

# **STRATEGIC DEVELOPMENT OF THE REGIONAL CULTURAL ECONOMY:**

## **Four Forms of Cultural Capital**

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## Introduction

Culture and creativity are seen as driving forces of regions and regional economies. They can be used for example to enhance the image of a region and to diversify its economic functions. Richard Florida's (2002) creative class thesis has dominated the discussion about culture, creativity, cultural policy and regional development in recent years. This creativity hype has emphasized the role of cultural consumption, cultural amenities and their role in attracting a talented workforce to a region. There has been much talk about cultural assets and their impacts but much less talk about the actual ways of developing regions with them.

To make a simplification of the situation: we know what might be achieved with culture, but we do not know how to develop the cultural economy strategically and actually to achieve the possible benefits from it. Therefore there has been a growing tendency to understand the governance and strategic development of the production side of culture and the cultural economy better as a whole. The first step in the process of strategic development of the cultural economy has been to understand its complex nature and composition.

Therefore the aim of this paper is to elaborate further the theoretical background concerning the composition and dynamics of a regional cultural economy. The composition and dynamics of the creative economy have been covered to some extent by for example Chapain and Comunian (2010), Markusen (2010) and Scott (2010). There has been analysis of such concepts as a creative knowledge pool, cultural ecology, creative field and so on. These studies have to some extent taken into account the dynamics within a regional cultural economy. However the literature on the dynamics and composition of the cultural economy has not fully recognized the underlying values, conflicts, contexts and various goals of different actors within a regional cultural economy.

We need a theoretical framework of the composition and dynamics of a regional cultural economy that tackles the strategic development of the cultural economy *and* at the same time takes into consideration the values, norms and goals that underpin the different aspects and actors involved. This article offers a theoretical, but to some extent empirically rooted, look at the complexity of the Nordic and Finnish cultural economy and the actors within it. It combines the literature on regional development, cultural economics and cultural policy studies. The question that is asked in this paper is: "What kind of actors and phenomena are involved in the regional cultural economy?"

The paper is divided into five parts. Firstly the critique of studying only the impacts and consumption of culture and the demand for more analysis of the holistic understanding of the strategic development of a regional cultural economy are described. Secondly recent frameworks, models and schematic presentations of the composition of a regional cultural economy are described and analysed. Thirdly, to increase the understanding of the complexity of values within a regional cultural economy, the concept of cultural capital is introduced. Fourthly cultural capital and the values of culture are further elaborated by linking them to the strategy and evolutionary economic development literature. Finally four forms of regional cultural capital are introduced and their implications for further research are discussed.

## Demand for a more strategic and holistic view of a regional cultural economy

Culture has always been more or less an asset. There have been numerous claims regarding the social and political impacts of the arts: cathartic effects, positive impacts on health and well-being and so on (Belfiore & Bennett 2007, 143). At least three types of cultural policy discourses have been distinguished. Ideological/political discourse, perhaps the oldest one, sees culture as an uplifting and civilizing force that has been used for example in building the nation state. Social discourse sees culture as an arm of welfare policy. Economic discourse, which sees culture as a commodity and/or economic asset, has been rising, at least in the past two decades (Kangas 1999, 161–166; Pratt 2005, 36). In fact human culture as a whole is seen to be increasingly a subject of commodification (Scott 1997, 323). At the same time the economy has become more and more dependent on culture, cultural content and cultural products (Du Gay 1997, 319).

There has been a large amount of discussion, studies and anticipation about the impacts of culture and cultural economy on the development of regions. Cultural activities are said to have primary, secondary and tertiary impacts on regional economies (Kainulainen 2005; Mitchell & Wall 1989). There are hundreds of studies about the primary and secondary impacts of culture, which consider for example the profits from the cultural events themselves and visitors paying for accommodation, meals, other local purchases and so on (Markusen & Shrock 2006 1661). The tertiary impacts are also broadly studied. Cultural activities can be seen for example as a way to strengthen the image of a region. Culture can also be an important factor when creating variety in the region's economic functions (Kainulainen 2005; Khakee 1999, 98–99). In addition, culture can be seen as a way to attract investments and a talented workforce to a region (Florida 2002).

In the literature of different fields there is a wide discussion about for example cultural industries, cultural economy, creative industries, creative economy, creative class, creative cities and so on (Caves 2000; Florida 2002; Hartley 2005; Pratt 2005; Scott 1997). Despite some differences the various concepts regarding the culture and regional development discussion have one commonality: they are related to instrumental policies that try to use creativity to achieve non-cultural ends (Pratt 2008b, 107). They see culture, or other forms of creative activity, as an asset and they help to analyse the role of this asset in economic and regional development.

Richard Florida's (2002) creative class thesis has perhaps been a peak of the recent hype concerning the use of culture and cultural activities for economic and regional development purposes. Florida emphasizes the role of the so-called creative class in the development of cities. He argues that the tolerant and creative atmosphere, created for

example by cultural activities and amenities, attracts talented and creative individuals, the creative class, who are the basis of economic growth (Florida 2002.) There have been a number of studies concerning the impacts of the creative class thesis in different countries and contexts but with hardly any straightforward evidence backing up the thesis (e.g. Asheim 2009; Boschma 2009; Boyle 2006; Clifton 2008).

One of the most common ways of criticizing Florida's creative class thesis has been to debate the factors that make a city attractive to talented individuals. A conservative perspective emphasizes the role of basic services and location factors such as easy commutes, reliable basic services, low taxes and so on (see Malanga 2004; Peck 2005, 755). On the other hand Florida and the creative class "protagonists" talk about creative buzz, tolerance, gay indexes, bicycle paths, cultural amenities and so on.

The critique about what makes cities attractive is only the surface of the debate, and the creative class thesis can be criticized on a deeper level. It is said to place too much stress on the consumption side of cultural activities and amenities. Attention is drawn to the marketing of cultural amenities of a city while the actual production of culture and cultural products is given very little consideration (Peck 2005, 765–768; Pratt 2008b, 107). It is said that the creative city growth predictions have been based on fuzzy notions, such as the creative class. Instead of these notions the interpretation and various impacts of actual policy models should provide a fine-grained understanding of how the new creative economy is translated into urban creative spaces and regions in general (Evans 2009, 1031–1032; Markusen & Gadwa 2010, 388).

Various writers have sought more holistic ways of understanding the cultural or creative economy and have demanded a better understanding of the dynamics and interactions of various actors related to the cultural activities within a region. Pratt illustrates this by saying:

A creative city cannot be founded like a cathedral in the desert: it needs to be linked to and be part of an existing cultural environment. We need to appreciate complex interdependencies, and not simply use one to exploit the other. (Pratt 2008 in Evans 2009, 1031).

Scott says that making cities more attractive by concentrating on the consumption of cultural amenities is not enough. Advanced forms of creativity in cities cannot be developed just by trying to make cities attractive to the so-called creative class or talent. Instead there should be greater emphasis on the production side of culture and the complex interactions of local creative phenomena (Scott 2006, 15; 2010, 125). Scott previously set the agenda for relating cultural activities and regional development as follows:

What is of primary concern here is an exploration of the intertwined effects of capitalist production processes and the ever-increasing cultural content of outputs, and the ways in which these effects make themselves felt in the growth and development of particular places. (Scott 1997, 325).

Pratt (2008b, 107) argues that the debate should not actually be about either consumption or production. Instead the "false dualism" should be removed and the two sides of the cultural economy should be integrated. Consumption has effects on production and vice versa. Cultural industries should be studied and developed as an object that links the consumption and the production of culture. In addition Pratt stresses that studies on cultural industries have been quite placeless, although culture is produced in particular contexts, places and times. For example, in his analysis of Hoxton cultural quarter, Pratt highlights the role of cultural production as well as that of cultural consumption in a certain environment with distinctive qualities (Pratt 2008a, 1044).

Markusen suggests that we should also take into consideration the non-economic side of the cultural economy. The conceptions and measurement of the regional cultural economy should be expanded in order to nurture cultural activity as a long-term development strategy. Markusen criticizes the way in which the analysis of the cultural economy often recognizes only the cultural industries, and how the various non-profit cultural activities are ignored even if they have major impacts on the cultural economy as a whole (Markusen 2010, 825). Pratt demands more analysis of the qualitative dimensions of the organizational and institutional context of culture and its production. According to Pratt, there has not been enough analysis of how the cultural production spans both public and private funding sources. This hybrid nature of culture sits uneasily for example with the current dualistic character of the funding sources (Pratt 2005, 35–42).

One might say that there is a demand for a more holistic and strategic view of the regional cultural economy. To put the recent literature and conversation briefly there has been a gradual shift from studying the possible impacts and benefits and the consumption of culture towards understanding how these impacts can be produced with the strategic regional development of cultural production and other cultural activities. This demand means that we must understand the composition and dynamics of the regional cultural economy on a deeper level.

## Regional cultural economy and its composition

The first step in understanding the strategic development of a complex phenomenon such as the regional cultural economy is to acquire some kind of understanding of its composition. There are many analytical tools, frameworks, models and schematic presentations of the regional cultural economy, but most of them are limited in some aspect. They might have too narrow a focus or leave out essential elements of the cultural economy, but they all have essential insights to offer. The insights and limitations of various views are discussed here in brief.

Pratt (2005, 33–34) distinguishes the breadth and depth aspects of cultural industries. Breadth refers to the discussion of what the cultural industries are. This discussion can include for example fine art, music, visual arts, performances, audio-visual activities, books and press, heritage, tourism etc. as part of the cultural industries. The depth of cultural industries relates to the activities that are necessary for cultural output. One could talk about a “cultural production chain”. The depth of cultural industries consists of the content origination, exchange, reproduction, manufacturing inputs, education and critique and archiving related to cultural products (Pratt 2005, 33–34). One could expand the depth dimension to include for example regional development activities and governance of culture, and in this sense this article is perhaps more about the dynamics of the depth of the regional cultural economy than about the breadth.

If we start to think about the *regional* cultural economy, its context and geographical boundaries are quite challenging to determine. For example Chapain and Comunian concentrate their analysis of cultural activities on the local and regional level, but they do acknowledge that there are multi-scale network connections that are not limited to the regional scale. The impact of local and regional policy making might be ineffective in long-term development because of the relatively weak position of local creative practitioners in multi-scale, national and international networks (Chapain & Comunian 2010, 720–729). Scott (2010) not only points out the complex nature of the regional creative field but he also addresses the idea that the creative field has multiple scalar

properties on the urban, national and global levels. Pratt however emphasizes that the local context of cultural industries has a major impact on the development of cultural production and development (Pratt 2008b, 108). Despite the problems of defining the regional cultural economy, there are several approaches that try to tackle the regional context, composition and processes of the cultural economy more deeply.

Chapain and Comunian (2010) studied the enabling and inhibiting of the creative economy in Birmingham and Newcastle–Gateshead. They used a *creative knowledge pool* model and cluster approach to map the relationship between creative individuals, their activities and the place (Chapain & Comunian 2010, 729). The knowledge pool model elaborates the creative economy by dividing it into four layers or circles. The first layer focuses on the relationship between the artist and the place as a source of inspiration and creativity. The second layer focuses on the business and employment of creative practitioners. Actions on this level are about the clustering, co-operation and competition between creative companies. The third layer adds the relationships of creative companies to business services, associations of creative companies, support agencies and so on. The fourth layer includes wider, non-cultural infrastructures that have an indirect effect on the development of the creative economy.

Scott points out that the different forms of creativity are induced in the complex socio-spatial relationships that constitute the local *creative field*. This field is rooted in the production, employment and labour markets of the city. Creativity-promoting policies should therefore be adjusted according to these complex relationships (Scott 2010, 125). The creative field consists of five zones or circles. Firstly there are the core sectors of the local cultural economy. They consist of the cities' creative energies, which form the cornerstone for all the other activities within the creative economy. Secondly there are the complementing craft, fashion and design activities that are quite closely linked to the first circle. Thirdly there are the local labour market structures and processes. Three circles of the creative field are located in and conceptualized within a wider urban milieu consisting of six elements: traditions, norms and sites of memory, visual landscape, leisure opportunities, residential neighbourhoods, education and training activities, and social networks. Lastly, the three circles of the creative field and the wider urban milieu are to some extent developed in the context of institutions of governance and collective action (Scott 2006, 8; 2010, 125–126).

The composition and dynamics of the cultural economy presented here provide a rich understanding of the regional development of cultural activities. However they may not recognize all the essential values, divides and conflicts within the regional creative economy and the various actors involved in it. Ann Markusen's (2010) analysis of the organizational complexity of the cultural economy perhaps goes further in elaborating the different values and aims of cultural actors and practitioners.

Markusen criticizes the fact that the regional cultural economies have mainly been viewed from the perspective of developing for-profit cultural industries. The cultural industry approach can be seen as problematic at least in two ways. Firstly it is very difficult to estimate fully the regional cultural economy as a whole. Statistical definitions are hard to make. Secondly cultural industry employment captures only a fraction of the whole regional cultural workforce. Therefore Markusen locates cultural industries within a larger framework of the *regional cultural ecology*. A major part of this ecology is made up of the non-profit and community sectors, where artists spend a great share of their artwork time (Markusen 2010, 814).

Markusen argues that policy makers should address the full range of organizations that produce and present cultural content: non-cultural industries, non-profit funders, educational institutions, public sector cultural affairs departments, regional art

commissions and arts, community and social services organizations (Markusen 2010, 825). The cultural ecology as a whole can be divided into three main sectors: for-profit cultural work, non-profit cultural work and the community, informal or unincorporated cultural sector. Markusen also recognizes a fourth sector, which is public activities concerning culture, but considers this activity to be part of the non-profit cultural work (Markusen 2010, 818–819).

These presentations of the cultural economy are problematic in two ways. *Firstly* the diversity of the public sector and institutionalized culture is not fully covered in any of the presentations of the regional cultural economy. For example in the Nordic countries the public sector could be divided into at least two very different kinds of sections: the traditional cultural policy institutions with a strong attachment to welfare and civilizing functions and the relatively new players in the field of culture, who are the regional developers interfering with cultural activities. *Secondly* the various values and goals driving the actions of different actors within the regional cultural economy are not fully recognized, and the interactions between different actors within the cultural economy can be difficult to understand.

The analytical tools, frameworks, models and schematic presentations and analysis of the regional cultural economy can perhaps be taken a step further by the theoretical examination of different backgrounds, values and goals of various actors within the local and regional cultural or creative economy in the Nordic context. Markusen (2010, 825) calls for cross-national comparative research on organizational complexity within the cultural economy. So, to offer a new perspective on the matter, we take a theoretical, but to some extent empirically rooted, look at the complexity of the Nordic and especially the Finnish cultural economy and the actors within it.

## Cultural capital and the values of culture

The concept of culture is ambiguous and perhaps even problematic. In this paper culture is perceived in two ways. Firstly there are broad definitions of culture. Culture can be seen as a set of attitudes, practices and beliefs or values and customs that are fundamental to the functioning of societies. In this sense the concept of culture is part of a sociological or anthropological framework. Culture is something that contributes to the shared elements of human experience (Throsby 1999b, 6; 2001, 3–4). Alternatively, as Bennett (1999, 13–14) puts it: culture is all those factors that form the experience of living. Kainulainen (2005, 153) points out that if we define the concept of culture in this way it cannot be reached analytically. However we can see this broader definition of culture as the background to a narrower interpretation of culture. The broader definition has more to do with methodology and analysis, and the narrower interpretation of culture helps to specify the object of interest and research (Kainulainen 2005, 150).

Secondly we can define culture more specifically and functionally as a set of activities and the products of these activities, such as art (Throsby 1999b, 78–79). Economical definitions of culture have been criticized because they tend to focus mainly on “traditional” high culture or some other established forms of art (Kainulainen 2005, 158; Khakee 1999, 91). However this critique can be avoided. We can say that the functional orientation of culture consists of activities and products that relate to the intellectual, moral and artistic aspects of human life. We can elaborate the definition a little further and say that there are three characteristics of the activities concerning the functional orientation of culture. Firstly there is some form of creativity involved in these activities.

Secondly these activities are concerned with symbolic meaning. Thirdly their output has potentially at least some intellectual property (Throsby 2001, 4).

When we talk about culture, in its narrower definition, and regional development there is almost a trivial distinction between culture and economy and their conflicting natures lurking in the background. This struggle between the different values that are associated with cultural activities is so deeply rooted and widely discussed in many disciplines that it is not possible to describe this discussion in detail. However it can be said that the main arguments of the debate are: “we should protect the intrinsic nature of culture” or “we should see culture as an (economic) asset” (e.g. Belfiore & Bennett 2007, 145). Despite the triviality this dichotomy is a useful starting point for further analysis, and of course triviality does not mean that such a distinction is not present. Throsby (2001) introduced the concept of cultural capital, which elaborates not only the differences but also the underlying connections of culture and economy in a way that sees through these rather simple contradictions.

Throsby begins by talking about individualism and collectivism. It can be said that economic thought and economics are based primarily on individualism. Culture, on the other hand, is more of a collective phenomenon. Economic behaviour contains individualistic aims that manifest themselves for example as profit-maximizing consumers and producers, also in the cultural economy. The so-called homo economicus is always present in economic thought (Throsby 1999b, 83–86; 2001, 13–14). The collectivism of culture and cultural activities manifests in the relationship and shared meanings between for example the artist and the viewer (Throsby 1999b, 83–86). The artist may want to communicate with the wider audience through his or her artwork and the audience may want to explore and experience different states of mind by watching or perhaps participating in art. So “the economic impulse is individualistic, the cultural impulse is collective” (Throsby 2001, 13).

Du Gay (1997, 319) and Scott (1997, 323) for example talk about the interdependence of economy and culture. They say that culture has been exposed to economic thought but on the other hand economic activities and the economy have become more dependent on cultural content and cultural products. In Throsby’s words the collective and individual impulses are becoming increasingly intertwined in society. If they are increasingly intertwined, we need tools or concepts that overcome the boundaries between individual and collective impulses or, for example, the boundaries of cultural policy research and economics and regional studies.

Throsby’s concept of cultural capital combines the individualistic and collective impulses of a society and he uses the notion of value to elaborate different dimensions of cultural capital. Cultural capital consists of a stock of cultural value and this stock may give rise to a flow of services and products, and therefore economic value (Throsby 2001, 46). It may seem that it is almost impossible to determine the cultural value of a piece of art, but as Throsby (1999a, 6) puts it: “there may be sufficient consensus in particular cases to speak of society’s cultural valuation of items of cultural significance for the purposes, for example, of ranking them according to a collective judgment”.

It can be said that there is cultural value, perhaps not measurable, that manifests itself in the economic value of cultural products that attract an audience and potential customers. However it must be pointed out that the economic value of cultural capital cannot exist without the cultural value. In this sense cultural capital can be compared with natural resources, i.e. they should be developed with sustainable measures (Throsby 2001, 51–54). Here we can see the struggle between valuing the intrinsic nature of culture and seeing it as an asset.

So, according to Throsby, “we can define cultural capital as an asset which embodies, stores or provides cultural value in addition to whatever economic value it may possess” (Throsby 2001, 46). This idea of a stock of cultural value that can be transformed into a flow of services is present in the idea that the cultural economy is centred round a creative core or “locus of origin of creative ideas”. Around the core there are concentric circles of activities that are affected by the creative core and combine creative ideas with economic activities. The first circle is all about the traditional creative arts: theatre, music, dance and so on. The second circle consists of film, television, radio, publishing and so on. The third circle could be thought of as other industries or forms of economic activities, such as advertising or design, which have some form of relation to creative content (Kainulainen 2005, 38–40; Throsby 2001, 112–114).

Although we started out to elaborate the simple dichotomy of economy and culture, it might be useful just to remember the basic contradiction between the cultural value (or intrinsic culture) and the economic value of culture (or culture as an economic asset). These two approaches are the intertwined extremes of a continuum that covers different kinds of activities in the regional cultural economy. However this is not enough to analyse the processes in which cultural activity may become part of regional development. Therefore we have to take a look at some basic concepts of the strategy and evolutionary economic development literature and combine them with the discussion on cultural economics and cultural policy.

## Strategic regional development of complex cultural capital

Development and change have previously been seen as linear and causal. There is dependent variable Y whose behaviour is to be explained. This explanation can be given by studying some independent variables such as X. Then we can say that if there is more of X then the amount of Y increases proportionally (Stacey 2003, 10). However this way of seeing the development processes and change is too static for the complex environment in which the regional development actors have to work (e.g. Sotarauta 1996; Stähle 2004, 222). Therefore there has been a great deal of discussion about the non-linear method of development. It means that there can be abrupt changes that are not proportional to the cause or causes of them. Systems are constantly going through stable and non-stable conditions, which may lead to sudden and vast changes (Sotarauta 1996, 103).

The non-linear way of seeing the development of regions has become part of economic geography and the basic mechanism of biological evolution is applied to the process of economic development. For example Boschma (2004) and Martin and Sunley (2006; 2007) elaborate the evolutionary view of economic geography. The mechanism of evolution is simple. There is variety. The variety of different qualities and characteristics is hereditary. In addition there is selection among these characteristics because of the scarcity of resources. The outcome of this process is the ongoing evolution of different characteristics, and this basic mechanism can be used to understand the development processes of regions (Hodgson 2009, 168–170; MacKinnon et al. 2009, 141.)

Evolutionary regional development is path-dependent and irreversible. Regions develop different economic structures that in turn affect the future development efforts and trajectories of a region (Boschma 2004, 1008). The concept of path dependency is intended to capture the way in which the evolutionary development of regions occurs.

Path dependency refers to the way in which apparently small events can set off self-reinforcing mechanisms and processes that “lock in” certain pathways of development (Martin & Sunley 2006, 5). Development paths and trajectories can change very abruptly. This phenomenon is called bifurcation (e.g. Stähle 2004, 229–235). However path dependency and bifurcation thinking can lead us to think that regional development goes through static and chaotic phases, which is not always the case. Instead the idea of path-dependent evolutionary development should be seen as a constant state of balancing between chaos, change and stability (Martin 2010, 22–23; Stähle 2004, 229–235). In a way regions are in a constant state of cumulative, evolutionary and complex change processes.

One basic concept in evolutionary thinking and non-linearity in regional development is complexity. A given system is complex if the causes and effects of its parts cannot be fully understood or modelled (Martin & Sunley 2007, 578). Complexity means practically a situation or problem that is very hard to control and understand fully (Sotarauta 1996, 94). In this case the cultural economy actors within a region could form a complex system that evolves in a non-linear way.

Emergence is a part or a quality of a complex system. Emergence is the mechanism whereby macro-scale phenomena are inclined to form spontaneously because of the action and processes of micro-scale components. It can be thought that the more there is variety the more there are emergent phenomena. Stacey even claims that diversity could be a prerequisite for the emergence of the new (Stacey 2003, 262). Again, if we relate these concepts to our subject of study, we can see that a complex system with a large variety of regional cultural actors could be a source of emergent cultural phenomena: on a micro scale there are cultural actors making art, and on the macro scale there is the cultural economy with cultural products. In a way it could be possible to see artistic freedom as diversity. In addition it might be possible that the more there are emergent and free cultural activities in a region, the more likely it could be that various kinds of cultural products could be seen as assets in regional development.

If the environment is as complex as the cultural economy, we should have sophisticated ways of developing it. The very basic strategy literature gives some indications about the actions of a development actor and the development process of a complex system such as a regional cultural economy. Strategy is of course a widely used word and its value as an analytical concept has perhaps diminished. However it is worth discussing some of the basic thoughts of strategic thinking in this paper, because it gives us a simple insight into the challenges of developing the regional cultural economy.

The classic view of strategy and the strategy process sees strategy making as a rational, clear-cut process that is divided into parts such as planning and implementing. The classical strategy is optimistic about the amount of information and time available for decision making (Johnson 1987, 14–18; Mintzberg 2003, 4; Quinn 2003, 10; Sotarauta 1996). However the lack of information and time is always present in strategy processes and makes it almost impossible to act according to classical strategy ideals. We can say that the classical view of strategy is not sufficient to understand all the aspects of strategy and strategic thinking in a complex world.

So we need other definitions of strategy. We can say that there are multiple meanings of the concept of strategy and they are not exclusive (Mintzberg 2003, 3). One of Mintzberg’s definitions, strategy as a pattern, can be examined in greater detail because it illustrates very clearly the essential elements of strategic thinking in a complex environment. According to Mintzberg strategy as a pattern refers to a stream of actions: strategy can be just consistency in behaviour, whether intended or not. This can be seen almost as an opposing view to the classical view of strategy, because it suggests that strategy is not

always the outcome of deliberate actions and deliberate strategic thinking. Strategy can emerge and it can even be realized as a strategy afterwards (Mintzberg 2003, 4–6).

Mintzberg introduces three types of strategies as patterns. In the ideal type of strategy process an intended strategy becomes a deliberate strategy, which is then realized. This is probably the classical view of the clear-cut rational strategy process. However an intended strategy can also become unrealized, perhaps because of some sudden changes in the environment. There is also the possibility that strategy is neither intended nor deliberate. Strategic patterns of action can emerge even in the absence of intention and only later on can it be said that some events form a clear strategic pattern (Mintzberg 2003, 4–5).

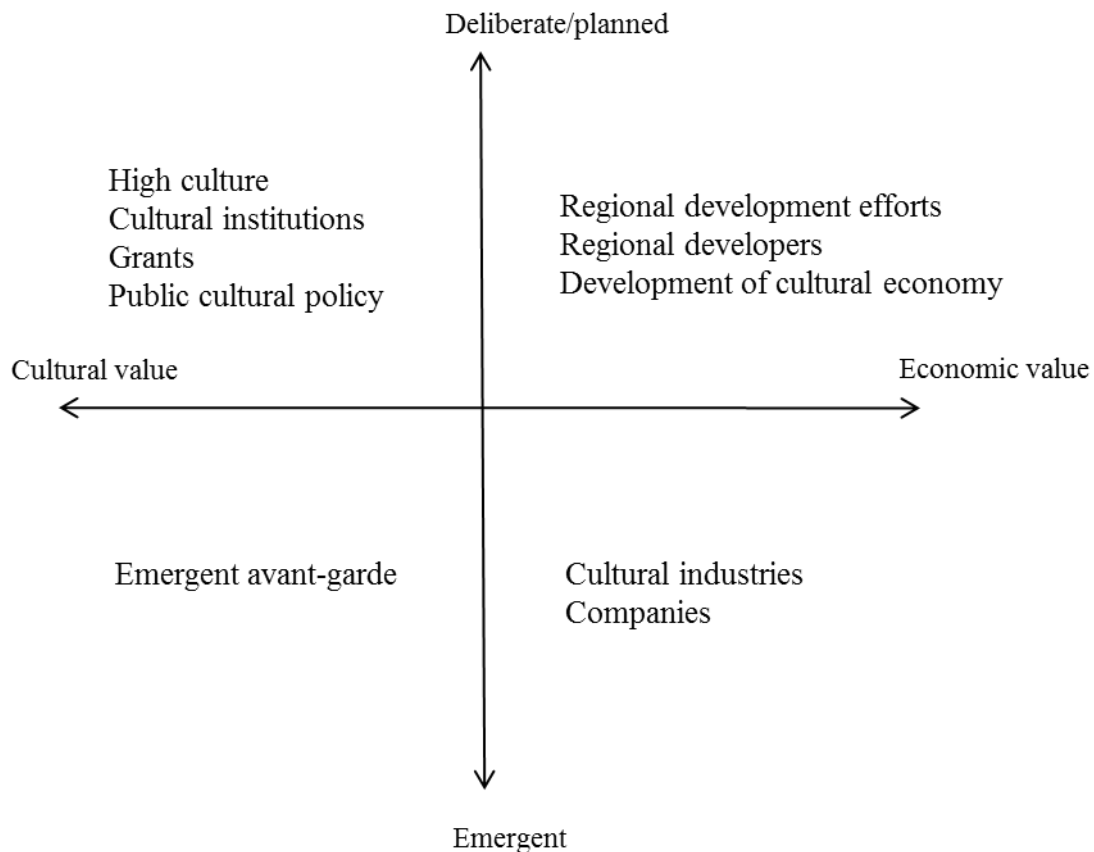
We can make a simplification of the strategy literature debate: there is a development from the classical strategy literature to a discussion and debate over diverse and complex views of strategy. For example Whittington (1993, 11–29) makes an illustrative account of some of the possible dimensions of strategic processes and thinking. He points out that strategy is almost everything but a rational clear-cut process. Strategic processes can be affected by varying objectives, organizational, social and institutional backgrounds and so on. Whittington also makes the distinction between strategic intention and emergent, surprising, out-of-control processes.

The only basic idea that we need from the strategy literature is the notion of emergent and deliberate strategies, although there are many definitions of strategy and the discussion about the concept of strategy, strategy process or strategic thinking is vast. In fact Mintzberg and Lampel (2003, 24–25) alone categorized the different aspects of strategy literature into ten schools, which all have various views of the key factors that affect a strategy process and thinking. However it is not fruitful to examine these in detail. Instead we can say that according to Johnson (1987, 38–42) it is essential to try to combine the rational and clear-cut elements of the classic strategy process with the complexity of the modern-day environment and the inevitable incrementalism of fast decision making. The balance between the strategic intention and the reaction to emergent phenomena is a crucial factor in successful regional development (Sotarauta 1996).

This discussion, which is presented here only in brief, gives a second continuum to our framework of cultural capital. Based on the strategy and evolutionary economic geography literature we can say that the development and production of cultural capital within a cultural economy can be deliberate or emergent.

## Four forms of cultural capital

We can combine the discussion about cultural capital and strategic regional development to form a theoretical framework that may help us to understand the different forms of cultural activity within a region. This framework is illustrated in picture 1. The horizontal axis shows the distinction between culture and economy, which was elaborated with Throsby's (2001) concept of cultural capital and its cultural and economic value. We can alternatively speak of intrinsic culture and culture as an economic asset. The vertical axis shows the basic distinction of deliberate and emergent strategy (Mintzberg 2003, 4–5) and in this case deliberate and emergent are seen from the point of view of public actors and institutions. In this way we can speak of four forms of regional cultural capital. Before we take a closer look at the forms of cultural capital, it must be emphasized that the framework is not meant to be a clear-cut matrix or diagram, but more of a flexible way of understanding various aspects of different kinds of cultural activities.



Picture 1. Four forms of regional cultural capital

When culture has intrinsic value and it is the product of emergent processes, we can speak of *emergent avant-garde*. This kind of activity is present (or hidden) outside the realm of public cultural policy and public cultural institutions. This can mean various kinds of marginal phenomena, for example graffiti artists, punk bands or other types of independent artists, who participate in cultural activities perhaps very passionately or just for fun. It is important to notice that emergent avant-garde is probably the core or “engine” of the creative economy (see Throsby 2001).

New ideas and cultural content emerge from this kind of cultural capital. In Markusen’s (2010) cultural ecology this form of cultural capital can be seen as the community, informal and unincorporated sector. Scott (1997, 323; 2010, 126) also recognizes this kind of activity as the core sector of the local cultural economy in his view of the creative field. Chapain and Comunian (2010) see this activity as the first layer of their creative knowledge pool. The “emergent avant-garde” can be a starting point for varying processes in which cultural capital and creative ideas are turned into cultural products or some other form of regional economic asset.

There is also cultural capital that is planned or deliberate and has cultural value. In this case we can speak of public cultural policy and cultural institutions or grants for making art. These institutions can be opera houses, theatres and so on. The term *high culture* could also be used in this context. What is characteristic of this kind of activity is that it is more or less within the reach of public policy and can be controlled somehow and perhaps planned. At least part of this cultural activity also belongs to the artistic core of the cultural economy. This kind of cultural capital is not absent but given relatively little attention in other theoretical presentations of the regional cultural economy. However it

has a major role at least in the Nordic countries, where it has been used for cultivating and civilizing purposes and still has an important role in the welfare functions in public cultural policy (Kangas 1999, 161–166). In addition the intrinsic public cultural policy is actually an essential part of cultural content production and it cannot be left outside the cultural economy representations.

Emergent culture that is also an economic asset refers to the part of cultural capital that is most “exposed” to profit making and is quite independent from public support measures: *cultural industries*. A very clear-cut example of this kind of cultural activity is the Hollywood film cluster, which has developed movie making into a flourishing industry while perhaps damaging the artistic and intrinsic values of cinema (e.g. De Propriis & Hyppönen 2008). This activity can also be seen as the “Culture Industry” that Adorno, Horkheimer and the Frankfurt School (Adorno 1991, 85) criticized heavily in the 1940s, because they saw that this kind of standardization of cultural products destroys the uniqueness of art. This concept and criticism have since been diminished and transformed into the less criticizing concept of cultural industries (e.g. Hesmondhalgh 2002, 15–17). Despite this transformation there is still discussion and criticism concerning the commercialization and standardization of cultural products (e.g. Braman 1996).

In this paper cultural industries refer mainly to the industrialized and economic activities and companies that interact with cultural content. The concept of cultural industries is used as a “neutral” concept, and it refers mainly to the economic nature of these activities. Hollywood-like cultural industries are not the only part, though they are the most visible, of this form of cultural capital. For example smaller start-up companies working within the cultural economy can also be seen as part of this form.

Finally there is deliberate culture that has economic value. This part of the framework has grown rapidly since Florida’s (2002) creative class thesis penetrated the development literature and especially regional development policy. This kind of cultural capital could consist of *regional development efforts* that involve the cultural content and activities of a region in some way. There could be at least two kinds of these activities. First it can be thought that regional development actors are marketing the place, region or city by utilizing the other three forms of cultural capital and transforming them into economic value. The other kind of activity could be straightforward policy measures to boost the local cultural economy. This could mean for example the funding of start-up companies that make use of cultural content and developing the local cultural industries and their connections to the producers and practitioners of actual cultural content. In both of these activities culture is seen as an economic asset that can be developed deliberately and strategically by public actors.

## Conclusion

The main research question behind this paper was “how can the cultural economy be developed strategically?”. The aim of this paper was to take a first step towards answering this question by establishing a framework that can clarify the different actors involved in the cultural economy and its strategic development. We can now say that the actors and phenomena are divided into four groups, or into four forms of regional cultural capital: *emergent avant-garde*, *high culture*, *cultural industries* and *regional development efforts related to cultural activities*.

The framework of regional cultural capital takes into account two essential points in developing the cultural economy. Firstly, even if we do not make philosophical or ethical

statements about the essence of culture, we have to admit that there are certain values, objectives and contexts that may affect the dynamics and co-operation between cultural actors and development actors and eventually have effects on the development of the regional cultural economy. We should understand how values and contexts intersect with one another in various ways, for example certain cultural actors may be more willing to commercialize their cultural contents than others. In addition certain forms of cultural capital may be seen as more suitable for economic development purposes than others, but if we see artistic freedom and diversity as a prerequisite for the emergence of new development trajectories, strategies cannot have too narrow a focus either.

Secondly the dynamics and interactions between public actors can be very complex. At least in the Nordic context the public cultural policy institutions have a major role and distinct values and objectives concerning cultural activities. Regional development actors have to adjust their actions to the actions of other public institutions as well as private actors in the regional cultural economy. In addition regional development actually becomes part of the regional cultural economy. It is not an outside force developing an entity called the cultural or creative economy. Regional development efforts may have a direct influence on the production of economic value of cultural capital and an indirect influence on the production of cultural value and content. Therefore regional development efforts could be considered to be one form of cultural activity among the others *inside* the complex system of the regional cultural economy.

The framework of cultural capital is not only a static device for making distinctions between different actors and phenomena. It could be possible to use this framework to analyse the evolutionary processes of regional creative economies and the interaction between cultural actors and regional development actors who try to act strategically to boost the local cultural economy. The framework could also give us some indications of the possible development trajectories of the cultural economy of a given region.

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