

Strategic Development of Regional Cultural Economy:

Four Forms of Cultural Capital

Paper for the Regional Studies Association Conference 2011

Newcastle

Olli Ruokolainen

M.Sc. (Admin.), Researcher

School of Management

University of Tampere

olli.ruokolainen@uta.fi

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 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 strategically develop cultural economy and to actually achieve the possible benefits of it. Therefore there has been a growing tendency to better understand the governance and strategic development of the production side of culture and the cultural economy as a whole. The first step in the process of strategic development of cultural economy has been to understand its complex nature and composition.

Therefore the aim of this paper is to further elaborate the theoretical background concerning the composition and dynamics of regional cultural economy. The composition and dynamics of creative economy have been covered to some extent for example by Chapain and Comunian (2010), Markusen (2006, 2010), and Scott (2010). There has been analysis on such concepts as 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 regional cultural economy which tackles the strategic development of cultural economy *and* at the same time takes into consideration the values, norms and goals which underpin different aspects and actors involved. This article offers theoretical, but to some extent empirically rooted, look at the Nordic and Finnish complexity of cultural economy and the actors within it. It combines literature in 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 on the holistic understanding of strategic development of regional cultural economy is described. Secondly, recent frameworks, models and schematic presentations of the composition of regional cultural economy are described and analyzed. Thirdly, to better understand the complexity of values within 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 on regional cultural economy

Culture has always been more or less an asset. There have been numerous claims for 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 which has been used for example in building the nation state. Social discourse sees culture as an arm of welfare policy. The 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 economy has become more and more dependent on culture, cultural content and cultural products. (Du Gay 1997, 319).

There has been a lot 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, visitors paying for accommodation, meals, other local purchases and so on (Markusen & Shrock 2005, 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 to the region's economic functions. (Kainulainen 2005; Khakee 1999, 98–99.) In addition, culture can be seen as a way to attract investments and talented workforce to a region. (Florida 2002).

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

Richard Florida's (2002) creative class thesis has been perhaps a peak of the recent hype concerning the use of culture and cultural activities for economic and regional development purposes. Florida has emphasized the role of the so called creative class in the development of cities. He has argued 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 (eg. 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 about what are the factors which make a city attractive to talented individuals. There has been a conservative perspective which has emphasized the role of basic services and location factors such as easy commutes, reliable basic services, low taxes and so on (see Glaeser 2004; Malanga 2004; Peck 2005, 755). On the other

hand Florida and the creative class “protagonists” have talked about creative buzz, tolerance, gay indexes, bicycle paths, cultural amenities and so on.

The critique about the things which make 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 stress too much 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 left with very little concern. (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 the fine-grain understanding of how the new creative economy is translated in urban creative spaces and regions in general. (Evans 2009, 1031–1032; Markusen & Gadwa 2010, 388.)

Various writers have sought more holistic ways of understanding cultural or creative economy and have demanded better understanding of the dynamics and interactions of various actors related to 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 is saying 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 more emphasis on the production side of culture and the complex interactions of local creative phenomena. (Scott 2010, 125; 2006, 15.) Scott has previously set the agenda of 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 either about consumption or production. Instead the “false dualism” should be removed and the two sides of cultural economy should be integrated. Consumption has effects on production and vice versa. Cultural industries should be studied and developed as an object which links consumption and 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 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 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 on 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 for more analysis on the qualitative dimensions of organizational and institutional context of culture and its production. According to Pratt, there has not been enough analysis

on 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 demand for a more holistic and strategic view on 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 strategic regional development of cultural production and other cultural activities. This demand means that we must understand the composition and dynamics of regional cultural economy on a deeper level.

Regional cultural economy and its composition

The first step in understanding the strategic development of complex phenomenon such as regional creative 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 focus or they 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 are the cultural industries. This discussion can include for example fine art, music, visual arts, performances, audio-visual activities, books and press, heritage, tourism etc. to be part of cultural industries. The depth of cultural industries relates to the activities which are necessary for a cultural output. One could talk about a “cultural production chain”. The depth of cultural industries contains 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 regional creative economy than about the breadth.

If we start to think about *regional* cultural economy, the context and geographical boundaries of it 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 which 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) points out not only the complex nature of regional creative field but he addresses that the creative field has multiple scalar properties on urban, national and global level. Pratt however emphasizes that the local context of cultural industries have a major impact in the development of cultural production and development (Pratt 2008b, 108). Despite the problems of defining the regional cultural economy, there are several approaches which try to tackle the regional context, composition and processes of cultural economy more deeply.

Chapain and Comunian (2010) have studied the enabling and inhibiting of creative economy in Birmingham and Newcastle-Gateshead. They have 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.) Knowledge pool model elaborates the creative economy by dividing it to four layers or circles. First layer focuses on the relationship between the artist and the place as a source of inspiration and creativity. 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. 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 which have an indirect effect to the development of creative economy.

The impact of local and regional policy making to the development of creative economy seems to be quite mixed. There are many factors and efforts which enable the creative economy. The enabling factors seem to be related to either something very tangible, such as institutions and business support, or something very intangible such as strong regional identity. The complex system of interactions underlying local and regional creative economy has often been misunderstood by policy makers. (Chapain & Comunian 2010, 730.)

Scott points out that the different forms of creativity are induced in complex socio-spatial relationships which 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.) 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 corner stone for all the other activities within the creative economy. Secondly, there are the complementing craft, fashion and design activities which are quite closely linked to the first circle. Thirdly, there are the local labor market structures and processes. Three circles of 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 neighborhoods, education and training activities, and social networks. Lastly, the three circles of creative field and the wider urban milieu are to some extent developed in the context of institutions of governance and collective action. (Scott 2010, 125–126; 2006, 8.)

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 within it. Ann Markusen's (2010) analysis of the organizational complexity of cultural economy goes perhaps further in elaborating the different values and aims of cultural actors and practitioners.

Markusen criticizes that the regional cultural economies have been mainly viewed from the perspective of developing for-profit cultural industries. Cultural industry approach can be seen problematic at least in two ways. Firstly, it is very difficult to fully estimate the regional cultural economy as a whole. Statistical definitions are difficult 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 *regional cultural ecology*. A major part of this ecology is 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 to three main sectors:

for-profit cultural work, non-profit cultural work and community, informal, or unincorporated cultural sector. Markusen also recognizes fourth sector, which is public activities concerning culture, but attaches this activity as part of the non-profit cultural work (Markusen 2010, 818–819).

These presentations of 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 regional cultural economy. For example in the Nordic countries the public sector could be divided at least to two very different kinds of sections: the traditional cultural policy institutions with 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 the analysis of the regional cultural economy can be perhaps taken a step further by 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) called for a 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 Nordic and especially Finnish complexity of cultural economy and the actors within it.

Cultural capital and the values of culture

The concept of culture is very 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 a part of sociological or anthropological framework. Culture is something that contributes to the shared elements of human experience. (Throsby 2001, 3–4; 1999b, 6). Or 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 analytically reached. However we can see this broader definition of culture as a background for 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 functional orientation of culture consists of activities and products which have to do with the intellectual, moral and artistic aspects of human life. We can elaborate the definition a bit further and say that there are three characteristics of the activities concerning 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 haunting in the background. This struggle between different values which are associated to 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” (eg. 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 distinction is not there. Throsby (2001, 1999) has introduced the concept of cultural capital which elaborates not only the differences but also the underlying connections of culture and economy in a way which 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 behavior contains individualistic aims which 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 2001, 13–14; 1999b, 83–86.) 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). 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).

For example Scott (1997, 323) and du Gay (1997, 319) talk about the interdependence of economy and culture. They say that culture has exposed to economic thought but on the other hand economic activities and economy have become more dependent on cultural content and cultural products. In Throsby’s words the collective and individual impulses are more and more intertwined in society. If they are more and more intertwined, we need tools, or concepts, which 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 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, which manifests itself in the economic value of cultural products which attract audience and potential customers. However it must be pointed out that economic value of cultural capital cannot exist without the cultural value. In this sense cultural capital can be compared to 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 stock of cultural value that can be transformed into a flow of services is present in the idea that the cultural

economy is centered round a creative core or “locus of origin of creative ideas”. Around the core there are concentric circles of activities which are affected by the creative core and combine creative ideas with economic activities. First circle is all about the traditional creative arts: theatre, music, dance and so on. Second circle consists of film, television, radio, publishing and so on. The third circle could be thought to be other industries or forms of economic activities, such as advertizing or design, which have some relations to creative content. (Economy of culture in Europe 2006; Throsby 2001, 112–114; Kainulainen 2005, 38–40.)

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

Strategic regional development of complex cultural capital

Development and change has been previously seen as linear and causal. There is dependent variable Y whose behavior is to be explained. This explanation can be done by studying some independent variables such as X. Then we can say that if there is more of X than 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 where the regional development actors have to work. (e.g. Ståhle 2004, 222; Sotarauta 1996). Therefore there has been a lot of discussion about the non-linear way of development. It means that there can be abrupt changes which 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) have elaborated the evolutionary view on economic geography. The mechanism of evolution is simple. There is variety. The variety of different qualities and characteristics are hereditary. In addition there is selection among these characteristics because of 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 which in turn affects 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. Ståhle 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 constant state of balancing between chaos, change and stability. (Martin 2010, 22–23; Ståhle 2004, 229–235.) In a way regions are in a constant state of cumulative, evolutionary and complex change process.

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 modeled (Martin & Sunley 2007, 5). Complexity means practically a situation or problem that is very hard to fully control and understand (Sotarauta 1996, 94). In this case the actors of cultural economy 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 in which 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 is emergent phenomena. Stacey even claims that diversity could be a prerequisite for the emergence of new (Stacey 2003, 262). Again, if we relate these concepts to our subject of study, we can see that the complex system with large variety of regional cultural actors could be a source of emergent cultural phenomena: on a micro scale there are cultural actors doing art, and on the macro scale there is 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 there could be various kinds of cultural products which 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 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 to discuss some of the basic thoughts of strategic thinking in this paper, because it gives us a simple insight about the challenges of developing regional cultural economy.

The classic view of strategy and strategy process sees strategy making as a rational, clear-cut process which is divided into parts such as planning and implementing. 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 Lindblom (1959) has made the widely known comment about “science of muddling through”, which is an illustrative critique against the ideal model of classical or rational view on strategy. Lack of information and time are always present in strategy processes and make it almost impossible to act according to classical strategy ideals. We can say that the classical view of strategy is not sufficient in understanding all the aspects of strategy and strategic thinking in a complex world.

So we need other definitions for strategy. We can say that there are multiple meanings for the concept of strategy and they are not exclusive (Mintzberg 2003, 3). One of the 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 a consistency in behavior, whether or not intended. This can be seen almost as an opposing view to the classical view on strategy, because it suggest that strategy is not always the outcome of deliberate actions and deliberate strategic thinking. Strategy can emerge and it can be even realized as a strategy afterwards. (Mintzberg 2003, 4–6.)

Mintzberg introduces three types of strategies as pattern. In the ideal type of strategy process intended strategy becomes deliberate strategy which is then realized. This is probably the classical view of the clear-cut rational strategy process. However intended strategy can also become unrealized perhaps because of some sudden changes in the environment. There is also the possibility that strategy is not intended nor is it deliberate. Strategic patterns of action can emerge even in the absence of intention and only later on it can be said that some events form a clear strategic pattern. (Mintzberg 2003, 4–5.)

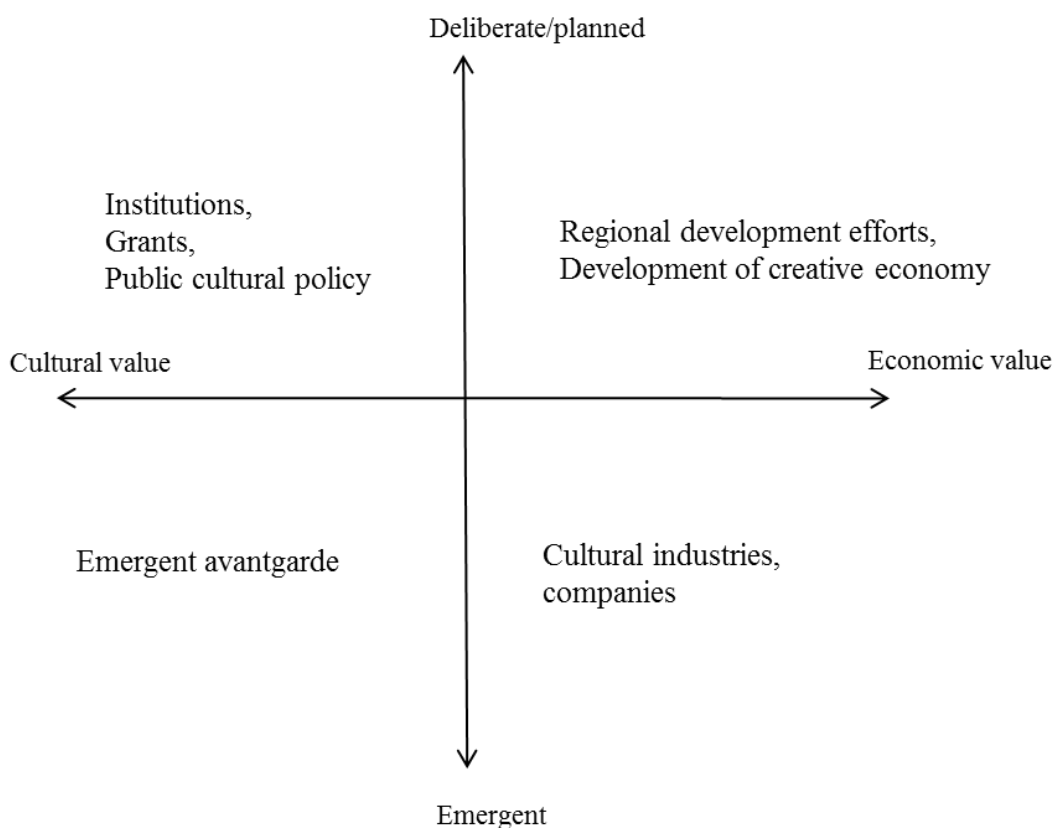
We can make a simplification of the strategy literature debate: there is a development from the classical strategy literature to a discussion and debate over diverse and complex views on strategy. For example Whittington (1993, 11–29) makes an illustrative account of some of the possible dimensions of strategic processes and thinking. He points out that strategy is almost everything but 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 strategy literature is the notion of emergent and deliberate strategies. There are many definitions of strategy and the discussion about the concept of strategy or strategy process or strategic thinking is vast. In fact, alone Mintzberg and Lampel (2003, 24–25) have categorized different aspects of strategy literature in ten schools, which all have various views of what are the key factors affecting a strategy process and thinking. However, it is not fruitful to examine these in detail. Instead we can say according to Johnson (1987, 38–42) that it is essential to try to combine the rational and clear-cut elements of classic strategy process to the complexity of the modern day environments and the inevitable incrementalism of fast decision making. The balance between 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 us a second continuum to our framework of cultural capital. Based on 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 which may help to understand different forms of cultural activity within a region. This framework is illustrated in picture 1. On the horizontal axis there is 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. On the vertical axis there is 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. 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 some other type 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 creative economy (see Throsby 2001; Economy of culture in Europe 2006).

New ideas and cultural content emerges 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 sectors of local cultural economy in his view of the creative field. Chapain and Comunian (2010) also see this activity as the first layer of their creative knowledge pool. The “emergent avant-garde” can be a starting point to 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 which 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, theaters 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 somehow controlled and perhaps planned. At least part of this cultural activity also belongs to the artistic core of cultural economy. This kind of cultural capital is not absent, but left with relatively little concern, in other theoretical presentations of regional cultural economy. However it has 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 of 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*. 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 (1991, 85) criticized heavily in the 1940’s, because they saw that this kind of standardization of cultural products destroys the uniqueness of art. This concept, and criticism, has since been diminished and transformed to the less criticizing concept of cultural industries (e.g. Hesmondhalgh 2002, 15–17). Despite this transformation there is still discussion and criticism concerning the commercializing and standardizing of cultural products (e.g. Braman 1996).

In this paper cultural industries refer mainly to the industrialized and economic activities and companies which 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 is not the only part, though it is 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 which has economic value. This part of the framework has grown rapidly after Florida’s (2002) creative class thesis has penetrated the development literature and especially regional development policy. This kind of cultural capital could consist of *regional development efforts* which involve 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 which 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 which can be developed deliberately and strategically by public actors.

Conclusion

The main research question behind this paper was “how to strategically develop cultural economy?”. The aim of this paper was to take a first step towards answering this question by establishing a framework which could clarify the different actors involved in cultural economy and its strategic development. We can now say that the actors and phenomena are divided into four groups, or to 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 of 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 which may affect the dynamics and co-operation between cultural actors and development actors and eventually have effects on the development of 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 the prerequisite for the emergence of new development trajectories, strategies cannot have too narrow focus either.

Secondly, the dynamics and interactions between public actors can be very complex. At least in 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 cultural or creative economy. Regional development efforts may have direct influence in the production of economic value of cultural capital and indirect influence in the production of cultural value and content. Therefore regional development efforts could be considered as one form of cultural activity among the others *inside* the complex system of 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 analyze 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.

References

- ADORNO, T. W. 1991. *The Culture Industry. Selected essays on mass culture.* Routledge, London.
- ASHEIM, B. 2009. Knowledge Bases, Talents, and Contexts. On the Usefulness of the Creative Class Approach in Sweden. *Economic Geography* 85:4, 425–442.
- BELFIORE, E. & BENNET, O. 2007. Rethinking the social impacts of the arts. *International Journal of Cultural Policy* 13:2, 135–151.
- BENNETT, O. 1999. Kulttuuripolitiikka, kulttuuripessimismi ja postmoderniteetti. In A. Kangas & J. Virkki (ed.) *Kulttuuripolitiikan uudet vaatteet*, 13–32. Jyväskylän yliopistopaino.
- BOSCHMA, R. A. 2004. Competitiveness of Regions from an Evolutionary Perspective. *Regional Studies* 38:9.
- BOSCHMA, R.A. 2009. Creative Class and Regional Growth. Empirical Evidence from Seven European Countries. *Economic Geography* 85:4, 391–423.
- BOYLE, M. 2006. Culture in the rise of Tiger Economies. Scottish expatriates in Dublin and the “Creative class” thesis. *International Journal of Urban and Regional Research* 30:2, 403–426.
- BRAMAN, S. 1996. Art in the Information Economy. *Canadian Journal of Communication* 21:2.
- CAVES, R. E. 2000. *Creative Industries. Contracts between Art and Commerce.* Harvard University Press, Cambridge.
- CHAPAIN, C. & COMUNIAN R. 2010. Enabling and Inhibiting the Creative Economy. The Role of the Local and Regional Dimensions in England. *Regional Studies* 44:6, 717–734.
- CLIFTON, N. 2008. The Creative Class in the UK. An Initial Analysis. *Geografiska Annaler. Series B. Human Geography* 2008 90:1, 63–82.
- DE PROPRIIS, L. & HYPÖNEN, L. 2007. Creative clusters and governance. The Dominance of the Hollywood film cluster. In P. Cooke & L. Lazzeretti (ed.) *Creative Cities, Cultural Clusters and Local Economic Development.*
- DU GAY, P. 1997. *Production of Culture/Cultures of Production.* Sage, London.
- EVANS, G. 2009. Creative cities, Creative Spaces and Urban Policy. *Urban Studies* 46: 5–6, 1003–1040.
- FLORIDA, R. 2002. *The Rise of the Creative Class and How it’s Transforming Work, Community and Leisure Life.* Basic Books, New York.
- HARTLEY, J. 2005. Creative Industries. In J. Hartley (ed.) *Creative Industries*, 1–40. Blackwell, Oxford.
- HESMONDHALGH, D. 2002. *The Cultural Industries.* Sage, London.
- HODGSON, G.M. 2009. Agency, institutions, and Darwinism in evolutionary economic geography. *Economic Geography.* 85:2, 167–173.
- KAINULAINEN, K. 2005. Kunta ja kulttuurin talous. Tulkintoja kulttuuripääoman ja festivaalien aluetaloudellisista merkityksistä. Tampereen yliopistopaino, Tampere.

- KANGAS, A. 1999. Kulttuuripolitiikan uudet vaatteet. In A. Kangas & J. Virkki (ed.) Kulttuuripolitiikan uudet vaatteet, 156–178. Jyväskylän yliopistopaino, Jyväskylä.
- KHAKEE, A. 1999. Kollaboratiivisen valtion haasteet. In A. Kangas & J. Virkki (ed.) Kulttuuripolitiikan uudet vaatteet, 90–105. Jyväskylän yliopistopaino, Jyväskylä.
- MARKUSEN, A. 2010. Organizational Complexity in the Regional Cultural Economy. *Regional Studies* 44:7, 813–828.
- MARKUSEN, A. & A. GADWA. 2010. Arts and Culture in Urban or Regional Planning. A Review and Research Agenda. *Journal of Planning Education and Research* 29:3, 379–391.
- MARKUSEN, A. & G. SHROCK. 2006. The Artistic Dividend. Urban Artistic Specialisation and Economic Development Implications. *Urban Studies* 43:10, 1661–1686.
- MARTIN, R. 2010. Rethinking regional path dependence. Beyond lock-in to evolution. *Economic geography* 86:1, 1–27.
- MARTIN, R. & SUNLEY, P. 2006. Path dependence and regional economic evolution. *Journal of economic geography* 6:4.
- MARTIN, R. & SUNLEY, P. 2007. Complexity thinking and evolutionary economic geography. *Journal of Economic geography* 7:5.
- MACKINNON, D. CUMBERS, A. PIKE, A. BIRCH, K. & MCMASTER, R. Evolution in economic geography. Institutions, political economy and adaptation. *Economic geography* 85:2, 129–150.
- MINTZBERG, H. 2003. Five Ps for Strategy. In H. Mintzberg, J. Lampel, J.B. Quinn & S. Ghoshal (ed.) *The Strategy Process: Concepts, Contexts, Cases*, 3–9. Pearson Education, Harlow.
- MINTZBERG, H. & LAMPEL, J. 2003. Reflecting on the strategy process. In H. Mintzberg, J. Lampel, J.B. Quinn & S. Ghoshal (ed.): *The Strategy process. Concepts, contexts, cases*. Pearson Education International.
- MITCHELL, C.J.A. & G. WALL. 1989. The Arts and the Employment. A Case Study of the Stratford Festival. *Growth & Change* 20:4, 31–40.
- QUINN, J.B. 2003. Strategies for Change. In H. Mintzberg, J. Lampel, J.B. Quinn & S. Ghoshal (ed.) *The Strategy Process: Concepts, Contexts, Cases*, 10–22. Pearson Education, Harlow.
- PECK, J. 2005. Struggling with the Creative Class. *International Journal of Urban and Regional Research* 29:4, 740–770.
- PRATT, A.C. 2005. Cultural Industries and Public Policy. An Oxymoron? *International Journal of Cultural Policy* 11:1, 31–44.
- PRATT, A.C. 2008a. Urban Regeneration. From the Arts ‘Feel Good’ Factor to the Cultural Economy. A Case Study of Hoxton, London. *Urban Studies* 46: 5&6, 1041–1061.
- PRATT, A.C. 2008b. Creative Cities. The Cultural Industries and the Creative Class. *Geografiska Annaler: Series B, Human Geography* 90:2, 107–117.
- SCOTT, A. J. 1997. The Cultural Economy of Cities. *International Journal of Urban & Regional Research* 21:2.
- SCOTT, A.J. 2006. Creative Cities. Conceptual Issues and Policy Questions. *Journal of Urban Affairs* 28:1, 1–17.

- SCOTT, A.J. 2010. Cultural Economy and the Creative Field of the City. *Geografiska Annaler: Series B, Human Geography* 92:2, 115–130.
- SOTARAUTA, M. 1996. Kohti epäselvyyden hallintaa: Pehmeä strategia 2000-luvun alun suunnittelun lähtökohtana. *Acta Futura Fennica* No 6. Finnpublishers, Jyväskylä.
- STACEY, R. D. 2003. *Strategic Management and Organizational Dynamics. The Challenge of Complexity.* Pearson Education, Harlow.
- STÅHLE, P. 2004. Itseuudistumisen dynamiikka. Systemiajattelu kehitysprosessien ymmärtämisen perustana. In M. Sotarauta & K. Kosonen (ed.). *Yksilö, kulttuuri, innovaatioympäristö. Avauksia aluekehityksen näkymättömään dynamiikkaan*, 222–255.
- THROSBY, D. 1999a. Cultural Capital. *Journal of cultural economics*, 23.
- THROSBY, D. 1999b. Talouspolitiikan ja kulttuuripolitiikan monimutkainen suhde. In A. Kangas & J. Virkki (ed.) *Kulttuuripolitiikan uudet vaatteet*, 78–89. Jyväskylän yliopistopaino, Jyväskylä.
- THROSBY, D. 2001. *Economics and Culture.* Cambridge University Press, Cambridge.
- WHITTINGTON, R. 1993. *What is Strategy and Does it Matter?* International Thomson Business Press, London.