as a threat to the venue's original character (spontaneous, independent band activities), meaning young people become estranged from opportunities to participate. The venue

becoming 'too sterile' and no longer attracting young people interested in rock music are considered potential dangers. According to participants, the venue must not be spoiled by trying to develop it. (Kainulainen 2005b.)

The strategic revamp of Dublin city centre serves as an example of the tensions between administration and a self-directed approach in an international context. The Temple Bar Initiative, a culture-led regeneration project, was implemented to enhance the city's competitiveness and improve the economy. The project's starting point included a revamp of the city's cultural quarter and increasing the number of cultural activities. The selection of Dublin as the European Capital of Culture in 1991 was the impetus for regenerating the Temple Bar district as the city's cultural flagship. According to critics, the project's investments and promotion of business activities resulted in a rise in prices, which led to gentrification. The rise in living, land and housing costs led to a number of artists and cultural actors being forced to move from the area. Critics add that the original, bohemian 'cultural spirit' of the area changed and lost some of its authenticity. Consequently, the project, which was originally focused on cultural development, was seen by some (McCarthy 1998) to gradually become a top-down managed operating programme that worked against cultural activities and reduced opportunities.

Developing cultural activities requires understanding and local sensitivity (Storey 1999, p. 308). In other words, directing resources or applying a top-down principle of management is inadequate. During the development process, sufficient attention must be paid to local cultural actors and special features. Cultural areas may be developed and productised in a short-sighted manner, concentrating on consumer and visitor preferences. The region's historical layers and diverse culture and ways of life can be forgotten in the process – in fact, the diversity may be destroyed intentionally, so that the tactically selected themes clearly become the desired images and brands. For example, Chang (1998) sees that designers and 'place tamers' consciously or unconsciously suppress the opportunities for endogenous identity and organic development.

The most challenging and perhaps most paradoxical aspect of systematic regional development work is that the richest, most attractive cultural content with the most significance for regional development is usually developed within the context of self-directed cultural activities or creative artistic activities. They are most likely to include different, new, surprising, divergent and unestablished forms of cultural activity, which result in multidimensional regional impacts. (Kainulainen 2004; Ruokolainen 2008, p. 72)

### Cultural Living lab

How can endogenous regional development be supported in a controlled manner? How can innovative operating models based on a happy medium between being managed and self-directed and which support the region's holistic development be created? The development of business activities within the creative industries requires a dynamic, interdisciplinarily networked, self-renewable (product) development environment, which establishes new cultural capital and skills in the region.

Recent studies have approached regional development work from the perspectives of innovative development platforms and open innovation. Innovative development platforms and dynamic product development environments enhance the self-renewal capacity of a region or organisation. (Saarivirta 2008, pp.1–2).

The self-renewal of a region or organisation requires cooperation, which is supported by the regional concentrating of operations, i.e. clusters. Furthermore, efforts should be made within the cultural sector and businesses in the creative industries to support the creation of regionally profiled competence clusters. Cultural clusters function as platforms and inspiring stimuli for creative thinking and the production of new ideas. The regional proximity of different operations enables endogenous social interaction and a collective learning process based on trust, stimulation and strategic partnership. As a cyclical process, a cluster of creative activities creates a dynamic development atmosphere, which produces new institutions, innovations, attracts experts and makes companies more willing to investment. (Montgomery 1995; Turok 2003).

The conscious, strategic planning of clusters of creative industries is a topical challenge in regional development work and cultural interaction. The Living Lab operating model, which has emerged as a topic of debate in recent years, provides an innovative starting point for strategic planning. The term Living Lab was created in the 1990s, when, alongside technological testing, genuine user environments were adopted for product and service development. There was an ever greater need for new, user-oriented information in living environments that were transforming in an evolutionarily way. (Rönkä & Orava 2007).

Living Lab development platforms are innovation environments that integrate product and service providers, developers and end users. Product and service end users in genuine operating situations lie at the heart of Living Labs. The so-called Quadruple Helix concept is linked to the operating model, and refers to cooperation between the public sector, industry and commerce, research and users (citizens, consumers, inhabitants, employees and recreationalists) in, for example, planning residential areas (Rönkä & Orava 2007, p. 29).

The driving force behind innovative development platforms is the integration of the resources of various actors and experts. The aim is to increase knowledge, share information and distribute work between, for example, technological competence and artistic creativity. For example, designers, scriptwriters, producers and composers may work as service planners. Similarly, product development can take onboard the opportunities in fields such as information and media technology, architecture and interior design on the basis of user experiences.

Examples of Finnish Living Labs include Arabianranta in Helsinki and to a certain extent Forum Virium Helsinki (Kostainen 2007, p. 11). Forum Virium Helsinki is officially described as a cluster project for developing digital services and content, and is physically located in central Pasila in Helsinki. The project aims to unite key actors in the sector through a shared forum/testing platform that enables flexible and fast innovation and testing. The cluster project's participants combine their individual competence and knowledge, and aim to jointly create innovations while productising services. The project aims to create an open innovation environment for companies and implement large-scale projects between actors.

In the future, it would be appropriate to consider adopting the Living Labs concept on a broader scale in regional and provincial development work within the cultural sector. In addition, the ways in which regional development measures could support the planning and implementation of Living Lab product development environments should be examined.

The concept of innovative development platforms can also be applied to the design of cultural service concepts implemented by Finnish municipalities. The Paras project, for

instance, requires municipalities to be able to engage in self-renewal. Innovation does not come about by itself. Municipalities need strategic cooperation forums and development platforms for the innovation of new services. In organising municipal cultural services, a concrete view must be established on how the services will be financed and produced.

The challenges in developing municipal cultural services include the creation of multidisciplinary service innovations and regional networking in service production. Multidisciplinary service innovations can be created for both local cultural services and the regional offering. In terms of the regional offering, theatres and museums have great potential for generating new forms of service production. With the increased cooperation among municipalities, theatres as art institutions face increased expectation by several municipalities to provide services. The type of regional cooperation that enables the funding base of theatres to be expanded should be considered. What types of regional services should theatres provide in the future? To what extent can theatres produce chargeable services, for example as part of developing the tourism and welfare industries? In addition, the basic task and values base of the theatre must be taken into account when designing new services; to what extent are the intrinsic value and new service role of art in conflict or in harmony?

A steam ship park under discussion in the region of Savonlinna serves as a practical example. The idea was initiated by the Finnish Steam Yacht Association, which was of the opinion that valuable vessels owned by the association's members should be placed on public display in the city centre. The aim is to preserve museum ships with national and cultural historical significance, to uphold the steam ship tradition, and to maintain ship-building skills for future generations. Another goal is to establish a commercially sustainable operating model that can be used in the provision of services within the tourism sector and its related industries. Examples include steam ship-related events, training, programme and cruise services, as well as presentations on ship-building and maritime skills. Such a concept has not been implemented previously in Finland, despite the fact that lake steamers constitute a significant part of Finnish history, especially in the region of Saimaa.

Subsequent to the evaluation of possible sites, Riihisaari, which is adjacent to Olavinlinna castle and houses the Savonlinna Provincial Museum, proved to be the most suitable location for the steam ship park. The museum is owned by the City of Savonlinna, and the city receives a statutory government contribution for its museum activities as well as a ten per cent increment for its regional tasks. Together, Savonlinna Provincial Museum, the museum ships and Olavinlinna castle form a prestigious cultural tourist attraction in Eastern Finland, which should be developed as the number of Russian tourists is on the rise, for instance.

The innovativeness of the project to develop a service concept for the steam ship park is also associated with an administrative transformation, in other words, to increasing cooperation between the private and public sectors as well as an expansion in the funding base for public cultural activities through an innovative service concept. Both sectors would reap rewards: the steam ship park would increase the amount of tourism and create opportunities for improving the capacity of the Provincial Museum to serve an increasing number of visitors. Similarly, the Provincial Museum could boost the attraction and customer base of the steam ship park. The Museum could also contribute content-related expertise on history and traditions to the development work.

In summary, the new operating models for cultural and leisure services need to take very different value bases and operating cultures into consideration. On the one hand, the issue concerns a principle that steers earnings logic activities, while on the other, development may be related to culturally and artistically ambitious content.

### 3 Conclusions

All of the dimensions of competitiveness referred to in this article are reflected in the attractiveness and appeal of a region in terms of working, living, business activities and leisure time. At the same time, the development of cultural activities and the creative industries is closely linked to a comprehensive regional development policy. The reformed regional administration should examine culture within a broad context as a resource contributing to regional (self-)renewal and development. From the perspective of regional competitiveness, development work in the cultural sector should consider the following aspects and development guidelines:

- How can cultural expertise be supported and promoted in atypical sectors through conscious development efforts?
- How can regional, cross-sectoral competence clusters be developed and supported, so that new cultural expertise that supports the region's special features becomes rooted and attracts other actors in the long term?
- How can competence and education in the area of cultural production be implemented in connection with strategic development?
- How is the cultural sector taken into consideration as a dimension of comprehensive industrial policy and in strengthening the preconditions for business activities?
- How are the principles of rational strategic planning and self-directive cultural activity brought together?
- How can the Living Lab operating model be implemented at a regional level as an innovative development platform for the cultural sector?
- How can innovative forms of cooperation (which integrate the public, private and third sector), earnings models and multidisciplinary service concepts be created for the creative industries in connection with public cultural services?

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# Local management of creative knowledge and economy

## Case study of the EcoDecora development project in South Savo

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### 1 Introduction – Localness as a challenge

Creative industries are often seen as the core of a knowledge-intensive economy. This article examines the regional and local development of the creative sector in the context of South Savo. As recently as in 2007, the situation and scope of the creative sector were charted and a strategy outlined for promoting the growth of the field in the province.

Implementation is the weak point of programme-based promotion of an innovation policy and creative economy. Too often programmes and strategies are removed from the reality of the corresponding field. Therefore, this article focuses on local development and presents a case analysis of a development project in the creative sector implemented during 2003–2007.

The project selected for the case analysis was successful. It involved a total of about 50 specialists in the natural products industry, and resulted in a genuine network and the establishment of six new companies. The material for the case study includes the written documentation generated by the project. In addition, an interview was conducted with the person who functioned as project manager throughout the project. This article does not examine the concepts of innovation or the creative economy in further detail, as the related framework is included in other articles of this publication.

The concept of crafts serves as the starting point for the article, and is defined by means of three different theoretical dimensions: firstly, Manuel Castells' (Castells 1996) thoughts on the information society; secondly, the considerations of Nonaka and

Takeuchi (1995) on the transformation and management of tacit knowledge; and, finally, Mihaly Csikszentmihaly's (1999) proposal for a comprehensive theory of creativity.

The article is divided into four parts: it begins with an overview of the regional context, namely the situation and topical management efforts of the creative economy in South Savo (Chapter 2). It then proceeds with a theoretical framework for the analysis particularly through concepts related to an information society, creative crafts and tacit knowledge (Chapter 3). Chapter 4 presents an analysis of the EcoDecora project, while Chapter 5 outlines the prospects and impossibilities related to the local management of a creative economy.

## **2 The situation and management efforts of the creative economy in South Savo**

South Savo is a sparsely populated, rural province with an average population of 158,000. The province has three small town centres: Mikkeli (population of 48,600), Savonlinna (27,800) and Pieksämäki (20,300). The forested region with plenty of waterways and lakes has a larger than average primary production sector. Most of the companies in the province are of a small scale.

Attempts to increase the creative economy have also been made in South Savo in line with national programmes and strategies. The situation of the region's creative sector was charted and a development strategy drawn up in connection with a project implemented in the province in 2007. The work was carried out by Mikkeli University of Applied Sciences, and the final report was completed in March 2008. The significance of culture for the development of South Savo had already been noted in previous plans, but the final report serves as the first strategy document targeted particularly at the creative domains. Culture has been closely linked with the promotion of the tourist industry, while prospects of the creative sector have been evident in industries related to leisure-time residence, culture and nature. (Kainulainen et. al. 2008, 12-14)

According to the survey, a total of 1,036 companies operate within the creative sector in South Savo. Viewed by domain, the province has companies of nearly every type that represent the creative sector. Categories of the entertainment domain were the most infrequent, while 80 per cent of the media, design and advertising domains and 75 per cent of crafts domains were present. In terms of turnover and personnel, the main focus is on small companies with a turnover of less than EUR 200,000 and a staff of fewer than four.

There were distinct differences in relation to the creative domain within the province. Relatively speaking, most of the companies in the creative sector operated in the sub-regions of the largest towns Mikkeli and Savonlinna. The least number of domains was found in the regions of Juva and Pieksämäki. Of all the companies in the creative sector, nearly half (472) were situated in the sub-region of Mikkeli and about a third (297) in Savonlinna (ibid. 25-28).

Crafts constitute the most important creative domain in the province. Most of the companies have a longstanding tradition particularly in refining wood and metal products. The domain encompasses diverse company types, and production ranges from unique decorative objects and design products to the manufacture of kitchen cabinets, wooden houses, boats, shoes and clothing. The domain comprises a total of 320 compa-

nies, 273 of which employ less than four persons. Wood is a key raw material, and small operators typically include cabinetmakers that make to order (ibid. 34–35).

The strategy for creative domains highlights the construction of cooperation networks as the fundamental prerequisite for developing the sector. The development needs of the creative sector in South Savo are divided into four focus areas (ibid. 43):

1. developing entrepreneurship and business activities
2. creating multidisciplinary service innovation
3. designing competence clusters
4. supporting applied research.

In the case of the first dimension, the strategy of the province is strongly tied with the national strategy and includes the general objectives of multidisciplinaryity, management of business processes and internationalisation. However, the strategy emphasises adopting the development of business activities to regional special characteristics.

In South Savo, strong links are present with the tourism industry, and a total of 14 different development needs are connected with the area. The strategy presents justified development needs also for other focus areas, as well as suggestions for implementing the strategy. The strategy identifies a total of 18 potential competence clusters in the creative sector, including crafts and design (ibid. 42-60).

The strategy report concludes by stressing the importance of coordination cooperation. Project activities related to the domain are viewed as fragmented, which results in the projects having relatively little impact. The report suggests a need for a coordinating body with substance competence in the field as well as the ability to visualise and steer the development of the sector in a target-oriented way (ibid. 61). An unambiguous model for implementing coordination is not included, as the experts interviewed for the project had differing opinions on the subject. The report does, however, consider a network-based coordination model as justified (ibid. 61-62).

The survey of the creative sector in South Savo gives rise to particularly selecting the crafts industry for further examination. Production established on wood and other natural materials has good long-term growth prospects in rural provinces, such as South Savo. But how can a forested province promote its small enterprise-based creative sector in an era of an information economy? What can be learned from a particular local development project within the creative sector?

### **3 Information society and tacit knowledge of creative crafts**

Post-industrial society is characterised by placing importance on human knowledge and competence. Innovation lies at the heart of Manuel Castells' (1996) theory on information society. A comprehensive management of interaction between diverse scientific fields is significant for the creation of innovation. An increasing number of functions and processes of the information age entwine around a network-based organisation. As a result of their flexibility, networks are particularly appropriate environments for innovation. An economy established on fragmented structures is organised as both strong and weak networks.

Networks are structures that allow to connect an ever-increasing number of actors and links, as long as these are able to communicate with each other. Hence, a common language or communication code is integral for achieving a sense of communality within the network. According to Castells, networks are also spaces of free mobility of knowledge and creativity: they can generate innovation without upsetting the balance of the system. On the other hand, an information society also requires personalisation of work. Personal knowledge and skills become highlighted in network structures established on the sharing of information (ibid. 469–471).

Michael Polanyi (1891–1976) created the concept *tacit knowledge* (Koivunen 1997). Polanyi separates two forms of knowledge, tacit and explicit – or focal – knowledge. Focal knowledge defines a recently comprehended particular and makes it explicit, while the background knowledge required for processing the particular can be tacit. Tacit knowledge refers to a type of knowledge which cannot be transmitted directly through language or in writing. Experiential knowledge and intuition can also be interpreted as forms of tacit knowledge. Skilful action can demonstrate experiential knowledge better than words.

The management of tacit knowledge is very challenging. Tacit knowledge should be made implicit in the processes of creating and using innovation. Ikujiro Nonaka and Hirotaka Takeuchi (1995) developed a theory of organisational knowledge creation based on their examination of the success of Japanese companies. In their view, tacit knowledge can be modified by means of externalisation into perceived knowledge and related innovation. Externalising tacit knowledge is important, for example, in creating new knowledge, developing methods and improving quality. An emphasis on the role of tacit knowledge generates new meaning also for the concept of innovation and prerequisites for its creation. It is vital that tacit knowledge and competence are crystallised in activities between individuals.

### Management of knowledge and creativity in the context of a development project

We proceed by assuming two theoretically informed starting points: a) to succeed in the context of an information society, development must be networked at least to a degree, and b) a large part of knowledge relevant for innovation comprises so-called tacit knowledge.

The starting points form the basis for the idea that developing creative economic domains is mostly a question of managing network-based activities that support interaction (dialectics) between tacit and explicit knowledge.

Development projects are common forms of development and activity within an information society. Projects are processes with a defined subject area and duration, and their results are evaluated in accordance with previously set targets. As forms of creative activity and development, projects are interesting special cases.

Development projects always constitute a collaborative process with several committed participants from different fields. In addition to their core of content-based competence, the management of development projects requires an understanding of the social and cultural relationships inevitable in development activities. In principle, it is clear that the launch and implementation of development projects often involve a number of tensions and problem areas, which the participants have to confront.

Research in innovation and creativity is a wide field with countless perspectives. Creativity research has been traditionally divided according to creative individuals, output and processes as well as creative environments (*cf.* Sternberg 1999). In this context, however, an approach that examines creative activity as comprehensively as possible is of particular interest. Mihaly Csikszentmihalyi (1999) represents this type of approach, and constructs a systematic model and interpretation framework for creativity. His model places relevance on the construction of individual creativity in social and cultural contexts.

Our case analysis applies the interpretation framework of Csikszentmihalyi, and divides the examined local development project into the following categories:

- 1) Fields of creative activity
- 2) Creative domain and related competence/expertise
- 3) Creative persons and network

The general framework allows to analyse how the three categories are integrated in the selected development project, as well as to consider the type of management it requires on the whole.

- 1) Fields of activity refer to the social and cultural contexts where the novelty value and consequent innovation are evaluated. Several fields of this type are present in the context of the development project on the whole. The fields have their own operating principles and codes for interpreting the novelty, possible functionality and actual 'goodness' of the presented thoughts and ideas.
- 2) The domain broadly signifies the competence and expertise connected with the development target. A domain cannot be defined in detail, but general outlines can be drawn on the specific competence that forms the core of a certain domain. This article examines the domain of crafts.
- 3) Individual persons carry knowledge capital related to different fields and domains. Networks between the individuals create connections between the people themselves as well as competence, expertise and meaning constructions of different fields and domains.

In the context of the three categories, knowledge forms the flowing substance and key commodity. Knowledge is present in each development process stage and field as part of problem-solving, choices and decision-making. Our particular focus is on the meaning and use of tacit knowledge in the local development of creative domains.

### Crafts know-how

Crafts are often principally defined as a single field of creative activity. Creating by hand and cultural crafts enable an active and creative relationship with the environment. The relationship is interactional: a visual, material, animate and inanimate cultural environment reciprocally affects its shapers, people.

Crafts can be seen to signify a manufacturing process, whereby products or services are produced by hand and/or using tools. The outcome of the process is also referred to as crafts. Thus, the term 'crafts' can refer to both the process and targeted outcome. This aspect is important for understanding the nature of crafts: it is a comprehensive proc-

ess, where making, the outcome and the maker are creatively merged together (Luutonen 2002, 8–9)

According to Luutonen (2002), there are also many other meanings related to crafts, described, for example, in the 'manifest' of crafts issued by Nordisk Håndverksforum (Nordic Crafts Forum) at the end of the 1990s. Crafts can be examined at least from the following perspectives:

- 1) Crafts are the result of a need to express ideas, and understanding the production process of an object requires relevant individual experience.
- 2) Crafts shape identity and communality. Crafts merge complex cultural structures, yet speak an international language. Crafts integrate the global with the local.
- 3) Crafts fuse both pragmatic and aesthetic values.
- 4) Crafts constitute know-how for problem-solving, and craftsmanship is closely tied with the personality of the maker.
- 5) Crafts are restricted by the requirements of the material and freedom of form. The process and product form an inseparable whole.
- 6) Artisans are entrepreneurs, who strengthen local communities.
- 7) The sustainability of products and the natural cycle are valuable in crafts.
- 8) Crafts do not solely draw from tradition, and practical knowledge and new technology create new possibilities.

The diverse range of meanings related to crafts is of particular interest for analysing and understanding creative domains. Crafts are a means for innovative problem-solving, while the competence of artisans also includes a great deal of 'tacit knowledge' that is difficult, if not impossible to verbalise. This is probably why many crafts companies are so closely tied with the persona of the entrepreneur. As a unique combination of the process, product and maker, crafts are a particular demonstration of skill and creativity and connected with local identity and tradition.

In producing the end product – craft – artisans fulfil the goal they have set for themselves, which can be understood to form an integral part of their personality and the mind of the activity. In industrial mass production, employees do not own the end product in the same way. They do not necessarily have an overall picture of the adopted methods or see the end product (Hietanen 2002, 27–28).

The close relationship of crafts with the personality of the creator makes developing the sector highly challenging. Adopting a new work method, product, technique or material, for example, requires to consider whether it suits the identity of the artisans and their view of the meaning and purpose of personal activities.

Naturally, the significance and application of ideals varies in the practical development of crafts. The companies included in the programme for creative industries in South Savo apply the logics of crafts in different ways and with varying intensity. It is nevertheless important to estimate how the special character of crafts can be acknowledged in the related development processes.

## 4 Case analysis of the EcoDecora development project

The purpose of the EcoDecora project was to develop production, value chains and business activities based on utilising natural materials within the field of crafts. The project has two parts: a preliminary survey project (10/2003–6/2004) and the actual development project (6/2004–5/2007). The preliminary survey project charted interest in natural materials and potential on the market. Under the development project, unique interior, floristic and user products were made using wild plants and materials, outdoor cut flowers and green production.

The following objectives were set for the project:

- to create new business activities and diversify existing ones
- to create additional income possibilities
- to construct a network for persons in the field
- to raise appreciation for local production.

The sales volume of natural products and growth prospects of crafts based on natural materials served as the main starting points and inspiration for EcoDecora. According to Statistics Finland (2003), households consume an annual total of almost EUR 140 million on cut flowers and funeral flowers. The domestic production share of cut greens is significantly low: in 2003, green cuttings were imported to Finland at a total value of nearly EUR 3.2 million, and moss and lichen were imported at a total value of EUR 200,000, although equivalent and even higher-quality products could be produced in Finland. These factors indicate that the field has an important economic role, and the preconditions should be developed for raising the level of domesticity and added value of the afore-mentioned products.

The project included arranging training, developing new products using different materials, and participating in events for the natural products industry. Functional solutions for product marketing, logistics and quality control were sought at the events. A questionnaire covering all of the domestic flower wholesalers and flower shops was conducted on the market potential of the sector, drawing 300 replies. The project and participating companies were addressed in regional news several times, which serves as an indication of general interest gained by the project. About 30 related magazine and newspaper articles were published during the project.

The EcoDecora project was steered and coordinated by the Mikkeli unit of the Ruralia Institute, University of Helsinki, during 2003–2007. The project involved a full-time project manager and part-time secretary as well as a berry, herb and mushroom inspector. The project was implemented as part of developing rural areas under the Objective 1 Programme for Eastern Finland. Public funding for the project was the responsibility of the European Agricultural Guidance and Guarantee Fund (EAGGF), rural department of the South Savo Employment and Economic Development Centre and regional municipalities. The budget was approximately EUR 25,000 for the preliminary survey project and EUR 225,000 for the actual development project.

The operational area was South Savo, but the project constructed an expansive, national cooperation network between different operators in the field. The following companies, communities and educational institutions formed a close partnership: MAST/Otava school farm, SHT-Tukku Oy, Suomen Luontoyrittäjyysverkosto ry., Arktiset Aromit ry., Järvi-Suomen Vihertietokeskus, MTT Agrifood Research Finland/ Ecological Production, Joulupuuseura ry., Punos ry., Finnish Florists' Association., City of Mikkeli, Federation of Evangelical Lutheran Parishes in Mikkeli as well as several wholesale flower companies and other companies in the field.

The project resulted in the establishment of three companies; a willow farm and two companies that employ environmentally-friendly materials as part of their operations. A fourth company began its operations after the project had ended. In addition, two other companies continue to run activities developed under the project. Cooperation among entrepreneurs within the project also generated a product range made from willow. Material for developing the range was collected by a group of the project's participants. The design is by crafts entrepreneur Henrik Aschan, the material is processed by Kuomiokoski Oy and the product range is manufactured and marketed by Sokeva Käsityö. The product range has been awarded with the Key Flag, a registered collective trade mark that proves a product or service is Finnish-made. During the project, a number of theses on developing the field were produced at the polytechnics and vocational institutions in the region for the benefit of the network.

### Domains, fields and networks

The EcoDecora project brought together actors from several fields. Alongside crafts, the natural products industry was an important source of activity and knowledge. The natural products industry comprises not only traditional natural products, such as berries and mushrooms, but also specialised natural products, such as wood by-products, natural crafts and decorative products (Rural Policy Committee 2004, 161). EcoDecora was particularly targeted at specialised natural products and the surrounding value chain. The afore-mentioned definition for crafts was applicable for the project, as the products and unique objects represent the ethos and philosophy of crafts.

Recognising the most important local social communities and actors was vital for the project. Three main fields of activity were identifiable in the value chain of the specialised natural products industry:

- acquisition, processing and field of logistics of raw materials
- product design and field of production organisation, and
- product marketing.

The project charted fields of knowledge present in the afore-mentioned fields, where the expertise of participants was found important to integrate with the project. At least the following fields of knowledge are deemed important for renewing the industry:

1. Flower shop and florist industry, including the knowledge of the wholesale and retail levels as well as related associations

2. Competence of the collectors and producers of materials
3. Knowledge of customers (e.g. catering service, undertakers and consumers)
4. Competence in crafts: crafts companies, individual persons, organisations (e.g. Punos ry) and educational institutions that provide teaching in crafts
5. Research knowledge (e.g. University of Helsinki, Häme University of Applied Sciences)
6. Knowledge of land and forest owners
7. Knowledge of public authorities, especially financiers (e.g. Employment and Economic Development Centre). (Interview 2009.)

The afore-mentioned indicates that the fields of expertise that impact the industry form large entities with numerous actors. The basic idea of the project, i.e. using natural materials, serves as a type of outline, which principally defines the actors interested in the project. Merging the actors and different fields of knowledge was both a key objective and the precondition for the project to succeed. Employing eco-friendly materials was an innovation; the materials can be applied for a diverse range of production and business activities. The choice of material has potential wider impact (Interview 2009).

The main fields that bring and gain added value by using environmentally-friendly materials include the florist industry and crafts. Creativity is both a production characteristic and operational logic for both of the industries.

The idea of using local natural products was received enthusiastically by artisan entrepreneurs and crafts companies, as it matches their views on suitable materials for decorative crafts. Local, eco-friendly materials were also seen to generate added value to the end products. A shared value basis in the crafts industry, which does not merely esteem financial factors, also serves as an explanation for the willingness to adopt natural products (Interview 2009).

The needs and knowledge of the florist industry were assessed by means of a questionnaire implemented at the preliminary survey stage. According to the questionnaire, shops were very interested in using domestic natural materials, and these were already collected and used on a small scale. Uncertain availability was mentioned as a hindrance to a more extensive use of natural products. It was also felt that domestic products could not be sold at a significantly higher price than foreign products (Interview 2009).

Collectors and producers were reached successfully by disseminating related information through the networks of, for example, the Rural Women's Advisory Organisation. This resulted in attaining an adequate number of persons interested in collecting. The operations of the collection chain were promoted by producing collection instructions and vocational training for berry, herb and mushroom inspectors in cooperation with the Finnish National Board of Education (Interview 2009). The project also involved drawing up a presentation, which in practice led to the proposal of MP Olli Nepponen to remove VAT on specialised collection products (EcoDecora Final Report 2007).

Educational and research institutions were able to respond to the specific questions raised by the project in the form of theses. Häme University of Applied Sciences carried out a study on the quality requirements of eco-friendly unpeeled willow. The attitudes of forest owners towards collecting were studied by means of a questionnaire targeted at forestry associations.

Assuring funding authorities of the significance of the field proved challenging. This was mostly a result of the general perception of financiers that the field had little financial

importance. However, the preliminary survey project clearly indicated interest among entrepreneurs in the field, and resulted in a positive funding decision among authorities (Interview 2009). Although the current volume is relatively modest, the importance of the field lies mainly in its future potential. The prospects are particularly positive in the export of products based on natural materials, travel and adventure, and recreational services.

The potential of the industry described above has substantial significance. Even by definition, a development project is about presenting and promoting a specific industry, which is still small and shows little growth. Creativity and innovation have a role in paving the way for new success stories. This occurs on the edge of what is possible, and always involves a risk.

The project coordinator has a key role in weaving together the network and enabling encounters. The coordinator needs to be aware of all the fields significant to the project, so that different operators perceive the project as credible. The coordinator is also required to enter meaningful conversations with representatives from different fields, and transmit information between them. That the coordinator assumed an outsider role in relation to the special interests of each participating field was seen as particularly important. This ensured that activities remained neutral and trust could be promoted between fields that rarely came into contact otherwise. This aspect is of value especially when operating with rival companies (Interview 2009).

The combination of the fields that participated in the EcoDecora project defined a unique creative industry structure, where nature, originality and authenticity (Eco) were merged through crafts with the aesthetic and the values and meanings derived from it (Decora). Rather than for producing nutrition, ecological raw materials were used innovatively for creating ecological utility articles and 'food for the eyes'.

The project launched the concept of 'local food for the eyes', which refers to integrating local materials and aesthetic aspects (EcoDecora Final Report 2007). This way, meanings related to authenticity and eco-friendliness could be attached to the products of local crafts entrepreneurs, thus increasing the intensity of meaning (*cf.* Koivunen 2004) in terms of one particular dimension.

### Network management as knowledge creation

According to Nonaka and Takeuchi (1995), the management of tacit knowledge along with conceptual knowledge has a key role in the process of creating and using innovation. Knowledge of the crafts industry that utilises natural materials is versatile; it is both conceptual (focused) and operational (tacit). In the context of the EcoDecora project, operational knowledge was principally represented by the creative and technical competence of the existing entrepreneurs and artisans. Subjects of this knowledge include, for example, wild plants and their use and appropriateness for crafts as well as an understanding of the aesthetic and immaterial values related to materials. Conceptual knowledge was brought by the educational and research institutions participating in the project through theses, as well as the Ruralia Institute of the University of Helsinki, which served as the coordinator and, among other things, conducted a systematic questionnaire.

Studies generated in the form of theses were of an applied use, and included a development-oriented knowledge interest. It can be generally stated that the normative knowl-

edge of development-oriented projects is intentional and future-oriented, and particularly interested in *possible* operational outlines and problem-solving (*cf.* Seppänen et al. 2008).

Information management and problem-solving need to be supported by knowledge produced not only from external, but also internal operating environments – the individual and shared competence sources of network members (Nonaka–Takeuchi 1995, 130). Joint events were important forums for constructing knowledge within EcoDecora. Market and fair events resulted in feedback from consumers on the factors they appreciated in crafts products. A total of almost 80 different events were arranged during 2004–2007.

The arranged events stemmed from a view that characterises applied research and development, whereby increasing interaction among the members of the chain is vital for developing the field and creating new knowledge. Interaction among the participants resulted in a new willow product range, which required mobilisation and communication from the actors, identifying critical points, building trust and agreeing on operating principles.

The joint EcoDecora forums became important fields of knowledge production and innovation, in which interaction was practical and problem-based. In the production of the willow range, for example, internal knowledge and interaction among the different actors were vital for achieving the objectives.

Shared formation of knowledge and innovation would not have occurred without the overall objective of the project. In other words, the role of the coordinator of the network is crucial. The coordinator was also expected to remain neutral in relation to participants. Trust and interaction necessary for development would not have been achieved without a neutral mediator.

The interaction network created by EcoDecora made use of existing knowledge, but also created new knowledge and competence on both an individual and general level. Activities of external bodies, such as the university, involve intensive practical cooperation with local actors as well as cooperation which is strongly tied with the interest of conceptual knowledge. The project formed a concrete framework in which different actors simultaneously produced credible knowledge for different purposes and in different ways.

## 5 Local management of a creative economy

According to our analysis, identifying the special character and meaning of crafts was a pivotal success factor for the EcoDecora development project. The process, product and maker cannot be separated from each other when developing the field of crafts. The creative process must be meaningful to the maker, in which the act of creating entwines with the identity of the creator – the way artisans define themselves.

Developers of creative domains must possess the sensitivity to recognise the special character and meaning of the field, and examine the development process as a unique whole. Otherwise there is the danger of also losing the financial prospects available with the growth of the creative domain.

The key idea of EcoDecora was to combine the use of natural materials with the field of crafts. A permanent cooperation network, sub-networks and small companies in the field that were established as a result of the project all speak of the feasibility of the idea. The materials inspired the participants and represented meanings and values that they

subscribed to. Artisan entrepreneurs welcomed the idea of using natural materials for several reasons : it was seen as appropriate in terms of meanings defined for crafts and it became accepted as part of the crafts process and products as well as the professional identity of artisans.

Above all, the value of EcoDecora is in its introduction of a local 'growth platform' to the natural products industry. Although the present financial standing is somewhat modest, the growth potential of the field is favourable and business potential is set to multiply as the importance of ecological dimensions grow. This potential signifies the fields of knowledge and activity in the natural products industry being connected with new contexts of competence and meaning. For example, increasingly versatile service-based businesses can develop around the natural products industry.

### Developing the creative domain through creating a meaning and value chain

On the basis of the analysis above, the local development logic of the creative domain can be crystallised in the idea of using project-based resources and tools to create a meaning and value chain disseminated by participants in the field, with versatile competence and knowledge being transformed into unique products for the market. The value and meaning structure associated with local materials and competence will form a potential that can reach global networks and businesses.

Creating a meaning and value chain constitutes trust-sensitive activity, in which especially the role and task of the coordinator is of vital importance. The coordinator must be aware of the factors related to the domain as a whole, and be able to communicate and present the wider picture to financiers and other stakeholders already at the planning stage. The coordinator must also to some extent be able to manage different elements of the project and problems related to them. Finally, the coordinator must be able to inspire collaboration and gain the trust of each participant, so they are ready to take operational risks.

Based on the case analysis, we have narrowed down the following as the key principles for local management of creative domains:

- Identifying tacit knowledge is particularly relevant for developing creative domains, as the key meanings and values of the creative process are constructed through it.
- New knowledge is not simply managed by a certain implementer, but is the result of the entire operational meaning and value chain.
- Making tacit, creative knowledge of different participants explicit can be promoted and enabled. By promotion we refer to a kind of 'mentoring', through which external (e.g. research) knowledge is combined with tacit knowledge. We understand mentoring as an ability to build a meaning and value chain.
- The neutrality of the coordinator in relation to different fields and actors is important for the processes. This ensures that different parties have trust in the development process.
- The creation of a new meaning and value chain takes time, and its economic significance may not be revealed until later. This is a key challenge in society focused on the short term.
- The duration of development projects within the creative industries should be longer than at present (1–2 years).

## Possibilities and impossibilities in developing creative industries

The task of regional development of creative industries in the information society can in practice involve confronting great paradoxes and risks. One of the biggest risks is "killing the spirit", as discussed in Kimmo Kainulainen's article in this publication. If the special nature of developing creative domains is not understood, the wrong development concepts may 'tame' the creative inspiration of regions and localities. The example discussed in this article illustrates how developing creative industries is a sensitive craft. A skilled coordinator can, however, succeed in the task.

The case of South Savo also shows that creative industries must be developed through a multi-perspective approach. National policies and programme frameworks play an important part. It is highly unlikely that a comprehensive strategy would have been launched in the province, if the topic had not been raised on a national level. A creativity policy that strengthened and concretised into a broader discourse on creativity formed an important background supporting provincial strategy work.

However, steering regional development programmes in creative industries is not without its difficulties. The right steps were taken in South Savo: the situation was analysed and development challenges were identified through an extensive survey. In addition, several strategic guidelines were drawn up to support the development work. Putting the regional strategy into practice proved, however, problematic, and no clear model for it was established. On the other hand, the crucial role and importance of networks in implementing the strategy were recognised.

The problem is understandable, and highlights the difficulty of developing the creative domain on a local level. The case analysis shows that despite its numerous critics, project-based development can be successful in the hands of a skilful coordinator. However, closer analysis indicates that the mechanisms of the local management of creative domains present plenty of challenges for research and methodology. The following questions should be addressed during practical implementation:

- a) Which bodies are competent for building the meaning and value chains of creative industries?
- b) What kind of competence and understanding does the coordination require?
- c) Which tools and resources are needed?
- d) What is the most appropriate decision-making mechanism for directing the resources intended for developing creative industries?

Ultimately the question is: Who decides what is possible and impossible?

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# The creative economy can only develop by linking creative centres and the potential of regions

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In the debate on the building stones for a successful future for Finland, which has been ongoing in Finland since 2004, the concept of creativity has been increasingly linked with the economy and competitiveness. Creativity has come to be understood as the creation of new meanings and an ability to combine things in a new way. It is more than art, culture and science as perceived in their traditional sense: it is connected with all human activity.

In October 2008, the Government accepted the report on Finland's National Innovation Strategy, which is almost certainly expected to become a national policy model and to strongly influence current thinking on the subject. According to the report, developing Finnish innovation activities requires new, more comprehensive steering practices and progressive policies that rely, as before, on a strong competence base.

The financial crisis that rapidly spread throughout the world in autumn 2008 and the subsequent global recession that started in 2009 are forcing us to seek new and radical ideas on how to develop the Finnish economy and innovative models. At the same time as the world is struggling with the financial crisis, Finland is facing a structural change in the economy, an aging population and climate change, all of which add to the pressure to find new perspectives and solutions. Traditional administrative boundaries will have to be crossed, and the changes must be managed through efficient public innovation policy.<sup>1</sup>

## 1 Creative industries at the heart of innovation activities

The Government report places an emphasis on the broad identification of creativity and creative industries as well as capitalising on creativity in the development of innovation

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1 [http://www.tem.fi/files/21010/National\\_Innovation\\_Strategy\\_March\\_2009.pdf](http://www.tem.fi/files/21010/National_Innovation_Strategy_March_2009.pdf)

policy. The main focus of the report is on strengthening demand- and user-based innovation policy, which stresses the development of products and services based on customer needs, the systematic use of market incentives and the involvement of users in development work. A particular challenge in developing innovation activities is harnessing the creativity of individuals and communities.

Successful innovations are created when creativity or new creative meanings become social practices in various communities. Creativity thrives in the right conditions and operating environment. Innovations are therefore processes by which creative meanings are connected and social practices change. Hannele Koivunen, Counsellor for Cultural Affairs at the Ministry of Education, wrote about this issue in 2004 in terms of “growth in meaning-intensive production”. According to Koivunen, meaning-intensive production and the creative economy are becoming crucial assets in international competition. Many countries have adopted the development of the creative economy sector as a key strategy in international competitiveness.<sup>(2)</sup>

The meaning-intensive industries cover new operational concepts, services producing experiences and, in general, modes of operation that involve an element of experience. In the 21st century, these include, for example, design in its broad sense<sup>(3)</sup>, architecture, publishing, advertising and marketing, music and music distribution and, more importantly of late, digital content services and their production as well as the development of production platforms.

Creative competence is organically linked to the traditional economy through various interfaces and consumer culture. Digital services are part of the electronics and ICT industries, while cultural content may form part of well-being and tourism services. Direct mobile and Internet access for consumers, users and customers make traditional cultural services, such as library information, literature, the arts as well as visual and musical offerings, accessible to the public in a completely new way.

## **2 Innovation development requires dynamism from the regions**

In terms of the creative economy and innovation development, localities and environments are crucial. Silicon Valley and Tokyo are important to Finland in that respect. Similarly, Oulu and Kuopio are important to Bangalore and St Petersburg. A networked world enables interaction that crosses all borders. In the Finnish debate, innovation policy is too often perceived from the national perspective without giving any consideration to the needs and potential of the regions and sub-regions.

Strengthening creative industries in Finland and steering national innovation cannot be successful unless the diversity of Finland’s rural regions and the potential arising from the local character, which often remains hidden, are not harnessed alongside the innovation capacity found in urban areas.

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2 Staying Power to Finnish Cultural Exports The Cultural Exportation Project of the Ministry of Education, the Ministry for Foreign Affairs and the Ministry of Trade and Industry, 2004.

3 Traditional product design, graphic design and video, animation and digital 3D production

We live in a world where competence and creativity are centred on geographical concentrations, geographical spikes of innovation<sup>4</sup>. Some regions are more innovative and better at developing new concepts while others attract people, companies and new ideas. For example, Oxford University in the UK is one of the world's best innovation environments where research and new knowledge have resulted in a concentration of hundreds of companies that are engaged in commercialising innovations. Regional innovation environments, following the model of Silicon Valley or Seoul National University's science park, have emerged all over the world. In Finland, the area around Oulu and the University of Oulu is one of the most significant regions nationally for ICT and innovation development in the sector.

However, little attention has been paid to understanding and developing rural resources in addition to realising the potential in urban areas. The strength of rural regions and small local communities lies in their being different from population centres. A community with diversity and dynamism, even to the slightest degree, is a potential asset that should be acknowledged in developing the national creative economy and innovation environment. A development policy that focuses solely on the national and urban level will never suffice. Culture-intensive knowledge and competence, in particular, are always tied to time and place and can seldom be removed from their original context.

The strength of urban areas and other population centres lies in their ability to offer a strong business presence, an intense marketing environment, critical consumers, well-established networks for various operators, financing and the expertise of various organisations all in one location. A creative and innovative centre thrives on growth, a constant need to find new ideas, competition, a well-developed operating environment and the buzz of creative people.

Rural Finland and smaller communities are facing different challenges and changes. Rural Finland does not, and should not, operate on the basis of a similar model to that of the strong, growing innovation centres. A successful innovation policy can be adapted to the unique capacity of rural regions to create their own input within the broader development framework.

In rural Finland, creative industry specialists and creators of new ideas are most likely to be found working in small businesses or as entrepreneurs or freelancers. Creativity in rural regions is integrally linked to the local environment and understanding its needs and potential. Those working as entrepreneurs in rural regions are often the first to identify new opportunities and initiatives that could be taken further. For example, climate change can be seen in daily observations in forests, and as unexpected variations in water levels or other environmental changes that can be reacted to through new ideas, and in the best scenario with local ones.

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4 See National Policies as Platforms for Innovation, Reconciling a Flat World with Creative Cities, <http://www.actonline.org/documents/070207-ACT-Innovation-Report.pdf>

### 3 The creative and innovative potential in rural regions should be developed

In order for Finland to become a truly attractive centre for the creative economy and to become a globally significant player with high-level expertise, it must address the question of improving creative skills at the local level.

A key method in developing rural regions is for them to present themselves as viable partners for strong centres. This can best be achieved by fostering the regions' own skills centres and markets.

Another important factor is to improve networking tools and technologies so that rural regions can be part of the "common network of centres and regions" as respected partners. One practical development project for fostering the creative industry and innovation should be the development of new, easy-to-use, Internet-based digital media tools to support the access of regional and local communities to national and global networks.

An interesting form of regional co-operation was launched in Japan a few years ago, whereby industrial corporations that utilise local sub-contracting networks started to transfer production to subcontractors. Large Japanese corporations focused their efforts on creating new concepts, brands and product marketing. The role of small and medium-sized subcontractors was then to become an expert partner organisation in production processes and technical aspects without needing to participate in product sales and customer acquisition.

One good example of such innovative small business networks is called Rodan21. Rodan21 Inc. is a service and co-operation organisation made up of small and medium-sized companies within the Higashi-Osaka region that provides its owners with jointly produced services in the fields of planning, product development and design, marketing and business consultancy.

Rodan21 also operates as a coordinator and mediator for orders and calls for tenders received from all across Japan, and it works to enhance the position of the network in relation to product manufacturing, financiers and industrial enterprises.

What is interesting in terms of promoting new skills and innovation is that in the past few years, Rodan21 has managed to establish good relations with universities and research institutes in cities and urban centres and has started co-operating with them to draw up foresight reports and market estimates on the fields represented by its owners. To commission these reports jointly on behalf of an entire network is sensible as individual companies are unlikely to be able to cover the fairly substantial costs for producing this type of background information.

Rodan21 was based on an initiative from the public sector: it was established by the City of Higashi-Osaka. The local authorities wanted to create a new type of government-initiated but privately run organisation to support small businesses in the region. To begin with, Rodan21's task was to develop independently and move away from its public-sector roots and to assume its role as a novel type of support organisation for private business. Currently, Rodan21 is owned by 15 enterprises together with the city's Economic Affairs Bureau.

Rodan21 is a virtual enterprise that serves as its owners' front desk and service brand towards its customers. In Rodan21, the owner enterprises have identified and established themselves as the virtual enterprise's business units.

The most important task of the network is to serve external customers on a one-stop shop principle. The network also keeps close tabs on its owners' needs and compiles product and production ideas for further development with the aim of finding suitable customers and potential producers for new products. Rodan21 also coordinates planning, marketing and product development operations and offers the services of its planning, agency and logistics network.

#### 4 The strategic path for regional development

In principle, there should be no impediments to maximising the creative potential in Finland's rural regions and smaller communities. The dynamism of skills development and innovation activities should not be restricted by boundaries created by central administration.

What is stopping us from approaching regions that have negative net-migration, which will be the first to face the demographic reality of an aging Finland, from a new perspective? Must aging always mean retiring unnecessarily early and retreating into a private, passive world?

Would it be possible to find a municipality or region that could make more creative use of the extensive experience and life histories of the aging population? Could a region establish a profile for itself as a centre for "senior entrepreneurship"? Creating products from the experiences and good practices learnt over the course of life could be an incredibly interesting development target for Centres for Economic Development, Transport and the Environment and business incubators when stimulating creativity and new ideas. Regions should also consider how to exploit international trends of change and alternative lifestyle, such as the global Slow Movement. For example, the small municipality of Heinävesi in Eastern Finland seriously considered joining the Slow City network a couple of years ago<sup>5</sup>.

Another focus of regional development should be on how to interlink innovative centres and regions so they become viable entities. This question should be approached from the perspective of a more sophisticated interpretation of the traditional cluster thinking. The new model should be sensitive to and take into account the varying regional dimensions and potential for different operations. A bio company and research institute in the Helsinki region may be better off operating in the vicinity of the University of Kuopio, while the latter should seek international synergies with Chinese universities.

Finland's regions should start following a path made up of small strategic steps towards developing creative competence and their own innovation activities. International examples show that welcoming change and promoting creativity in regions is a long and ongoing process. In small localities, the work has to be persistent and proceed according to previously determined and strategically valid milestones.

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5 See The Cittaslow (Slow City) network website <http://www.cittaslow.net/>

# Creating a sustainable basis for co-operation between workplaces and the cultural sector: Case TILLT in Västra Götaland <sup>(1)</sup>

*Pia Areblad*  
*CEO, TILLT Västra Götaland*

## 1 Background

The national Skådebanan movement was established by Anna and Hjalmar Branting in Sweden in 1910. The aim of the organisation was to introduce culture to audiences that normally did not come into contact with it. Riksteatern, Sweden's largest nationwide theatre, evolved from Skådenbanan and became an independent organisation in 1949, giving performances throughout the country.

Skådebanan Göteborg, which in 1999 became Skådebanan Västra Götaland, was established in 1973 as a joint effort between LO<sup>(2)</sup>, TCO<sup>(3)</sup>, and SAF<sup>(4)</sup> as well as cultural institutions and liberal education organisations. The objective was to take culture to new forums within the world of work. Up until 2001, the main channel for this work was undertaken by cultural liaison officers within workplaces, who sold tickets to cultural events in Göteborg.

In 2001, Pia Areblad was appointed CEO and her task was to expand the operations and make them regional. The operations were to be expanded to 49 municipalities with-

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1 Skådebanan Västra Götaland was renamed TILLT as of 1 January 2009. The reason for this was the expansion of the organisation's activities to the European level, after which the old name was no longer useful. There are several Skådebanan organisations operating independently throughout Sweden, so this also helped avoid any confusion regarding their operations in relation to TILLT.

2 The Swedish Trade Union Confederation.

3 The Swedish Confederation for Professional Employees

4 Former Swedish Employers' Confederation, since 2001 the Confederation of Swedish Enterprises

out any additional funding. Achieving this was a major undertaking. - Areblad wanted to integrate culture more deeply into working life, instead of merely providing employers with easy access to tickets for various events. She wanted Skådebanan to assume a more prominent political role and build a financially viable organisation that would be independent from public funding. At the regional level, the goal is to develop the interface between workplaces and the cultural sector. This means creating as many points of contact as possible between the two spheres.

Since 2001, the turnover of TILLT has doubled and the level of self-financing has increased from zero per cent in 2001 to 65 per cent in 2008. Turnover in 2008 was approximately SEK 9 million <sup>5</sup>

## 2 Reorganisation

When the development of the operations got underway, two issues stood out as priorities. On the one hand, it was necessary to strengthen the status of culture in the eyes of employers, and, on the other, to streamline the activities of Skådebana Västra Götaland.

Swedish trade unions had for some time been showing interest in incorporating cultural activities into the workplace. They had also launched cultural programmes of varying quality.

When Skådebanan Västra Götaland was established in 1973, trade unions and employer organisations were both represented. This was unique and significant for the entire operations of the organisation. The former Swedish Employers' Confederation, currently the Confederation of Swedish Enterprises, had been a member since the 1980s but had later resigned. Areblad considered their active membership to be very important, as the organisation would improve Skådebanan's credibility and leverage in reaching companies and organisations through the channels its involvement would provide. In order for employers to take the issue seriously, they needed to recognise the advantages of bringing working life and culture together. Lobbying started 2001, and the Confederation of Swedish Enterprises has since rejoined and, as of 2008, its representative has chaired TILLT. Currently, TILLT's contracts are concluded with company management. Under the contracts, employers commit to offering cultural activities as a preventive health care measure in the workplace, just like massage or gym membership. Culture stimulates the mind and increases creativity, which in turn translates into successful businesses.

In streamlining Skådebanan's activities, which mainly focused on providing cultural offerings and making ticket reservations on behalf of cultural liaison officers in companies. In Areblad's opinion, the reserving of tickets could be stopped completely, as the cultural liaison officers could easily book their tickets over the Internet. Instead, Areblad wanted to upgrade the training for cultural liaison officers. Today they are known as "cultural ambassadors", and their task it is to introduce cultural values into the workplace and find

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5 The operations were financed in 2008 from nine sources: 35% from the regional appropriations granted by the Regional Development Committee and the Cultural Affairs Committee of Västra Götaland, 4% from the Swedish National Council for Cultural Affairs, 4% from two types of membership fees, 3% from development co-operation with companies, 10% from training cultural liaison officers, 23% from various artistic services provided for companies, and 22% from the earnings from the Airis project.

out what specific needs within the workplace could be addressed through artistic and cultural competence.

In order for Skådebanan to build trust among local cultural actors, it does not produce culture itself, but has assumed the role of mediator between professional culture production and companies in the region, supporting a fruitful interaction between the two. During the development work, a review was undertaken of the methods that would enable culture to be incorporated into working life more effectively than by traditional visits to cultural events. The fastest growing of TILLT's methods is the one in which artists are placed within organisations in a role that promotes new approaches and discussions.

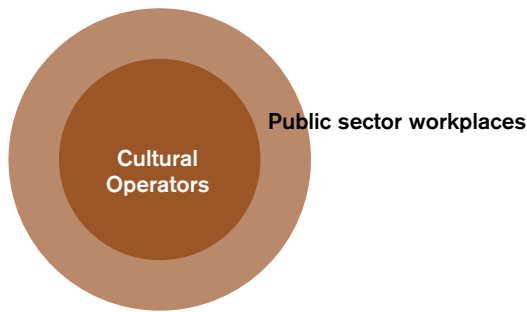
TILLT does not organise or produce events, as its role is strictly to act as a link between the cultural sector and the world of work. It cannot produce culture because it relies on good co-operation with professional producers of culture. Cultural actors affiliated with TILLT must be able to operate at the various levels of working life, depending on the customer's needs.

Based on the aforementioned guidelines, TILLT has developed a model for applying its method at the local level. The method is applicable only if the region in question has a fully functional cultural sector, public sector and private sector. TILLT operates as a mediator between these sectors.

Typically the work is initiated at a meeting with the local head of cultural affairs or the cultural secretary. Following the initial meeting, professional cultural operators who target adult audiences are then brought together. The aim is to encourage cultural operators to join TILLT and to use the organisation as a channel into working life and to pay the membership fee.



Once this stage has been completed, discussions with local authorities in charge of human resources, business development, as well as industry and health services will commence. The aim is to provide municipalities, as organisations and employers, with means for using culture as a development tool. Local authorities usually have a cultural strategy or appropriations available for use by municipal residents. TILLT aims to make the local cultural life a resource for developing the municipality as an employer and organisation. The goal is to draw up a creativity plan with the local authorities. Creativity plans cover various measures by which culture could be used for strengthening the internal functioning of the municipality as an organisation. Establishing the process and drafting an agreement with the local authorities lasts 2–4 years. All contracts are signed by the municipal manager or the head of human resources. Cultural investments by local authorities are not funded from cultural budgets but from HR, development and marketing budgets.



While the activities are being established within the public sphere, the assessment of the private sector enterprises begins. This is carried out in co-operation with TILLT's member organisations and business partners. These include the Confederation of Swedish Enterprises, the Association of Swedish Engineering Industries, the Swedish Trade Federation, The Swedish Trade Union Confederation, The Swedish Confederation for Professional Employees, Rotary clubs, national and local entrepreneur organisations, business development units of municipal federations, municipal business development directors and local business development units.

To reach companies and organisations, TILLT organises introductory events at trade fairs and conferences, as well as lunch and breakfast meetings. <sup>6</sup> These introductory meetings are followed by meetings with the senior management of the various companies. The aim is to draw up a creativity plan for each sector of the company's operations.



### 3 How to integrate culture as a resource in regional development?

TILLT aims to show that culture can be a real resource in the development of a region or municipality. To this end, it has developed a host of artistic methods tailored to the needs of workplaces in the public and private sector. This has involved an extensive amount of work in creating a common vocabulary, training for cultural operators and measuring the viability of the methods. According to Areblad, TILLT still has a long way to go, although the activities are off to a good start.

<sup>6</sup> In 2008, TILLT participated in 50 different events to explain about its activities.

Currently, TILLT is at the stage of drawing up creativity plans for local public sector and other organisations.

The plans comprise three levels:

It is of primary importance that municipal organisations and private companies have trained cultural liaison officers, who can produce information on the significance of culture in the world of work<sup>7</sup> These liaison officers are continuously being trained in co-operation with the region's cultural sector. Several companies and organisations have designated fitness coordinators to encourage people to take physical exercise. However, physical health is not the primary reason for sickness-related absences. Understanding how motivation and the sense of importance of one's own work are connected is an increasingly significant consideration in terms of improving occupational health. Culture has a lot to offer in this respect. By training cultural liaison officers, TILLT will ensure that work communities have the ability to take advantage of the cultural offerings available to them.

At the second level, artistic content is tailored based on an organisation's needs. This requires that the opinions of staff and management are considered in matters related to equality, multiculturalism, the value base, motivation, the development of ideas, etc.

With the organisation's needs and goals acting as the basis, TILLT presents the available artist workshops, activities or performances that might be appropriate. The artistic process should penetrate all levels of the organisation. For the cultural input to be of a high standard, it is a requirement that TILLT provides support for the artists working at workplaces. All the processes are evaluated and currently the satisfaction with the appropriateness of the activities in relation to the needs of the workplace has been rated as 4.5 out of five.

The most holistic method currently available is the artist-in-residence programme Airis<sup>8</sup> Airis helps improve the innovation capacity within an organisation, but it can be beneficial in other areas as well. Airis is an open process in which an artist works in close collaboration with a company or organisation. The focus is on the processes that are set in motion when a professional artist meets the reality of a workplace.

The objectives of Airis are linked with:

- cultural policy: to create new interfaces between the cultural sector and the world of work in the private and public sectors.
- business development: to foster the creative potential within an organisation and thereby improve its competitiveness
- art policy: to develop art and encourage the use of new working methods

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7 In December 2008, TILLT had 1,100 cultural liaison officers, reaching approximately 50,000 employees in companies and organisations in Västra Götaland.

8 Since 2002, 64 Airis projects have been carried out, each lasting one year. From 2006 onwards, Airis programmes have been funded by workplaces themselves.

It has been one of TILLT's central tenets that Airis has no goals or role in relation to labour policy. If business and industry consider that art and culture should be introduced in workplaces primarily to create work opportunities for artists, it would impede the long-term development of TILLT's activities. If today's world of work wants to strive for healthy, successful operations, it cannot afford to overlook the competence that art and culture have to offer. If this is understood, the artistic input will be taken seriously.

Airis uses artists as a creative catalyst that can shed light on issues from a variety of angles to generate debate and to reflect on an organisation's activities. The project is launched by a two-month introductory stage, during which the artist, aided by an internal project team, familiarises him or herself with the company and its operations. After this, the team draws up an action plan which specifies the areas that the artist will concentrate on. These could include raising the status of a specific occupational group, promoting independent thinking, improving the atmosphere, or revealing power structures within the organisation. The action plan is implemented for six months. TILLT Västra Götaland acts in a background supporting role during the process, and organises three larger seminars during the year to bring together the results of ongoing Airis projects.

## 4 The results

TILLT considers that Airis provides added value to both the world of work and the cultural sector. TILLT has focused its efforts on finding out how much value cultural investments bring to business life, which is information that is very difficult to establish. According to Pia Areblad, businesses pay for the activities, so it is important to be able to show what the return for the investment is.

The Institute of Management Innovation and Technology (IMIT), run by Chalmers University of Technology in Göteborg and the Stockholm School of Economics, is carrying out a follow-up study on TILLT's activities.

It has discovered the following impacts:

- **Impact on the atmosphere in the organisation:** approximately +10% The greatest impact is shown to be on the time spent on ideas creation (+17%) and a reduced risk of conflict (-12%)
- **Improved working atmosphere:** an improvement of one point on a four-point scale
- **Health:** the workplaces where Airis projects have been implemented have seen a reduction in absences due to illness The cost savings achieved vary between EUR 30,000 and 130,000, depending on the size of organisation.
- **Happy customer and happy employer indices** can be calculated for most workplaces: An improvement of c. 10%
- **Improved company image:** TILLT conducts active publicity work. All companies in which an Airis project is being implemented receive coverage of at least a full page in a daily newspaper. The media value of editorial content is estimated to be five to ten-fold in comparison to bought advertising. The value of such exposure is estimated to be worth EUR 30,000–60,000

In-depth interviews have also revealed positive effects in a variety of aspects of people's daily work, including: team development, mentoring, health-care work, marketing, the

environment, presentation techniques, customer meetings, product development, management team work, change management, trademark profiling and operational development.

## 5 The role of the artist

The artists involved in an Airis project are not primarily employing their technical performance skills, rather they use their ability to read social phenomena and the dynamics at the workplace. Sometimes the artist is used for confessionals or solving conflicts. In order to maintain the necessary distance and be able to introduce new perspectives, the artists must enjoy strong artistic integrity and have a genuine ability to listen to people and act as strong background support. We have noticed that several artists that have been involved in an Airis project have gained a deeper understanding of their own professional capacity. Many of them have also managed to find additional work through Airis. Some artists have reported that they have developed as artists through Airis work. Most of the Airis artists have continued with target-oriented activities through TILLT by tailoring artistic projects for the world of work.

Bringing art and culture to the the world of work may open up unforeseen opportunities. Through adequate support for the process and true appreciation of the artists' role, the value of this form of activity will become acknowledged. If, on the other hand, artists have to expend considerable effort marketing and selling their competence to employers, there is the risk that the artistic content of projects will suffer. With sufficient support for the co-operation between the two spheres, both stand to benefit and the activity will be less of a burden on public resources. Areblad's goal is to actively promote this development in the Nordic countries.

# Bridges between artists and regional development to promote welfare

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## 1 Introduction

Culture, the comprehensive provision of education, safety and services are seen as important factors in developing regional competitiveness<sup>1</sup>. Finding solutions to the challenges of the creative economy and culture strengthens regional cohesion and innovation activities. The cultural industries, as part of the creative sector, play a key role in the search for new opportunities that extensively promote welfare as part of regional development. Business activities within the cultural sector have a direct impact on the regional economy<sup>2</sup>. Culture strengthens the creativity potential and social integration of communities. In the context of the living environment, the influence of art and culture is an important resource for both communities and individuals.

In promoting welfare, the role of culture and art can either be unique in itself, instrumental or transformative. The transformative role sees culture as an element that strongly changes a community or region, increases knowledge, trust and social capital, provides space for creativity in regional development, and fosters the search for new solutions. Transformative, creative processes can open up new opportunities for administrative bodies to adopt welfare and sustainable development models. The consideration of all three factors generates the best results for promoting welfare through culture.<sup>3</sup>

According to the policy programme for health promotion, culture and art are a means for promoting health and welfare. According to the programme, research shows that art and cultural activities have a significant impact on welfare during a person's various life

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1 KOKO:n (alueellisen koheesio- ja kilpailukykyohjelman) ohjelma-asiakirjan taustamuistio. Työ- ja elinkeinoministeriö 2008. Saatavana: <http://www.tem.fi/koko> Programme Document of COCO, the Regional Cohesion and Competitiveness Programme 2009

2 According to the Culture Satellite Account, the added value of the cultural sector totalled an average of EUR 4.6 billion in 2006. The sector employed ca. 102,000 persons. In addition, cultural events and cultural tourism have been found to have direct economic impact.

3 von Brandenburg 2008

stages. Art and culture are seen to increase a sense of community.<sup>4</sup> The development of culture-based welfare services has been adopted in different parts of Finland. A key element in the trend is to merge expertise in cultural and artistic fields with that of other fields. Good practices in terms of developing the creative industries were analysed in 2007–2008 in 26 workshop sessions of a project initiated by the cultural network of the Regional Centre Programme (RCP). The round of workshops considered sub-regions and provinces to be the most relevant areas of operation. Development needs were identified in the following areas: networking; developing business services for the creative industries; increasing productisation competence; communication and dissemination of information; and coordination. Regional networks and business services emerged as the most important development targets.<sup>5</sup>

This article seeks in particular to highlight the importance of competence within the fields of culture and art as part of the creative economy, as well as to examine how best to exploit this competence in developing regional activities that promote welfare and develop services. In addition, the current challenges of Finnish regional development and their related solutions are presented. The material was compiled by interviewing individuals working in the cultural sector within regional cooperation. Finally, the article presents conclusions for developing future activities. A model of the Swedish TILLT organisation for arranging activities between artists and businesses using an intermediary organisation is included.

## 2 Finnish experiences, challenges and development needs

The article addresses questions related to the development of Finnish regional cultural and art-based welfare services. It also examines whether an intermediary organisation, such as TILLT in Sweden, could be developed in Finland. Interviews were conducted with a total of twelve professionals in the fields of art and culture and an expert in economic network development, whose tasks relate to the promotion of welfare and/or the development of cultural and art-based welfare services. The interviews suggest that professionals in the fields of art and culture are increasingly involved in various development models targeted at productising and marketing culture-based welfare services.

### Experiences

Art and culture have played a vital role in developing the regional image of dying industrial areas, such as the mining areas of the Ruhr in Germany as well as Liverpool in Great Britain. Several Finnish provinces already have experience of culture-driven welfare projects, although some provinces seem to get overlooked with respect to these activities. Culture-based welfare projects have been launched, for example, in South Ostrobothnia (Hyvinvointia kulttuurista Etelä-Pohjanmaalla (Welfare from culture in South Ostroboth-

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4 Terveyden edistämisen politiikkaohjelma 2007 (Health Promotion Policy Programme 2007). Chapter 7.2 Kulttuuritoiminta (Cultural activities). Finnish Government. Available from: <http://www.vn.fi/toiminta/politiikkaohjelmat/terveys/ohjelman-sisaeltoe/fi.pdf> (24.4.2009)

5 Parkkola 2008

nia)) and South Savo (Hakku project). Current EU and Finnish regional policy is based on the proactive nature and innovation capacity of each region, with the European Capital of Culture projects serving as an example. EU funding is a beneficial added resource for local cultural activities, as the support is directed at existing or planned institutions and networks. Regionally, however, projects are often forced to compete with each other for funding. In addition, the projects are of a temporary duration and new ones must be planned to replace those coming to an end. The opportunities of participants in the fields of art and culture to apply for project funding are also impeded by insufficient project expertise and a lack of networks. The liquidity of participants poses a problem especially in larger projects. Support for smaller projects may be available through funding for local action groups in rural areas.

Those involved in different projects do not necessarily collaborate even when the objectives of the projects are similar. However, closer cooperation could eliminate overlapping activities and lead to the more sensible distribution of functions and tasks among the projects. A number of welfare projects focus on developing technology-based innovation. Multidisciplinary welfare projects, which integrate new technologies with cultural and welfare expertise, can create interesting solutions that improve the quality of life of the aged and special groups, for instance.

Multidisciplinary approaches to developing cooperation should be increased, even though it is difficult to encourage actors from different fields to work in a user-driven way for the benefit of local inhabitants. Users, such as senior citizens, have come to expect more from services than before, and are willing to participate in developing services. Art-based communal, participatory operating methods enable the involvement of residents in planning cultural welfare services, for example in service centres, and in this way a user-driven perspective is taken into consideration.

It is highly likely that the expertise of professionals in the fields of art will be capitalised on to a greater extent in the future. Art institutions, such as large theatres, have traditionally employed professionals with degrees from art universities. There is a third group of art professionals in between amateur groups and professionals with a higher education degree. Often educated at polytechnics, they have actively established registered associations and cooperatives in different parts of Finland in order to pool resources for putting together and selling art productions. However, a large number of art education programmes offered by polytechnics nowadays create expertise relating to the applied use of art as well as art and creative therapies, which is very beneficial for welfare services. Applied art education provided as postgraduate studies for artists develops interaction skills, which are a key element in art activities that promote welfare. So far, this type of expertise has not been exploited sufficiently well in developing regional welfare services.

## Challenges

The expertise of artists is established through a long and exacting process of practice. Maintaining this level of expertise requires artists to constantly update their skills in their own field of art. Specialisation in applied art or productisation, for example, is yet another demanding process that requires further studies. The work of an artist is often defined by values other than productivity. In developing cultural welfare services, productising and marketing work requires artists to focus on areas outside their core compe-

tence, which demands both time and effort. Financial support for these activities is often not available until the product has been presented as an attractive package in conjunction with actors from other sectors in the region so that it finally sells. It has been noted that artists and the cultural sector often do not directly gain from the economic effects of cultural activities, but the region's other industries, such as the hotel and catering sector, reap the rewards<sup>6</sup>.

Compared with the sports sector, the field of art and culture is rather unorganised. Permanent, effective cooperation structures have not really been established over the years, and the number of participants and resources are low. Instead of working together, artists are forced to compete with each other for limited funding. However, artists are increasingly pooling their resources within larger projects, although artist entrepreneurs are still able to make little use of funding targeted at developing business activities.

Some professionals in the field of applied art have had difficulty in finding employment, as the public sector does not provide suitable jobs and the development of private cultural services has not progressed as expected.

Collaboration with experts from other fields is demanding for artists, as it requires an individual input, which in practice means investing time and effort until the created product has been developed and commercialised. On the other hand, regional development within the creative industries can strengthen the productisation and sales expertise related to the artist's work, which is found to increase opportunities for independent activities that highlight the unique value of art. For example, the Art in Context degree course at Berlin University of the Arts includes study modules that support entrepreneurship skills of artists within the context of society.

Finnish enterprises and organisations supporting business operations have not fully understood the significance of artistic expertise as a promoter of innovation and creativity. In addition, the potential of art in promoting the welfare of employees and especially in supporting change management have not been exploited. On the other hand, the corporate world in Sweden and Germany has employed art as a training and development method since the 1970s. Art in the workplace is generally linked with image enhancement, but it has also been demonstrated that art can have a transformative effect on the entire corporate culture. Finland is always ready to invest in technology, but is there a willingness to invest the same amount in the very core of companies: their staff and means for promoting creativity and welfare?

Municipal organisations that produce welfare services can be rigid. On the other hand, a rigid organisational structure can be used as an excuse for inefficient operations. Multidisciplinary cooperation continues to be difficult, as it requires the coordination of decisions, budgets and, most of all, people as well as cooperation. Therefore, redeveloping municipal processes and structures is vital.

The activities of regional artists of the Regional Arts Councils have created interesting new openings for the applied use of art in workplaces, hospitals and service and care institutions. Other related partnerships connected to the applied use of art, such as projects connected with substance abuse welfare work, the development of residential communities and the probation service, have also been piloted over the years. It has not always been easy for regional artists to find fellow artists interested in these projects. Fur-

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6 Wilenius 2004

thermore, the sale of commercial art packages to workplaces does not necessarily attract art professionals. Cooperation with corporate management has been frustrating, as management has often displayed a lack of interest in art and cultural services. Artists, on the other hand, may have difficulty in understanding the amount of work required overall. The productisation of individual artistic skills is especially difficult. However, artists who are used to applying their professional skills are not afraid of stepping beyond traditional artistic fields, and are interested in carrying out pilot and experimental projects with companies. It may take years for artists to acquire enough professional experience to be able to apply their skills. Application – and productisation – requires a certain meta-level understanding of art activities. The meta-level perspective also refers to an ability to scrutinise the content of one's own work from different angles.

The work of regional artists has also demonstrated clear differences between the cultural intent of different regions. Small localities can be eager supporters of cultural activities irrespective of their financial standing. Culture and art can be seen and heard in the lives of residents in different ways as part of construction, health and social services, art education for children and young people, as well as recreational activities for adults. Not all regions in Finland have the same level of intent, and in some cases art and culture are scarcely evident in the everyday lives of residents.

Artistic creative activity has been shown to stimulate and motivate residents and create new opportunities for third sector activities. Both commercial and non-commercial creative activity is important for regional development and the promotion of welfare. The role of municipalities, organisations and communities as promoters of cultural activities lies at the heart of non-commercial activities. Sparsely populated areas are often affected by net migration in favour of large growth centres. Developing regional cultural activities and safeguarding activities for professionals in the arts sector is just as important as elsewhere, if not more so.

Regional art institutions and other regional art activities can promote the welfare of residents through, for example, communal art activities. The operations of regional art institutions, such as regional theatres, need to be developed in a way so that they can reach remote regions, actively bringing together local residents and interacting with them. The importance of art institutions and other permanent organisations may also be significant in establishing competence and knowledge since they possess expertise that can be exploited in developing the creative industries.

Regions often lack an organisation for the creative industries that would bring companies and professionals in the field together under the same roof. The potential to fully exploit the opportunities of the creative industries in regional welfare expertise would be facilitated by means of a single body coordinating the creative sector. Trade unions look after the cultural policy interests of art professionals. Therefore, it would also be desirable for the trade unions to be responsible for including other regional parties, such as workplaces and local business life, in regional development, as is the case with the Swedish TILLT model.

In North Savo, for example, artists and artisans have created nationally and internationally successful companies within the cultural sector. However, the region lacks an organisation for the creative industries that would bring companies and professionals in the field under the same roof. The potential to fully exploit the opportunities of the crea-

tive industries in regional welfare expertise would be facilitated by means of a single body coordinating the creative sector.

In some instances, artists choose where they live according to how they perceive the opportunities to find employment in their own field. Artists work independently, but need each other and shared networks for developing their activities. For example, the regional artist residency programmes could perhaps be suitable for sparsely populated areas and for creating new contacts and networks.

### 3 Conclusions

#### Strengthening the structures in the field of art

As the actors in the fields of art and culture are not strongly organised, there is a need to clarify whether artist organisations and associations could network more closely and enhance their ability to cooperate with companies, regional developers and other sectors. The operating model of the TILLT organisation could function as a starting point for the networks.

In Sweden, TILLT has assumed responsibility for productisation and management. Its goal is to function as a bridge between artists and companies, and enable artists to focus on developing their artistic expertise and social skills. Through its training activities, TILLT supports artists in developing their own competence. Of TILLT's methods, AIRIS is most focused on the so-called 'artistic', non-instrumental use of art. The method sees artistic activity as a process that requires an element of surprise and boldness, and which is not tied to the results orientation of business life. Despite its 'aimlessness', the method is functional and its positive effects have gained attention also from the European Commission.<sup>7</sup> Although the model has been applied in companies with different organisational structures, the results have been consistent.

#### Establishment of an intermediary organisation for producing cultural welfare services

To support artists, there is a need to strengthen the activities of other intermediaries in the development of cultural welfare services. Regional networking opportunities among experts from different fields should be supported in order to develop multidisciplinary innovation. In Lapland, for example, product service design methods based on design research have been found to be applicable to in producing cultural welfare service concepts. Cultural welfare services have also been integrated with tourism services.

Activities can be implemented in the form of associations. The productions of associations can be sold to regional private care and service institutions, workplaces and municipalities, and the products can take the form of presentations in schools and nursery schools, for instance. The associations could arrange education, the dissemination of

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<sup>7</sup> According to Vladimír Šucha, former commissioner for Culture, Multilingualism and Communication of the European Commission, the cultural policy of the European Commission is embodied as good practices in the activities of TILLT.

information and meetings for the independent sector. Active associations could network with other regional actors with the aim of, for example, strengthening the structures in the field of art in question, increasing and developing employment opportunities for professionals, as well as designing and developing regional art and cultural activities. However, financial support is needed for the initial stage of the activities until the productions become self-financing.

Framil ry, a performing arts' association in Southwest Finland, is the voice for the independent field of theatre, circus, puppet theatre, performance and applied drama. Framil seeks to promote wide-ranging networks and develop the ability of performing arts professionals to operate through projects and publishing, as well as by organising seminars and discussion events through networks operating in Eastern Finland. The members of Framil include professionals, amateurs, students, coaches and independent groups.

Cooperatives made up of representatives from several fields of art constitute another overarching innovation platform, enabling artists to take their initial steps as entrepreneurs. Artist cooperatives should be developed further, as their flexible structure attracts freelance artists and cultural actors. Cooperatives can also function as intermediary organisations, and their broad multidisciplinary, which may include marketing skills, can increase expertise in service productisation.

The theatre cooperative ILMI Ö in the Helsinki region has been founded on the cooperative model, and it offers drama workshops, training and projects for people of all ages and sizes. The members of the theatre cooperative specialise in participatory and collaborative work methods.

### Strengthening networks and increasing knowledge

It is important to develop networks and the availability of information for the purpose of promoting cultural and welfare competence. In Finland, the Health from Culture network has been disseminating good practices on the applied use of art that promotes welfare. Some regions have managed to incorporate health and welfare promotion in regional planning, and projects relating to the subject have been implemented over a number of years in partnership with, for example, the social and healthcare sector and the cultural sector.

However, projects of this type have not been implemented in all regions, the importance of the subject may be not known, or multidisciplinary cooperation is still at its initial stages. Insufficient information is one of the problems of regional projects, meaning that it is not possible to exploit the benefits of previous good practices. A dedicated website needs to be launched that would present studies on the effects of culture and welfare as well as case studies on good practices. It could also contain facts to support decision-making and present the networks operating in the field.

In Finland, pilot projects in productising art activities have been implemented within both municipal and private workplaces. Despite the time and effort allocated for the process of productising art packages, the products have not gained much interest from corporate leaders. According to Pia Areblad's description on the development of TILLT, interest in the subject from corporate leaders requires thorough and long-term communication on the activities and cooperation between different actors. The model's approach and extensive cooperation should also be exploited in Finland.

When working in a new region, the TILLT model proceeds in stages in accordance with a certain model, assisted by training and seminars for management and decision-makers. So far, this type of approach has not been implemented in Finland, and the adoption of a step-by-step process is recommended. Corporate management and municipal decision-makers require training on the model in order to gain an understanding of the value of this new type of activity in corporate and regional development.

### Strengthening strategic development

A conceptual ambiguity prevails in the definition of the creative industries, which may hinder artists from getting involved in regional development work by the creative industries. Conceptual ambiguity is present in the descriptions of regional strategies and regional networks, and affects decision-making. The creative economy is not examined as broadly as it should, as the impacts created in the wake of creative contents are often greater than the expectations.

On the whole, a regional strategic approach is seen to be important, and developing cooperation requires concrete, step-by-step models. Thus far, the strategies and programmes have failed to make adequate use of professional competence in the fields of art. The approach needs to be wide-ranging and multifaceted, while descriptions of the field should also include educational organisations and service developers whose operations are connected with welfare promotion through the applied use of art.

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## Expert Interviews (November-December 2008)

- Fiikka Forsman, Theatre Director, Chairman of Framil association, Turku
- Tove Hagman, Programme Manager, Polte programme, Eastern Uusimaa
- Anne Hoppo, Nurse, Dance Movement Therapy Instructor, Karpalokoti retirement home, Pyhäjärvi
- Maiju Hyry, Director of Development, Regional Council of Lapland
- Juha Häkkänen, Actor, Kajaani Town Theatre
- Merja Isotalo, Cultural Researcher, Entrepreneur, Forssa
- Petri Kervola, Programme Manager, Terve Kuopio programme
- Anu Perttunen, Project Manager, Cultural Network AKO, Rauma
- Raimo Söder, Chairman, Theatre and Media Employees in Finland, Helsinki
- Jukka Virtala, Dance Artist, Regional Artist for Pirkanmaa 2005–2009
- Johanna Vuorenrinne, Art Historian, Regional Artist for Uusimaa 2005–2008
- Antti Vuorio, Director, Helsinki Artists' Association

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