



Rethinking innovation in creative clusters

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ABSTRACT

The article draws upon an analysis of Clwstwr - a place-based innovation programme for the creative and cultural sectors and industries. Clwstwr attempted to shift power away from large cultural conglomerates towards local, smaller independent companies, while tackling issues such as environmental sustainability, diversity and inclusion.

The article argues that universities are well placed to be active cultural intermediaries in this form of critically-informed cluster-building. To make this case, this article will propose moving beyond the current dichotomy between a focus on/celebration of the economic power of the CCSIs - the dominant strain in policy circles - and an anti-economic critique that stresses cultural and social values - an increasingly dominant strain in the academy.

Using findings from the Clwstwr programme, it demonstrates how universities were able to:

- Draw on a critical literature of the market-based model of the CCSIs to develop alternative economic models of innovation, designed to improve social, cultural and economic outcomes.
- Leverage research and innovation expertise in a sector dominated by small companies and freelancers.

This enabled small creative companies in the Welsh creative cluster to develop and grow, economically and culturally, while promoting equality, diversity and inclusion and environmental sustainability.

1. Introduction

The article draws on findings from an analysis of Clwstwr - a place-based innovation programme for the creative and cultural sectors and industries (CCSIs). It argues that - despite critiques against the economic turn in the cultural industries - culture *is* an industry. The industrialisation of cultural production is a given, but it is the regulatory and economic conditions under which this takes place that produces positive or negative social or cultural outcomes. The Clwstwr programme was, potentially at least, an attempt to shift these economic conditions, moving power away from large cultural conglomerates towards locally based independent companies, while tackling issues such as environmental sustainability, diversity and inclusion.

The article makes the case that universities are well placed to play a central role - as active cultural intermediaries (or what Pepper and Prime call integrated collaborators) - in this form of critically-informed cluster-building. While this is a new role for universities to play - raising a number of issues about practices and processes - I argue that it is the kind of territory that universities *should* be engaging in.

To make this case, this article will propose moving beyond the current dichotomy between a focus on/celebration of the economic power of the CCSIs - the dominant strain in policy circles - and an anti-economic critique that stresses cultural and social values - an increasingly dominant strain in the academy. It will argue for developing a different *form* of creative economy: one that uses a critical framework to reshape economic conditions to support positive social and cultural outcomes. It will address three questions.

- How do universities create ecosystems that allows small independent companies to compete in a world dominated by large conglomerates, and what are the benefits of this?
- How can they use innovation to address some of the systemic inequalities in the creative industries and in creative clusters?
- How can they tie economic outcomes to positive social impacts?

2. Culture and economy: A brief history

I want to begin by noting two countervailing trends. On the one

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hand, we have seen the conceptual rise of the creative economy in policy circles. But the growth of creative industries policy work comes against an academic backdrop that is increasingly critical of what Philip Schlesinger describes as the “economisation of culture” (Schlesinger, 1917, p.75). In this article I want to shift away from an unhelpful dichotomy between culture and economy: to carve out a space that learns from critiques of ‘the economic turn’ in the cultural and creative industries, while arguing, nonetheless, for the importance of the idea of the creative economy. This is not simply a pragmatic or strategic position, but an acknowledgement that the economic underpinnings of culture and creativity are critical to the shape, character and impact of the CCSIs. The issue, I would argue, is *not* whether the creative and cultural industries should be seen as part of the economy, but *what kinds of economic strategies are most likely to create cultural, social and economic value*.

First, a brief review of the ways in which the history of the policy and critical landscape has touched upon the culture/economy dichotomy. The idea of a ‘culture industry’, conceptualised seventy years ago by Frankfurt School scholars Theodor Adorno and Max Horkheimer (1947), pitched culture against industry. They sketched out a critical terrain for a literature that explored the ways in which the industrialisation of culture might be detrimental to a broader set of cultural values. In essence, they argued that a capitalist economic model worked to limit and constrain cultural expression, privileging the formulaic and the lowest common denominator over more innovative, diverse and enriching forms of creativity.

The Frankfurt School’s work has, over many decades, been subject to considerable scrutiny. The Centre for Contemporary Cultural Studies (CCCS) at the University of Birmingham in the 1970s and 1980s – alongside the work of Raymond Williams – were similarly interested in the relationship between culture and economy. Their work was also critical of the way in which capitalist economics constrained cultural outcomes. But they rejected the Frankfurt School’s tendency to lapse into a very traditional system of cultural value – one promoted by cultural arbiters from a range of political perspectives, from literary critic FR Leavis to the BBC’s first Director General, Lord John Reith.

For both Reith and Leavis, cultural value was already established in literatures, canons and traditions, based on the tastes and sensibilities of a cultural elite. Their instincts were only democratic in a top-down sense, seeking to find ways to make elite cultural forms more widely accessible (projects undertaken by the BBC and Arts Councils). This underpinned most cultural funding in the UK: Sir Roy Shaw, the Secretary-General of the Arts Council between 1975 and 1983, articulated these assumptions at a conference on arts funding, complaining that:

The problem is that the customer very often chooses (what) art councils or French ministry or whatever is **not** providing. In this country only three per cent want opera. Only ten per cent want classical music. Only about twenty per cent want serious theatre. Nevertheless most of us are committed to providing these things and I think rightly so (quoted in Lewis, 1990, p. 6).

These cultural intermediaries saw cultural value as a counterpart to – rather than an expression of – popular taste (Lewis, 1990). For the CCCS and Williams, these distinctions were deeply problematic. They saw culture and creativity not as a set of abstract principles and canons developed by cultural elites, but as ‘structures of feeling’ rooted in most people’s lived experience. Pierre Bourdieu’s famous work, *Distinction* (Bourdieu, 1984), added sociological heft to this broadening of cultural experience, demonstrating the extent to which notions of cultural legitimacy were bound up with – and expressions of – social class, rather than a universal value system.

These critiques of a traditional notions of culture – alongside the prodigious growth and ubiquity of the cultural industries themselves – began to change the way we understood art, culture and creativity. By the 1980s the academy was no longer a space reserved for the study and legitimisation of the high arts. Indeed, the growth of the social sciences

made it untenable to focus attention exclusively on cultural forms – such as literature, fine art and classical music – that were far less widely enjoyed than most forms of popular culture. If high culture eluded large sections of society, popular culture had, for most people, become an integral part of everyday life.

This laid the ground for the beginnings of a policy shift. For all its democratic desires, traditional arts funding was, in effect (though not in intent) regressive, subsidising entertainment for the more privileged sections of society (Kelly, 1984; Lewis, 1990; Lewis, Morley and Southwood, 1987). In the 1980s the Greater London Council (GLC) alongside the Great London Enterprise Board (GLEB) began to imagine what a broader, more democratic cultural policy might look like. GLEB’s work was led by Geoff Mulgan and Ken Worpole, whose 1986 book, *Saturday night and Sunday morning*, laid out a move away from the more exclusive idea of ‘the arts’ towards the broader notion of ‘the creative industries’. This was less a rejection of the ‘high arts’, more a way of thinking that saw the subsidised arts sector as part of a much broader creative economy. They asked how policy interventions might consider ‘market failure’ across a much broader cultural space, supporting, for example, independent record labels that promoted diverse or innovative forms of popular music ignored by the major record labels.

Progressive policy bodies like the GLC began to embrace this shift, reflected in a series of attempts to rethink public support for culture (for example the *Campaign for a Popular Culture* (GLC, 1986), or *No Business Like Show Business* (London Strategic Policy Unit, 1987). The creative industries approach was, in this sense, developed in opposition to the Thatcher government’s embrace of free markets, but seen through a much wider cultural lens than ‘the arts’ favoured by the dominant cultural intermediaries of the period.

In the 1980s and 1990s, the progressive impulses behind the idea of the creative industries often saw economic interventions in terms of their positive cultural – and economic – impacts. This meant moving away from traditional measures of cultural value (which place the high arts above popular culture) and developing new forms of social and cultural value – such as innovation, diversity and social cohesion – that had purchase across the creative economy (Lewis, 1990).

In the UK, the creative industries experiment was curtailed by the abolition of the GLC, combined with local government cutbacks in cultural funding across the UK – limiting progressive local authorities’ capacity for intervention. The 1997 UK Labour Government breathed new life into the creative industries approach, replacing the Department of National Heritage (1992–97) with the Department of Culture, Media and Sport (DCMS). This move was a symbolic shift towards a new economic landscape of innovation and creativity, technology and the fast-globalising media industries (Hesmondhalgh, Oakley, Lee and Nisbett, 2015). Or, in its more popular articulation, the era of ‘Cool Britannia’, with creative industries seen as shaping and defining British culture and identity while making a significant contribution to the UK economy.

The DCMS played an influential role in defining and measuring the creative industries, publishing lists of SIC (standard industrial classification) codes of creative industry occupations. While there are ongoing debates about what is included or excluded from this list, it allowed researchers to categorise culture as an economic entity, using existing databases to measure the size and shape of the creative economy.¹ The UK innovation agency Nesta – working in parallel with the DCMS – embraced this approach, producing a Manifesto for the Creative Economy (Bakhshi et al., 2013).

A different – but connected – intervention came from a broader celebration of creativity, in what became known as the ‘intangible economy’ – a world where assets are increasingly bound up with intellectual rather than physical property, in ideas rather than objects. John

¹ Creative Industries Economic Estimates Methodology, DCMS: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/499683/CIEE_Methodology.pdf.

Howkins (Howkins, 2002) and Richard Florida (Florida, 2002) both stressed the role of creativity and ‘the creative class’ in boosting innovation and growth in a digital world. Florida’s argument, in particular, flipped some of the original thinking behind a creative industries approach: rather than looking at how economic interventions might create cultural value, he was interested in how culture and creativity created economic value. It is, in this sense, a significant departure from some of the progressive instincts that lay behind the development of a creative industries approach.

These moves coincided with the decline of manufacturing across the UK and much of the global north. Policy makers in urban areas needed to find ways to address the impact of industrial decline and, in some cases, embraced the idea of the ‘creative city’. Jason Potts and Stuart Cunningham described this new direction in policy, which understood culture as wealth-generating rather than – via traditional arts funding – a drain on the public purse. “In the past,” they wrote, “policymakers have treated creative industries as a welfare sector or as a sector that has no particular effects on other economic sectors. Evidence now suggests that creative industries may be considered economic growth drivers or, indeed, that they may play an even more strategic role in the innovation system as catalysts of variety creation and facilitators of systemic evolution” (Potts and Cunningham, 2008, p.10).

In the UK, the political context changed with the election of Conservative led governments between 2010 and 2024. In this political landscape, those advocating investment in the CCSIs were obliged to move focus onto forms of economic value that were taken seriously in a bipartisan political context – on both left and right. This meant a focus on jobs, turnover, GVA, exports and other measurable economic indicators. Put bluntly, lobbying for more support for the CCSIs from a range of bodies – such as Nesta, the Creative Industries Council and the Creative Industries Federation – was more likely to be effective if it stressed tangible economic benefits. This culminated in Peter Bazalgette’s *Independent Review of the Creative Industries*, published by the UK government (Bazalgette, 2017). The Bazalgette review championed the economic impact of the UK creative industries, demonstrating high rates of growth, with spillovers across the wider economy, and placing the creative industries at the centre of the UK’s rapidly growing digital economy.

While there is an undeniable direction of travel here, it is also important to recognise that traditional ways of thinking about culture and the economy – which categorise ‘culture’ under ‘the arts’ and exclude it from economic policy and strategy – remain commonplace. At all levels of government, the CCSIs are often compartmentalised under ‘culture’ rather than ‘the economy’. In a world where success is often measured by hard economic metrics, this makes politicians and policy makers less inclined to take it seriously than more traditional economic sectors. Culture is often seen as softer and less tangible – somehow disconnected from economic policy staples like productivity and job creation. And while Arts Councils have broadened their reach, many of the main beneficiaries of government subsidies remain firmly in the realm of the traditional arts.

Nonetheless, the growth of the CCSIs alongside a number of researched policy initiatives have made the creative economy an attractive proposition in policy circles. Its form and structure have, however, become increasingly subject to critical examination in the academy.

3. Rethinking the economic turn

Philip Schlesinger (2017) argues that while the notion of the creative economy has been important politically – giving culture a place in policy circles that stress the importance of jobs, growth and GVA – it comes at a price. In this policy realm, he argues, cultural value is secondary, invariably trumped by the logic of economics. So, for example, in their analysis of a ‘cultural intermediary’ – the Cultural Enterprise Office (CEO) in Scotland – Schlesinger, Selfe and Munro (2015) document what they describe as a move towards a focus on economic rather than

cultural value. They situate the study in the broader landscape of UK cultural policy, in which they see the ‘economic turn’ becoming increasingly influential. They also point out the irony that the creation of an agency focused on sustaining and enhancing the economic (rather than creative) value of businesses is itself precariously dependent on core funders, whose commitment to its longer term existence is highly contingent.

The economic focus of this particular ‘cultural intermediary’ is germane to the Creative Industries Cluster Programme – the focus of this article. At this stage, it is worth noting the Cultural Enterprise Office was tasked with supporting Scottish creative industry microbusinesses (who make up 97 % of creative enterprises in Scotland), and became, in essence, a business support agency tailored to the needs of creative sectors. This raises questions – which I shall turn to shortly – about how best to address the precarity of creative (and indeed, any) microbusinesses, and the economic and cultural value they generate.

The embrace of a Florida-style celebration of the creative industries as a catalyst for economic regeneration has also come under critical scrutiny for its lack of attention to issues of equality and inclusion. Both Pratt (2008) and Haskel and Westlake (2017) argue that, in practice, investing in creative cities has done little to address – and in some ways exacerbated – a growth in social, cultural and economic inequality. So, for example, in their book analysing ‘creative hubs’, Rosalind Gill, Andy Pratt and Tarek Virani (2019) argue that a Richard Florida inspired understanding of creative hubs as drivers of economic growth sidelines neighbourhood-based creative hubs that rely on low rents and curatorial activity for their success.

In a market-oriented system, the creative industries have also become hugely dependent on freelance labour, in many ways defining the rise of the precarious ‘gig economy’. Gill, Pratt and Virani’s book argues that what is interesting or important about creative hubs is not the presence of co-location, but what happens in those spaces to create collaboration, community, inclusion or to counter the precarity of creative labour. Their empirical data (gathered in creative hubs in London) explores the tension between market forces and inclusion, documenting how market driven urban policy works against the cultural value of creative hubs.

Equality and inclusion has always been an issue for the traditional arts – particularly those traditionally favoured by cultural intermediaries (Lewis, Morley and Southwood, 1987; Kelly, 1984; Lewis, 1990). As discussed, this was partly the inspiration towards the more creative industries approach adopted by the GLC and others in the 1980s and 1990s. And yet, when shaped by market-driven economics focused on business needs – as Gill, Pratt and Virani point out – inequality and exclusivity has increasingly become a feature of the ‘creative classes’. The precarity of creative labour has been exacerbated by a series of employment practices (word of mouth, low pay and long hours at entry level) that limit both access to employment and job security. Survival in this environment, bluntly, favours those with access to wealth.

Justin O’Connor’s book, *Culture is not an industry* (O’Connor, 2023), draws upon some of these critiques of the economic turn, arguing, in effect, that the creative industries have become a neo-liberal economic project (my words, not his). This reflects some of the critical literature in which the ‘economic turn’ in the creative and cultural industries has increasingly been associated with a neo-liberal orthodoxy (see, for example, Leger, 2011), where the purpose of public investment is to drive private profit. In this economic framework, cultural values – on people’s experiences, identities and well-being – are pushed to the periphery. Subsidies to support local or distinctive cultures – from film to folk music – are seen not in terms of cultural value but as a restraint on global, free market competition.

While the title of O’Connor’s book is, perhaps, deliberately provocative, his book makes a dramatic call for the wholesale conceptual dismantling of the creative industries, in order to reassert the primacy of cultural rather than economic values. We need, he argues, to think of culture as an essential part of society – part of what has been described

as the foundational economy - as we would healthcare or education. While I share this premise about the primacy and value of culture to citizens and society, I would argue that this requires *more* engagement, not less, both with the CCSIs and creative industry policy initiatives.

While a strong case can be made for the state provision of the foundational economy, unlike health or education, a great deal of everyday culture – such as film, music, games, and the broad swathe of creative content – comes through place-based commercial activity (Burger et al., 2021). In short, examining the CCSIs through a foundational economy lens only provides part of the picture. In the UK – as in most countries – the creative economy is mixed, a complex mash-up of public service broadcasting; subsidies for sectors like film and TV (through tax credits) and for the arts; a few large, transnational media and digital companies, and many thousands of SMEs, micro-businesses and freelancers (95 % of UK creative companies are small independents).

Language suggesting a binary *between* culture and economics is, in this sense, unhelpful. Unpicking and analysing the complex set of relationships between economic structures and the CCSIs is a prerequisite for effective interventions to support both economic and cultural goals. It allows the development of economic strategies that can be used to promote social, cultural and environmental outcomes. So, for example, research shows that investing in strong public service media backed by public interest regulation produces more positive cultural and democratic outcomes than relying on market forces (see, for example, Curran et al., 2013).

We also need to recognise that, even on their own terms, economic measures – jobs, turnover and so on – have potentially enormous social value. People need fulfilling, paid work, and the CCSIs are well-placed, in theory (if not always in practice), to provide that. The fact that these jobs are often distributed unequally – both in regional and socio-economic terms – is a problem – but it is one that will *not* be addressed by asserting the primacy of culture over economy.

Rather than rejecting the economic turn, we need to rethink it. Wherever it lies on the spectrum between the subsidised arts or the commercial creative industries, most cultural activity needs to be paid for: preferably in ways that are relatively equitable and sustainable. We need economic systems and structures that favour creative activities leading to positive social and cultural outcomes. We also need to acknowledge the importance of measuring both economic and cultural values (see, for example, Komorowski, Lupu, Lewis and Pepper, 2021a; Komorowski, Fodor, Lewis, Pepper, 2023). This means addressing the many ways in which economic conditions shape – or constrain – culture and creativity. If we want a more inclusive, greener creative economy – one that celebrates a diversity of voices, limits environmental damage and generates a strong local tax base for funding public services – we need to develop the economic strategies and systems best able to deliver them.

This is a space where critical scrutiny can inform – rather than run counter to – policy development, based on an understanding of the creative economy that takes account of its history and its complexities. Its size and significance matters, but so does its ability to work for the people it employs, for its audiences and for our broader cultural environment. To be effective, any cultural strategy must be underpinned by economic conditions that make it possible.

Before considering the shape and approach of new kinds of economic structures that might support economic, social and cultural objectives for the CCSIs, it is useful to put the Creative Industry Clusters Programme, the UK's first major creative industry intervention, in context.

4. The CICIP intervention

The UK government's response to the Bazelgette Review was modest but meaningful. It took the decision to include the creative industries as part of an industrial strategy, to be delivered through UK Research and Innovation (UKRI). This led to the launch of the Creative Industries Clusters Programme (CICIP), overseen by the Arts Humanities Research

Council (AHRC). As discussed in more detail elsewhere in this volume, they were tasked with funding a number of creative industries clusters across the UK (Lewis et al., 2023). In so doing, the initiative created two levels of cultural intermediary: the AHRC, on a strategic level, and UK Universities, tasked with developing, shaping and delivering the strategy.

This choice of cultural intermediaries (Bennett, 2020; Virani, 2019; Virani and Pratt, 2016) was pragmatic – but also, I will argue, consequential (Benghozi and Paris, 2016). The focus on research, development and innovation (R,D&I) made UKRI a relevant mechanism for the distribution of funding. And while the initiative was multidisciplinary (incorporating approaches from STEM and social science), the focus on culture and creativity made the AHRC an appropriate part of UKRI to lead the programme. Although the volume of funding fell short of the scale and scope recommended the Bazelgette review, it was, by AHRC standards, one of the most sizeable and significant investments ever made by an arts and humanities research council.

The choice of universities to be the cultural intermediaries to deliver the programme – which, as discussed in the introduction to this collection, was responsive rather than inevitable or strategic – followed from this decision. The legal and organisational challenges of the programme – which involved the creation of industry-facing innovation ecosystems – required management by legal entities able to conduct research and to disburse funds in ways that were compliant with (at the time) EU State Aid regulations (now, following Brexit, Subsidy Control regulations) around R&D funding. Universities were/are well positioned to deliver on both fronts: especially in the CCSIs, which required large, third party intermediaries to bring together the myriad of small creative companies within sectors and geographies.

There is no doubt that the primary drivers behind the CICIP were economic. The *Evaluation Of The Creative Industries Clusters Programme* by BOP consulting and Frontier Economics (2024) reflects this emphasis, its analysis focusing mainly on economic and innovation metrics. While there is some discussion of social goals in their evaluation, they are clear that the main aim of “the programme was designed in response to the recognised contribution that the creative industries makes to the UK economy and with a view to driving continued long-term industry growth” (p.5). For those critics of the ‘economic turn’, this would seem to confirm concerns about both the programme and the general drift of creative industries policy (see, for example, Zheng and Chan, 2014, on the negative ways a top-down, hard economic focus can play out). And yet, I would argue, the choice of intermediaries made the CICIP intervention far more nuanced.

For the AHRC, a focus on cultural and social values was far more familiar territory than a programme designed purely around stimulating economic growth. This made them sympathetic to those clusters who saw R,D&I as a route to achieving a range of economic, social and cultural objectives. Similarly, situating R,D&I programmes (mainly) in university departments of arts, humanities and social sciences gave the whole initiative – at least potentially – a critical grounding in literatures around the CCSIs.

This was, almost certainly, *not* a deliberate attempt by government to soften the hard edge of its intent to deliver economic growth. It was the consequence of a series of procedural debates and decisions alongside the practicalities of the UK's research funding infrastructure. What it did, however, was *create a space for the potential development of alternative economic strategies for the CCSIs*

So, for example, many of the ecosystems created by the nine clusters – or Creative Research and Development Partnerships (CRDPs) – actively promoted equity, diversity and environmental sustainability as core values. The BOP/Frontiers evaluation, for example, found that “the survey evidence suggests that CRDPs (Clusters) have influenced screen-related businesses ..., with those that have had significant engagements with their CRDP more likely to cite reducing environmental impacts (39 %) and socio-economic barriers (64 %) as highly important than those that had had light engagements (29 % and 47 %, respectively)” (2024,

P.12). In other words, some of the ecosystems created by the CICP were structured – and partly successful – attempts to shape the creative economy around social and cultural values.

I will develop these points by exploring the development of one of the CRDPs: Clwstwr – a place-based innovation programme for the CCSIs in Wales. Led by Cardiff University, Clwstwr was delivered by a partnership which included Welsh Government, Cardiff Metropolitan University, the University of South Wales, BBC Wales, Arts Council Wales and Cardiff Council. The analysis draws on a series of data sets: Clwstwr's internal monitoring and evaluation of its R&D projects; a series of interviews with companies following project completion; surveys with Welsh creative companies before and after the programme; and an economic analysis of the Clwstwr programme's impact on the Welsh creative economy (see Lewis et al., 2023, for more methodological details), as well as my own experience, as someone deeply involved in the delivery of Clwstwr.

5. Clwstwr: building a new economic, social and cultural strategy for the CCSIs

Clwstwr was – like some of the other CRDPs – a place-based intervention, funded by both the AHRC and Welsh Government. Its structure and values were developed in response to its place – in the midst of the deindustrialised landscape of the South Wales valleys. Its politics are shaped, in part, by its relationship with its wealthier, more powerful English neighbour, and a history full of moments of resistance to English hegemony (see Cushion et al., 2020, for a contemporary articulation of that hegemony in broadcast news).

Welsh Government's guiding principle is the landmark Well-Being of Future Generations Act, intended to inscribe ideas of environmental sustainability and social justice into everything it does. This comes with the distinctly Welsh notion of *cynefin*, meaning a sense of place, its history and identity, its landscape, statues and street names. In South Wales, *cynefin* has long been defined by mining, metal manufacture and Methodist non-conformity. Most of that has now gone. The mines are closed, many of the chapels are empty and less than 10 % of Welsh jobs are in manufacturing.

The growth of the creative industries in South Wales represents an opportunity for economic, social and cultural renewal. Today, more than 15 % of enterprises in the Welsh capital (Cardiff) are in the creative industries, with more TV studio space than anywhere in the UK outside Greater London. Cardiff has become the UK's 3rd largest film and TV industry employer after London and Manchester (Komorowski, Fodor and Lewis, 2021b,c; Komorowski and Lewis, 2023). This is part of a new *cynefin*: a place where economic activity can have wit, heart, and soul.

The Clwstwr programme was very much of its place. Its starting point came from an analysis of a global media sector where power is concentrated in the hands of a few – often US-based – transnational media corporates. This creates its own lop-sided terms of trade, where large global media companies outsource creative activity while maintaining control of economic levers and benefits – such as distribution infrastructure, data and intellectual property rights. Regional and small nation creative clusters – like Wales – become 'show and go' economies, where larger players commission work locally (often for global markets) while retaining control of the profit generating activity. For US-based companies, these deals are sweetened by their ability to negotiate further financial incentives – like tax credits – from local and national governments eager to attract their business. For local and national governments, this comes at a cost, with diminishing gross value added (GVA) returns and tax revenues.

Clwstwr was an attempt to shift away from these economic conditions, and to increase capacity for income generation for locally based independent companies. Its core mission involved economic development while tackling issues such as environmental sustainability, diversity and inclusion, and using funding mechanisms to promote other forms of social and cultural value (Lewis et al., 2023). It was, in this

sense, an R&D project in its own right, building a prototype for a different kind of creative economy, where small is not only beautiful, but locally accountable and profitable.

At the heart of Clwstwr's approach was the creation of an ecosystem: an R,D&I infrastructure designed to give both small creative companies and freelance creatives the time, resources and support to create new forms of economic, social and cultural value.

This consisted of three main interconnected elements.

- **Outreach** to promote R,D&I as a means of creating new forms of economic, social and cultural value for small creative companies, organisations and freelancers.
- **Distributing grant support** (through open calls) to enable SMEs, micro-businesses and freelancers to do R&D, either within the company or in collaboration with others. Across three annual cycles, Clwstwr open calls generated 550 applications, with 118 funded projects involving 190 companies and 273 individual freelancers.
- **Linking grant aid to a multi-faceted support infrastructure**, incorporating a team of R&D producers and user-centred design specialists to guide companies through an innovative value-creation process, foster productive collaborations, and provide specialist support from university researchers, creative business development agencies and legal support for the creation and exploitation of intellectual property.

These elements were designed, in the following ways, to create economic, social and cultural value.

5.1. Outreach and community building

Clwstwr's outreach strategy was developed in response to reviews of the literature, information gathered during the bid development stage (involving conversations with 100 local companies and freelancers) and regular reviews of their own processes after each funding cycle (Lewis et al., 2023). This raised two central concerns about the nature of an interventionist ecosystem. First, the traditions, conceptual development, policy frameworks and scale of investment for R&D has been dominated by the STEM sectors of the economy. This typically involves larger companies with a history of – and dedicated resources for – R&D. For many creatives, this was an entirely new landscape – one that needed to be redefined in ways that suit the CCSIs (Lupu, Komorowski, Lewis and Fodor, 2025).

Second, open-call funding and support schemes tend to favour those best equipped to develop strong applications, limiting the diversity of applicants. This is compounded by customs and practices that define R&D as the creation of new technologies. At an early stage in the Clwstwr programme, it became clear that simply offering grant funding to support R,D&I would have limited its impact to the most 'tech-savvy' parts of the CCSIs, and, even then, been narrow and limited in its scope. So, for example, attendance at Clwstwr's first Ideas Lab – designed to open up R&D to creatives – was over 90 % male.

In response, Clwstwr developed 3 outreach and community-building strategies to embed innovative practices across the Welsh creative ecosystem.

1. Working with the Welsh CCSIs to **redefine R&D customs and practices**, making R&D more open to *all forms of innovation*, including new ways of working, new ways of understanding audiences and new forms of storytelling. This led to recasting R,D&I – using the lexicon of ideas rather than technologies – to significantly expand the range of innovative possibilities, as well as the breadth of companies engaging in the programme. While technologies remained part of the mix, by the end of the programme the *most common mode of innovation* (amongst Clwstwr's 118 R,D&I projects) involved new forms of storytelling – identified by 40 % of Clwstwr projects as their main focus.

2. **Devoting time and resources to creating an R,D&I culture in the CCSIs.** Clwstwr's outreach involved 52 events (a number of which were targeted at companies and organisations across more deprived regional geographies), and 1,233 one-to-one meetings between R&D producers and creatives across every stage in the grant-funding process. This was underpinned by extensive online resources and activity – designed according to accessibility principles – developed by a dedicated communications and engagement team (too often an afterthought in the development of new programmes). This included both video and accessible written guidance for applicants to the programme. The Clwstwr programme had 306,008 pageviews (233,506 unique) and 73,679 unique users of its website, 2351 Twitter followers, 214 Facebook followers, 568 LinkedIn followers, and 813 Instagram followers. The team produced 40 e-newsletters for a gradually expanding R,D&I network of 593 e-newsletter subscribers.
3. **Creating mechanisms to increase understanding of the meaning and value of R,D&I across the Welsh CCSIs** – rather than focusing only on funded projects. Apart from workshops and training offered to applicants, this included providing detailed feedback – both written and face to face – to all the unsuccessful applicants to its funding calls. While this was a substantial time-commitment, it was critical to generating a broader understanding of R,D&I across the Welsh CCSIs.

5.2. Creating a funding and support ecosystem

Economic, social and cultural criteria were embedded into all Clwstwr's funding and support mechanisms, and all applications for training and/or funding were assessed – with equal weighting – on their potential economic, social and cultural value. So, for example, a proposal that had strong income generating potential but little – or negative – social or cultural value would be unlikely to score highly enough to receive funding. Similarly, the Clwstwr intervention was intended to build capacity and resilience rather than support 'one-off' projects, so plans for economic sustainability needed to be part of the R&D process.

The Clwstwr ecosystem assumed that funding recipients had limited knowledge of R&D processes. This was confirmed by subsequent interviews with funded projects, only 6 % seeing R&D as part of their routine activity (see Lupu et al., 2025). The community-building process – around creative R&D – expanded the programme's reach and scope. Most companies were aware that a systematic approach to innovation – based on evidence – was more likely to be effective than an intuitive approach based on instinct. But few had training in R&D methodologies or practical understanding of systematic approaches to innovation. Like most people, they were unsure what R&D was, how broadly it could be applied, or how best to do it.

As well as funding people's time to carry out R,D&I activity, the Clwstwr programme built in two enabling mechanisms. It created a series of new roles – 'R&D producers' – recruited from the creative sector to navigate companies and freelancers through this (sometimes difficult) space. They worked alongside specialists at Cardiff Metropolitan (PDR), who delivered a series of workshops in user-centred design (UCD). These included training for each funded cohort and individual sessions to provide more specific guidance to give R&D projects both inspiration and structure. Over the course of the Clwstwr programme, PDR held a total of 155 workshops and 1-2-1s with companies, providing projects with a practical and systematic (user-centred design) framework for the development of their ideas.

The annual funding cycle was designed to allow multiple points of entry for a range of company sizes and skillsets. This was *not* an innovation funnel – in which the most innovative companies are cherry picked and others weeded out – but a pipeline with multiple access points that attempts to move *all* companies towards R&D-led innovation.

- The cycle began with 2–3 day UCD Ideas Labs to introduce smaller creative companies and freelancers to the concept and practice of R, D&I. The Labs provided an opportunity to explore, develop and refine new ideas with the support of the PDR/Cardiff Metropolitan team, taking participants through a user-design process. Attendees for these workshops were selected via an application process. To maximise accessibility, participants received a stipend of £500 (plus childcare support) on completion.
- Seed Funding awards were made available shortly after the completion of the UCD workshops, enabling both workshop participants and new entrants – with more R,D&I experience – to apply. This funding supported three-month projects to develop prototypes.
- Following the completion of the Seed projects, Clwstwr opened its £50K Development Funding awards. These were open to successful Seed Fund projects as well as (typically more experienced) micro-companies and other SMEs. These awards were designed to move projects beyond prototypes towards a sustainable proposition/model for an operational new product, process, service or experience.

While the majority of those taking part in the Clwstwr programme dipped in and out of these various stages, 7 projects worked their way through the whole cycle, from Ideas Lab, through Seed funding to completed Development projects.

Each funded project had both academic input – providing both specialist knowledge and basic advice about research methods – and an R&D producer to foster collaborations and help fuse R&D methods with industry or sectoral practices. Two thirds of the 118 funded projects were collaborative projects, where the lead businesses collaborated with at least one other business or freelancer.

Interviews with projects suggested that the support structures put in place to support R&D activities were integral to a project's success. Analysis of Clwstwr's monitoring processes, as well as follow up interviews with projects, suggests that those projects whose engagement with support processes was minimal were less likely to bear fruit. Involvement in the programme was, for many, transformative: most of the projects (77 %) reporting that their experience changed their understanding of R&D.

The Clwstwr programme used two mechanisms to inscribe positive social, cultural and economic outcomes into its ecosystem. First, by inscribing fairness and sustainability principles across all its funding criteria and engagement processes. This included: employing an inclusion-focused R&D producer and an Equality, Diversity and Inclusion Officer; designating an R&D producer to develop environmentally sustainable projects; ensuring that communications portrayed creative industries R&D as open to all; introducing EDI monitoring for the team and any project applications or commissions; holding a series of EDI training sessions (on, for example Anti-racism, Compassionate Design, Disability Equality Action Training, Trauma Informed Practice, Unconscious bias and Understanding Autism) for the team, partners, and funded projects; creating accessible routes into funding by offering Ideas Labs with stipends and carer support for freelancers; and developing partnerships with EDI and sustainability driven organisations in Wales.

Second, Clwstwr curated and funded R&D projects with clearly inscribed positive social and cultural ambitions. These included.

- 8 projects that foregrounded green innovation goals, with 20 % of all 118 Clwstwr projects registering a positive environmental impact as an outcome of their innovation. So, for example, production company Severn Screen developed the role of a sustainability coordinator working across all aspects of their Netflix thriller *Havoc*, an idea that has since been amplified and developed by Clwstwr's successor, Media Cymru, and by Welsh Government, with a cohort of trained sustainability coordinators working across Welsh productions.
- 6 projects that focused on empowering users, 6 projects that aimed to create practical ways to diversify the sector, 6 projects that used the

power of storytelling to increase inclusivity and 5 projects that used R&D to make the sector and creative services more accessible.

The presence of these projects in funded Clwstwr cohorts, in turn, increased the awareness and visibility of fostering positive social and cultural outcomes.

6. Impacts and conclusions: the value of universities as active cultural intermediaries

In the previous section I described how the Clwstwr programmes used a range of *outreach* strategies to redefine expectations and practices around R,D&I, tailored to the scale and ambitions of small creative companies. Stressing, for example, that R,D&I was about ideas rather than (only) technology, while using multiple forms to engage a diverse group of creatives in the ecosystem. This shifted the dial in two ways: moving beyond the confines of STEM approaches to R,D&I while making R&D practical and user-friendly for the small companies that make up most of the creative sector.

This combined with an *innovation pipeline* designed to support companies at every point in the R,D&I process (including the application stage). This included funding – mainly to give companies the time to carry out R&D – as well as wraparound support – an R,D&I infrastructure or ‘scaffolding’ (Terras, Jones, Osborne and Speed, 2024, pp. 71–96) designed to maximise the success of R,D&I projects. The aim, throughout, was to create a culture of innovation in the cluster as a whole.

Underpinning these structures was a commitment to *prioritise economic, social and cultural values* in every aspect of Clwstwr’s delivery, from outreach strategies to funding decisions.

To what extent did the Clwstwr programme meet its goals as an intervention in a place-based creative economy? While the investment was both modest in scale and experimental in approach, the Clwstwr ecosystem succeeded in delivering a number of positive social, cultural and economic impacts.

As an economic intervention, it enabled a number of small, independent companies and freelancers – traditionally excluded from R&D funding schemes – to develop their businesses. Over a period that saw significant disruption following the Covid pandemic, Clwstwr-funded companies grew, on average, by 14.6 % in turnover and 21.3 % in employment, during a period of *decline* (–3.2 % in turnover and –11.3 % in employment) in the Welsh creative industries as a whole.

Further economic analysis (Lewis et al., 2023) indicates that the Clwstwr programme *directly* contributed to £7,755,570 in additional turnover and 137 additional jobs, and, through indirect and induced effects, to a total of £20,446,443 in additional turnover and 446 additional jobs in the local creative industries. It also allowed the Welsh media sector to begin to shift from a ‘show and go’ economy (serving the needs of larger corporate entities) to growing their own intellectual property. Clwstwr-funded companies increased the number of their copyrights, patents, trademarks and registered designs by 650 %. Before Clwstwr, companies registered, on average, only 0.6 copyrights, trademarks, designs or patents; post-Clwstwr, this grew to an average of 4.5 per company.

The programme’s focus on equality, diversity and inclusion allowed it to buck some of the trends in creative industries employment. By the completion of the programme, diversity monitoring surveys show that those taking part in the Clwstwr programme were *fully representative* of Wales and the Cardiff Capital Region, in terms of gender, ethnicity, age, sexual orientation and trans identity, and significantly *more diverse* than the Creative Industries workforce as a whole.

This was a work in progress, and Clwstwr’s monitoring and learning – around, for example, the gendered aspects of traditional definitions of R&D – allowed the programme to become more inclusive. In their first funding round, only 22 % of the successful projects were led by women. The subsequent development and embedding of a range of EDI

initiatives led to a steady and significant growth in this proportion. The last open call saw 51 % of applications and 59 % of funded projects being led by women, and in the last seed funding call 61 % applications 66 % of projects were led by women.

Surveys of Clwstwr-funded businesses show that socio-cultural forms of innovation become more central to their R,D&I. At the start of the programme, only 19 % of all Clwstwr-funded projects reported undertaking innovations with societal goals. By the end of the programme, this proportion more than doubled to 41 %. Similarly, at the start of the programme less than one fifth (19 %) of Clwstwr-funded companies reported innovations having an environmental impact. By the end of the programme, nearly half (49 %) linked innovation to environmental goals.

These data provide evidence that Universities are well placed to play a central role in this form of critically-informed cluster-building for the CCSIs. In Clwstwr’s case, this was based on convening power, links across research, policy, industry and civil society domains, and their ability to draw upon critical and best practice literatures. This enabled them to play the role of positive cultural intermediaries in the development and enactment of new economic, social and cultural strategies. Nonetheless, the filling out of the space of the cultural intermediary – as active rather than passive agents – is difficult and complex, better described by the idea of ‘integrated collaborators’ (Pepper and Prime in this volume).

This is, in many ways, a new role for universities to play: in Clwstwr’s case this involved a series of adaptations to refine and develop new processes. This included.

- Learning how to create ecosystems that inspire, fund, curate, support, develop and evaluate research, development and innovation with non-university partners. This requires a series of financial and legal support structures that fall outside the routine processes used by most universities.
- Developing procurement systems that are sensitive to sectors dominated by small independent companies, rather than favouring larger corporate suppliers.
- Supporting the creation of new roles – such as ‘R&D producers’ – that do not fit straightforwardly into traditional academic or professional service pathways. In the longer term, this means a greater understanding of more hybrid career pathways that match the quadruple or quintuple helix rhetoric (following Steenkamp, 2019) that surrounds university approaches to innovation.

Despite the significant labour involved in building these new ways of working, this allows universities to.

- Draw on a rich critical literature of the market-based model of the CCSIs to develop alternative economic models, designed to improve social, cultural and economic outcomes.
- Leverage research and innovation expertise in a landscape where there are few large corporate entities to use as a base for R,D&I activity, while playing a convening role in a sector dominated by small companies and freelancers.
- Work with a range of stakeholders in the cluster and identify the relationships and value flows between them.
- Move the quintuple helix model of innovation in a progressive direction, curating interactions and engagement between academia, industry, government, civil society and the environment.

This is, of course, much easier said than done. For most Universities, this kind of intervention is *not* business as usual. The Clwstwr experience suggests that the theoretically strong position of universities to engage in building an innovation ecosystem involves overcoming a myriad of practical difficulties – dealt with in more detail elsewhere in this volume (e.g. Pepper and Prime). It means blurring the lines between rigid academic and professional service career pathways, while creating funding

mechanisms (such as State Aid, now the UK Subsidy Control Regime) in ways that are robust while being sympathetic to the needs of small creative businesses and freelancers. And it means understanding how administratively separate activities - funding businesses, knowledge exchange, research, development and innovation – are deeply interconnected.

It also involves *moving out of a critical comfort zone*, beyond critique and theoretical policy domains to become an active agent of (alternative) economic development. The argument against the ‘economic turn’ in CCSI policy tends to neglect the need to theorise *and enact* a clear policy framework for developing positive economic conditions of cultural production, while creating good working conditions for cultural workers.

Making university-based creative industry clusters effective agents of social, cultural and economic change required moving beyond the current dichotomy between a focus on/celebration of the economic power of the CCSIs and an anti-economic critique that stresses cultural and social values. And, following this, to make a case in favour of a different *form* of creative economy: one that uses a critical framework to reshape economic conditions to support positive social and cultural outcomes.

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Declaration of competing interest

I am Director of Media Cymru.

Data availability

Data will be made available on request.

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