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Citation for final published version:

Komorowski, Marlen , Fodor, Mate Miklos and Lewis, Justin 2023. Understanding innovation capabilities in the creative and cultural industries. Presented at: 6th International Conference on Rethinking Clusters 2023: The Paradox of Sustainability Innovation - Local or Global?, Valencia, Spain, 28-29 September 2023.

Publishers page: <https://cris.vub.be/en/publications/understanding-...>

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September, 28th & 29th, 2023 | Valencia (Spain)

6th International Conference on
RETHINKING CLUSTERS 2023
THE PARADOX OF SUSTAINABILITY INNOVATION:
LOCAL OR GLOBAL?



Understanding innovation capabilities in the creative and cultural industries – Towards a new framework for managing innovativeness in places

Marlen Komorowski^{12*}, Mátê Miklós Fodor¹³, Justin Lewis¹

¹JOMEC – School of Journalism, Media and Culture, Cardiff University, 2 Central Square, Cardiff CF10 1FS, UK

²Imec-VUB-SMIT (Studies on Media, Innovation and Technology), Vrije Universiteit Brussel, Pleinlaan 2, 1050 Brussels, Belgium

³ Department of Management and Mathematical Economics, Satbayev University, Satpaev Street 22, Almaty 050000, Kazakhstan

*Corresponding author: komorowskim@cardiff.ac.uk

Subject area:

The role of culture and creativity in evolutionary trajectories of places

The Paper is further relevant for the following subject areas of the conference:

- The competitiveness of industrial districts, clusters, regions, and ecosystems
- Place-sensitive industrial policies and value creation for firms and territories
- Blending strategic concepts and territories: how firms activate firm-level strategies in places.
- Modes of innovation and territories: blending micro- and meso-levels.
- Innovation policymakers: rethinking their role.
- SMEs, place and innovation

Keywords:

Creative and cultural industries, innovation, innovation capabilities, creativity, cluster, place-based innovation, regional policy

Extended Abstract: (702 words)

The importance of innovating for regions and places to stay competitive and to manage the digital transformation of society and the economy has been widely acknowledged. However, some organisations prove to be better at reproducing innovation success than others. In literature, the differences in innovation success have been explained through innovation capabilities. Innovation capabilities can be broadly defined as a firm's abilities to "identify new ideas and transform them into new/improved products, services or processes that benefit the firm" (Aas and Breunig, 2017). While a lot of research has investigated innovation capabilities to explain innovation output of different industries and firms, there is a lack of research that looks at innovation capabilities of firms of the creative and cultural industries (CCIs).

At the same time, the CCIs have been already widely acknowledged as a driver for innovation in regions creating spillover effects in both academia (e.g. Fleischmann, Daniel and Welters, 2017) and by policy makers (e.g. Cooke and De Propis, 2011). This is also the case for Wales and the Cardiff Capital Region (CCR). In 2016, the CCR City Deal was established by the UK and Welsh Governments and the ten local authorities in South East Wales to generate significant economic growth to the region through investment, upskilling, and improved physical and digital connectivity. The CCIs are one of six major target sectors of the City Deal.

This article argues that research into innovation in the CCIs is however needed, due to the specific characteristics of the sectors, which are highly reliant on project-based work and is constituted of a large freelance workforce. Additionally, the cultural value and public subsidies for the CCIs creates different innovation processes. Besides, understanding creative innovation is challenging, since creativity and innovation are particularly important organizational phenomena for the CCIs. At the same time while the CCIs is increasingly targeted by policy makers as local innovation driver, the approaches to increase their innovation capabilities is still embedded into "old" policy paradigms for innovation in other sectors.

This article intends to fill this gap by developing a novel framework for understanding innovation capabilities and their different dimensions regarding the CCIs. The novel framework pays special attention to the CCIs' specific characteristics while being built on insights and research from interdisciplinary research fields ranging from organizational theory, management studies, economic geography, and innovation literature. Using a literature study, this article identifies first the dimensions that can describe and impact innovation capabilities of CCIs businesses. The developed framework is then operationalized and tested with an analysis carried out in South Wales, the third largest film and TV cluster in the UK showing strong growth and innovativeness (Fodor, Komorowski and Lewis, 2021). A questionnaire was designed and distributed to managers of media firms. The survey run from December 2022 till June 2023 (with additional data gathered in 2019-2021). The analysed data (N=>400) is then used to test the developed framework.

The preliminary findings of the research show, that innovation capabilities in the CCIs are dynamic with multiple dimensions (see also Saenz and Pérez-Bouvier, 2014) and include “perceived” capabilities. Innovation capabilities in the CCIs should therefore not only be understood based on innovation output measures (e.g. patents), but also through perceived innovativeness of an organization driven by creative processes. Innovative capabilities are dependent on not only the organisational reality of firms in the CCIs but the perceived work environment, which is constituted of internal (mostly related to capabilities) and external (related mostly to resources) factors of the organization. Additionally, the efficacy of policy interventions in regions and cities as so-called innovation agents for the CCIs should be taken into consideration – an often-overlooked dimension in other studies. The framework developed in this paper includes additionally considerations of cluster formations and agglomeration of business activities, as this is one of the core features of the CCIs (Komorowski and Fodor, 2020) and used for policy interventions in regions.

The article contributes with these findings to the current literature by extending traditional innovation management literature to the cluster research field. The findings and the new framework can inform and help fostering effective management of innovation capabilities which helps CCIs managers, policy makers and other stakeholders to better understand how to make local CCIs clusters more innovative.

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