The growth of enterprises in the creative industries: the tricky world of ambitions

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Abstract

The cultural and creative industries have been shown to have a considerable share of the economy in recent decades, and therefore creative enterprises are often considered carriers of economic development that will drive growth and jobs in cities and regions. However, it is often confusing which business growth expectations should be considered in the context of creative companies. Do the creative companies themselves value growth, and what is meant by that growth? The objective of this article is to find an analysis model to describe the willingness of these companies to grow and the differences in growth orientations among creative companies? The article makes use of an empirical study among incubator tenants in Estonia and reveals the motivation for starting their business alongside their growth orientations. The results show that creative enterprises are established based on self-actualisation endeavours, but this does not distinguish their ambitions toward growing their companies. The study describes three different types of creative companies in their relation to growth.

JEL classification: D22, O38
Keywords: creative industries, creative entrepreneurship, company growth, analysis model
1. Introduction

The cultural and creative industries account for about 4.2% of GDP in the European Union (EU) and offer jobs for 7.5% of the workforce (Ernst & Young, 2014). In 2016, 5.3% of value added in the EU was created by cultural and creative industries (Austrian Institute for SME Research and VVA Europe, 2016). Such a significant share in the economy and the growth of this sector in the 21st century have been acknowledged by the European Parliament, and the development of creative industries is one of the priority areas of the European Commission (European Commission, 2010, 2012; European Parliament, 2016). Berg (2014) argues that creative industries are largely shaped by public policy and public investment. This is supported by Oakley’s (2011) statement that policy-makers view creative firms as capable of economic development that will deliver growth and jobs. At the end of the first decade of the 21st century, several creative incubators were launched, including in Estonia, to push the growth of creative sectors to achieve greater input into the economy as a whole. The purpose of incubators is usually to contribute to the competitiveness and job creation of the local economy by supporting starting companies with growth potential and by stimulating a spirit of entrepreneurship and innovation. In the beginning, political discussions focused on questions like “are these creative enterprises really so different to warrant establishing a special incubator for them”, “starting a business is the same for all”, “if they are only self-employed it is not a business and doesn’t deserve the business incubation services”. The question really is, if these creative companies are growth oriented then special measures in the form of incubation services (to foster company growth) would be justified.

There are several studies that have dealt with the impact of the creative industries on the economic growth of regions in general – starting from Florida’s (2002) studies about the effects of the “creative class” on regions and cities, to more specific regional studies often focused on a single or related group of creative industries in a single metropolitan location (e.g. the Miami region (Yum, 2016)). Other studies deal with the spillover effects of creative industries into other sectors (Estonian Institute…, 2012), and more specifically with the effects that the creative industries have on wages and employment growth in other sectors (Lee, 2014). But there is less evidence about the growth orientation of the creative companies.

This paper addresses creative industries and the growth of the companies themselves operating in this sector. The article does not look at spillover or cross-over effects, but concentrates rather on the issue of internal sector-based growth perspectives, potential and explanatory factors. The research question explores whether creative businesses are motivated internally toward growth and whether different types of growth motivations can be identified. In the following, the authors aim to showcase an analysis model for exploring the internal growth perspective of creative industry companies. The empirical study was conducted among incubator tenants in order to understand the life-cycle of starting creative enterprises. The article utilizes the results of the study to focus on, model and analyse the motivation for starting creative businesses, and whether this initial motivation also indicates their growth ambitions.

The article is composed as follows: first, insights into the specific elements relevant to companies in the creative industries are presented alongside aspects of the growth of such

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1 Cultural and creative industries include the subsectors: books, newspapers and magazines, music, performing arts, TV, film, radio, video games, visual arts, architecture, advertising. Hereinafter we use term creative industries to cover these sectors.
companies. The next section will describe the data and method of the empirical study, followed by the results concerning what motivates entrepreneurs to start their business and the model for analysing the growth orientations of starting creative companies. This will also include a description of the different types of creative companies according to their growth ambitions. The article concludes with a discussion of the specific growth characteristics of creative industry companies, indications for further research and implications for policy support.

2. Theoretical background

2.1. Characteristics of creative companies

The creative industries have received increasing political and academic attention for more than two decades, although there is neither a definition nor a generally accepted approach to studying the creative industries (Cunningham, 2002; Kong, 2014; Hartley, 2008; Hesmondhalgh, 2002), and the range of sectors in empirical studies varies widely (Florida, 2002; Pratt, 1996; Throsby, 2008). The conceptualisation of the creative industries continues to be a topic of some debate and is sometimes even controversial. As to the definitions, at one end are approaches that explain the creative industries in a wider social context; for example, the creative city (Landry, 2000), the experience economy (Pine II & Gilmore, 1999) and the creative class (Florida, 2002). At the other end of the spectrum lies the sector-based approach that determines the creative industries as a group of certain sectors, often based on an industrial classification that describes the scope of the creative industries. Probably the most widely used definition of this sector-based approach to the creative industries appeared in the UK creative industries mapping document. According to this definition, the creative industries are, “those activities which have their origin in individual creativity, skill, and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 1998). In this article, we will adopt this initial definition, and the list of sub-sectors including advertising, architecture, visual arts, entertainment, IT, crafts and heritage, design, film and video, music, performing arts, publishing, television and radio. This approach is considered suitable for the study, as the object of analysis is the creative company and its internal growth perspectives, and the entrepreneurial literature on growth mainly uses the sectoral division of companies (if applicable in the research).

The companies active in these creative fields are considered creative enterprises. Creative entrepreneurship is often considered – in view of its motives, its operation and problems – a very special class of entrepreneurship, where cultural, creative and commercial activities overlap (Potts, 2011; Miettinen & Teder, 2006). There are different notions of cultural and creative entrepreneurship (due to the concept). However, they all concentrate on economic activities dedicated to producing goods and services with mainly aesthetic and symbolic value (Smit, 2011). Despite diverse contexts and definitions, the creative industries have several characteristics in common. This does not mean that all the characteristics are exclusively valid for the creative industries and its companies, as some of them also count within manufacturing or services. The most important characteristic of creative businesses refers to their product/service being grounded on uniqueness, on the symbolic value of the
product. Most creative products (e.g. an audio-visual production) require very diverse and specialized skills and knowledge (Turok, 2003) of different creative fields. Therefore, they show a high level of concentration in specific locations which again highlight interactions and activities among creative individuals and firms within that location, often forming creative clusters (Berg & Hassink, 2014).

Different studies have also revealed that the entrepreneurs in creative industries have more social objectives alongside economic goals (Malem, 2008; Curran & Blackburn, 1994; Gray, 1998). Very often they have a networked structure of organizational practices (Neff & Stark, 2003; Barabasi, 2002), as well as different management strategies for business development often related to the project-based nature of the work (Grabher, 2004; Bilton, 2006). The creative companies are also deeply involved in the process of new value creation, as their value added works derive from innovation (see, for instance, Lange & Bürkner, 2013 on the music industry in Berlin, or Lazzaretto & Cinti, 2013 on the restoration cluster in Italy). In addition, they provide various innovative services direct to the consumer market through such creative companies as design companies. Depending on the approaches toward studying creative industries, some scholars consider the creative companies as part of the innovation system giving them a pivotal role in the socio-economic process of the adoption and retention of new ideas (Potts, 2011). It should be emphasized that the specific nature of creative businesses depends largely on the basis of comparison. Creative companies are predominantly micro and small companies, which makes them largely different from medium and large enterprises. It would also be interesting to compare creative companies to other highly innovative companies like (tech) start-up companies, whose product value is also unclear. They often have a project-based working style and social objectives (to change common practices and make life easier), and therefore their market risks are high. Still, the important difference here comes with scalability – the products/services of high-tech start-ups are largely scalable as opposed to the uniqueness of the endeavours of most creative companies (except in the case of games or other IT related products and services).

Consequently, there is lot of research about the nature of creative enterprises and their role in the economy, but not so much has been done to study the internal growth prospects of creative companies. The following sub-chapter explains some aspects of growth which will be studied in the context of this article.

2.2. The growth of companies

Growth in business has very often been discussed in the literature on entrepreneurship. The general approach presents a company’s growth from its beginnings as a small enterprise to a large one and this is equated with success. Consequently, business success stories describe how small start-up businesses become large – and not just large, but giant international companies (e.g. Steve Jobs and Apple, Richard Branson and Virgin, Rupert Murdoch and News Corporation) (Stokes, Wilson & Mader, 2010). If we rely on statistics, we see that large companies make up a very small part of the total companies in the EU (0.2%), but small enterprises including micro-enterprises (0–9 employees) account for 92% of all enterprises (European Commission, 2011). There are a number of business types that do not always seek growth (e.g. family businesses) and these evaluate the success of the business according to other indicators (Morris, Schindehutte & Allen, 2005). Although the growth issue is dealt with at various depths in the literature dealing with different types of entrepreneurship
(family businesses, SMEs etc), very often it is handled in a rather simplified manner (increased employees) and this can also be seen in public policy measures.

Theoretical reflections reveal that one of the most widely used definitions of growth entrepreneurship is “the one who appreciates the success of the company in terms of size and growth” (Katz, 1995). A growth entrepreneur is associated with the following characteristics: emphasizing growth and being profitable, willing to take risks, focused on commercial considerations when managing the company, increasing the company’s value (with the view to selling it off). This differs significantly from the characteristics of a lifestyle entrepreneur, where the joy of the work is considered more important than earning money, maintaining the company’s size can be managed, preferring a hands-on management style, the interests of the family are set higher than managing the company, and so on (Getz & Petersen, 2005). Still, these types belong to opportunity-driven entrepreneurship, which primarily involves seizing opportunities that provide greater independence and earnings (Bosma & Levie, 2009). Defining growth entrepreneurship is often viewed in opposition to lifestyle entrepreneurship (Marcetti, Niehm & Fuloria, 2006) or subsistence entrepreneurship (Schoar, 2010). While the first two models, at least in theory, should be sufficiently clearly distinguishable from each other, subsistence entrepreneurship is an inherently more unstable type of business, which can be described according to the expression “in the absence of a better choice” – a job and food is needed, appropriate paid work is not available; therefore, why not create our own work. In this case, the basic motive is not “to be an entrepreneur”, independent entrepreneurship is rather a forced option. Usually, the motivation for starting the company is divided between: opportunity-driven and subsistence entrepreneurship. Subsistence entrepreneurship is associated with those people who are “pushed” into business, either because there are no other employment opportunities or they are at risk of unemployment in the future (Bosma & Levie, 2009).

However, the diversification of entrepreneurial practices has brought changes to the nature of growth entrepreneurship as a subject of discussion. Researchers have repeatedly stated that the topic of growth is highly heterogeneous (Davidsson, Achtenhagen & Naldi, 2005), and the terms ‘growth’, ‘increase in value added’ and ‘increase in wealth’ do not overlap in the scope of their meaning. Increasingly, due to the globalization of markets, company growth is seen through internationalization. In many cases, this takes place through international networks and alliances (Chetty & Campbell-Hunt, 2003). It is also noted that for small businesses, internationalization is the most important prerequisite for growth (Hurme-Peltomäki, 1994).

In conceptualising the growth prospects of creative enterprises, one cannot overlook their specific characteristics, such as: prioritising personal freedom and independence as opposed to rational (commercial) partnership, economic growth and profits (Malem, 2008; Curran & Blackburn, 1994; Gray, 1998); and the dominance of structures centred on the individual and project-based operations (Bilton, 2007). Therefore, some consider that the discussion of growth should also include other categories, such as growth through the extension of the network or improving product or service quality, instead of “merely” growing the company (Grabher, 2004). On the other hand, studies of university alumni in Estonia have shown that there is a much greater share of entrepreneurs among the art

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2 Alternative terminology along the same lines of definition is used in the literature including necessity vs opportunity entrepreneurship (Fossen & Bütten, 2013; Block & Koellinger, 2009), survival vs aspirations entrepreneurship (Tyrowicz, 2011), and push vs pull entrepreneurship (Amit & Müller, 1995).
academy’s alumni than other universities, and it has been argued that the graduates of the art academy have no jobs waiting for them – they simply have to create their own jobs (Póder et al., 2016). One interpretation of this is that some of these creative companies can be described as subsistence entrepreneurs.

Chaston and Sadler-Smith (2012) have studied entrepreneurial cognition, entrepreneurial orientation and firm capabilities and explored the relationships between these variables, market conditions and the performance of small creative industry enterprises. Their data suggests that small high-growth firms are characterized by well-developed internal capabilities allied to an entrepreneurial orientation. The combination of an entrepreneurial orientation and well-developed internal firm capabilities are associated with the strongest levels of growth and may therefore represent a source of competitive advantage. The focus of their research was limited to organizations containing between 10 and 49 employees; therefore, further research into micro-enterprises with between one and nine employees is also needed, especially because the majority of creative enterprises are micro-companies. Furthermore, the styles of owners/managers still in the start-up phase of their new venture could provide a clearer picture of the growth orientations of creative entrepreneurs.

The growth of companies is primarily studied using ex-post data, as Delmar, Davidson, and Gartner (2001) used 19 different measures of firm growth such as relative and absolute sales growth, relative and absolute employee growth, internal/organic growth vs. external/acquisition growth, and the regularity and volatility of growth rates over a 10-year period. On the basis of such previous research various authors (Stokes et al., 2010; Barringer & Duco, 2010; Burns, 2001) have distinguished four groups of factors when analysing the growth of companies: (1) the characteristics of the entrepreneur (motivation, entrepreneurial experience, (higher) education); (2) the characteristics of the company (no. of employees, owner-manager relations, ownership concentration); (3) management strategy (market positioning, product development, export ambitions, pricing, financing); and (4) external factors (market perspective, competition).

Studying creative companies presumes that in addition to the themes and methods from entrepreneurial literature, different aspects from the creative industries literature that addresses the peculiarities of the creative companies also have to be included. The combination of the two latter streams of literature allows us to highlight the following three groups of factors to understand the growth orientation of creative companies:

a) understanding the creative entrepreneur – background, motives, education and entrepreneurial experiences that are based on different approaches to entrepreneurship (incl. Schumpeter, 1975; Shane & Venkataraman, 2000; Halim, Muda & Amin, 2011; Ahmad & Hoffman, 2008; Hang & Weezeel, 2007; Nijkamp, 2000) and different categories such as subsistence and opportunity-based entrepreneurship and also classifications of entrepreneurship motivation factors (e.g. Cuadrado-Roura & García-Tabuenca, 2009; Patchell, 1991; Getz & Peterson, 2005) together with creative industries and creative entrepreneurship approaches (incl. Howkins, 2002; Florida, 2002; HKU, 2011; Hesmondhalgh, 2002; Throsby, 2008);

b) characteristics of the creative company – business model, number of employees, ownership and so on. This includes different corporate governance approaches (incl. Williamson, 1996; Turnbull, 1997; Hendry & Kiel, 2004; Schleifer & Vishny, 1989) and also the literature related to creative industries management and organization theory (incl. Curran & Blackburn, 1994; Kelley, 1997; Mintzberg, 1973; Mintzberg, 1989; Granovetter, 1985; Neff & Stark, 2003);
c) attitudes toward business strategy and development – growth perspectives, development of new products and services, involving additional finances, internationalization etc. that are reflected in the literature on different approaches to the assessment of business development (incl. Littunen, 2000; Becchetti & Trovato, 2002; Getz & Petersen, 2005; Lashley & Rowson, 2010; Müller, Rammer & Trüby, 2009; Sacco, 2011; Wedemeier, 2010) and business models (incl. Morris & Schindereuthe, 2005; Hearn, Roodhouse & Blakey, 2007; Montgomery & Potts, 2009; Potts & Cunningham, 2008; Scott, 2006).

These theoretical aspects were used as direct input for the method described in the next chapter.

3. Data and method

The empirical study here used a qualitative approach to investigate creative enterprises. The sample was formed based on two parameters: (a) starting creative enterprises (less than 3 years old); and (b) companies that are incubator tenants either in the Tallinn or Tartu Creative Industries Incubator (or associate members or tenants of the incubator). Due to the fact that the sample was primarily formed on the bases of incubator tenants, it does not fully match the distribution of the creative industries sub-sectors in Estonia. The sample does not contain companies from the music, publishing and advertising fields. Therefore, the selection will leave out at least some companies with relatively substantial export potential. Furthermore, the study cannot operate on the basis of the number of employees in the analysis because the sample consists of starting companies, and therefore coincides with the number of people involved in business creation generally reflecting the number of employees in the company at the time of the interview. These limitations have been taken into account when generalising the results.

The data were collected using semi-structured and semi-standardised interviews. The semi-structured interviews reflect the fact that the questions are presented in the form of key themes and issues, but the wording of the questions and the sequence is relatively free. Semi-standardised means that in addition to a questionnaire containing open questions, some targeted multiple-choice questions were also added. Along with the pilot interviews, a total of 32 creative companies were interviewed, of which 19 were from the Tallinn Creative Incubator, 12 from the Tartu Centre for Creative Industries and one company was involved in both incubators. The interviews took place in person with the owner/manager of the company.

The interview questionnaire was composed by the research team based on the theoretical literature and related research about creative enterprises on the one hand, and entrepreneurial literature on the other. To assess growth orientations in creative enterprises, the following specifications of the previously given factors should be acknowledged: a) in the case of creative enterprises, not only should the existence of a higher education be emphasized but more importantly the existence of a higher education in economics. This is because creative entrepreneurs are mainly graduates of tertiary level education, and the differentiation in

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5 Data was collected in the framework of the study "The development cycle of small and micro creative enterprises" (2011), ordered by Foundation of Tallinn Business Incubators, Tallinn City Enterprise Department, Tallinn Culture Department, Tartu Centre for Creative Industries.
their activity patterns is caused by having economic competencies. Therefore, the special questions about their entrepreneurial education and previous experience were included in the interview questionnaire. b) in the context of creative businesses, the pricing model cannot be considered overly important in assessing any orientation toward growth because the prices of creative products/services tend to be difficult to observe (there is no clear basis for price determination) (Potts, 2011); c) the market perspectives of creative businesses are somewhat complicated: in some subsectors of the creative industries (e.g. theatre), the market situation is designated by the difficulty involved in exporting the product (due to cultural differences) and on the other hand by the narrowness of the domestic market, (usually, the product of creative enterprises cannot be qualified under mass consumer products). The latter two factors are relevant to keep in mind then analysing the results.

The interview questions were divided into three themes:
(a) understanding the creative entrepreneur – background, motives, education and entrepreneurial experience;
(b) characteristics of the creative company – business model, number of employees, ownership, etc.;
(c) attitudes toward business strategy and development – growth perspectives, development of new products, services, involving additional finances, internationalization etc.

All interviews were recorded and transcribed verbatim. The text material resulting from transcriptions of the interviews was coded according to the open coding approach, meaning that the data was broken down, examined, compared, conceptualised and categorized (Strauss & Corbin, 1990). Subsequent analyses used the targeted text analysis method (Hsieh & Shannon, 2005) and a coding sheet was created: both on the basis of the theoretical literature and previous research (as reflected in the interview questionnaire), and on the other hand, also based on the issues revealed in the interviews. Meaning that the coding sheet was left open during the text analysis of the interviews in order to provide an opportunity to include new codes, which might occur in the process of the text and data analysis (Laherand, 2008). The interviews were analysed by all members of the research team. During the process, the results were compared and differences in the categories and codes were specified in the course of joint discussions to ensure the reliability of the data interpretation. The final categories and codes were illustrated using quotations from the interviews to reflect the meaning of the codes. Such an iterative process is important when making generalisations about what is said in the interviews and to avoid errors of interpretation that may arise in making the generalisations. In terms of analytical methodology, it is understood as a strategy for expanding the text material (Laherand, 2008). Further analyses are based on comparisons between the various categories on the one hand, and the combination of theoretical positions and previous studies on the other, and their linkage through the process of synthesising the results.

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4 Cimmon and Levy (2010) have also noticed in high-tech startups that founder’s business management expertise and general technological/skill expertise are more important for businesses to survive than the founder’s general academic status.
4. Results

4.1 Exploring the factors that motivate entrepreneurs

The study showed that starting creative enterprises are usually established by people with experience in a certain creative (or hobby-based) field, who have decided to change their creative activities into a business. This group is dominated by people with a higher education. The motivation for starting a company consists of different components. The interview questionnaire included a list of 28 motivating factors, from which the respondent could select the 5 most relevant for him or her. Usually, the motives are split into two: opportunity-driven and subsistence entrepreneurship. The 28 motivating factors were split into 3 categories accordingly (Table 1), where opportunity-driven motives were also divided between self-actualisation and independence endeavour factors.

Table 1. The division of motivating factors into subsistence and opportunity-driven categories

| subsistence entrepreneurship | Avoid becoming unemployed  
|                              | Stay living in the same region  
|                              | Afford a normal living standard  
|                              | Achieve a necessary income level  
|                              | Gain additional income  
|                              | Work at home  
|                              | Prioritise family life  
|                              | Live in a certain region  
| opportunity-driven entrepreneurship | Identified good business opportunity  
| self-actualisation endeavour | Deal with one’s hobby  
|                              | I’ve always wanted to do it  
|                              | Contribute to society  
|                              | Public measures favoured establishing the company  
|                              | Self-actualisation  
|                              | Meet interesting people  
|                              | Gain wider acknowledgement  
|                              | Take a challenge  
|                              | Earn big profits  
|                              | Show one’s professional skills  
| independence endeavour | Be one’s own boss  
|                              | Work in a suitable manner and rhythm  
|                              | Be independent in one’s activities  
|                              | Have more free time  
|                              | Work (or oneself) (not for others)  
|                              | Achieve financial independence  
|                              | Enjoy the entrepreneurial lifestyle  
|                              | Choose a suitable working place  
|                              | Earn income in response to effort  

Source: Composed by authors based on the study by Tafel-Via, Vla, Terk, Ibrus and Lassur (2011).

The results of the analysis revealed that none of the interviewed entrepreneurs defined themselves purely as subsistence-driven, almost 2/3 were opportunity-driven and another 1/3 combined factors from the subsistence-driven and opportunity-driven categories. According to the results, the interviewees were divided into four groups according to their entrepreneurial motivation.
Group 1: Independence-seeking opportunity-driven entrepreneurs (11 interviewees). Most of their motives belong to the third category with one or two from the self-actualisation category. They want to be independent in their activities, which they like to pursue at their own pace and rhythm and for themselves not others. They seek self-actualisation and have taken on the challenge of achieving it.

Group 2: Self-actualisation-seeking opportunity-driven entrepreneurs (9). Most of their motives derive from the self-actualisation category supported by factors of the independence category. They focus on self-actualisation and making their hobby their work. That is the main challenge they are ready to take on.

Group 3: Entrepreneurs combining opportunity and necessity-driven factors (4). The self-actualisation and independence factors (work in one’s own way and rhythm) are combined with the need to earn a normal income and avoid being unemployed.

Group 4: Opportunity-driven entrepreneurs with a ‘drop’ of subsistence (8). This group is similar to the first two groups in spite of one factor – they highlight one subsistence-driven motivational factor – the need to earn a normal income.

In general, the motivation for starting creative entrepreneurs in an incubator is not to merely earn a living, but the desire for self-realization in their own beloved professional field. Self-actualisation and the independence to do things in their own way are the main motives. This information also forms important input for the subsequent growth analysis, where motivation is one of the factors that could influence growth.

4.2. Analysis of the growth orientation of creative companies

Analysing the interviews in respect to possible growth characteristics, the study elaborated a model where 34 thematic codes were aggregated under codes that indicated 3 dimensions that could affect the growth orientation of creative enterprises (see Figure 1). These three dimensions reflect the main group of factors influencing the growth of the companies also discussed in the theoretical part: entrepreneur’s personal characteristics, the characteristics of the company and management strategy issues.

The analysis model helps to understand the structure of different factors behind the broader dimensions. The first two conclusions are that (a) the interviews show the greatest variation between enterprises related to organizational triggers; in other words, the main differences in the activity patterns of the enterprises are described by the management model, the willingness to increase the number of employees and leadership issues; and (b) the smallest differences between the creative entrepreneurs appear to be associated with personal factors like motivation, educational background and previous experience.

These 13 theme codes (in Figure 1) were used as the basis for the classification of creative entrepreneurs into different growth-orientation types. To this end, the answers given by the interviewees to each of the factors were evaluated and scored points that indicated the attitude to growth. Not a single enterprise managed to get points for every factor. The maximum number of points was 10. According to these results, the creative companies studied here can be classified into three types:

- (classical) growth-oriented creative enterprises;
- creative enterprises with some characteristics of growth;
- lifestyle enterprises.
This typology shows the division of companies accordingly: the lifestyle type of enterprises clearly formed almost two-thirds of all the interviewed companies; one-fifth could be considered growth-oriented and another fifth creative enterprises with some characteristics of growth-oriented enterprises.

Growth-oriented creative companies are companies where growth orientation was observed in at least 8 factors. Their orientation toward growth can be followed through all of their answers and this has been their vision of the company’s future from the beginning.

Quoting:

“The main point why we’re doing this was that we agreed with the partner in order to make a real working business that will actually work without us and that’s it. To this end, we are now doing the job. Sometime in 5-6-7 years from today it will be an operating company, we are no longer the main actors there, we are there only in some parts as owners or something. It has achieved a certain economic independence and autonomy. /.../ Well, so we talked in the beginning, and later if everything goes well, of course, this is a kind of a dream – maybe we will sell the company. /.../ “

However, not all of the enterprises in this group can be considered "growth enterprises" on the basis of these parameters. For example, quite a clear ideology of growth could be reflected in the business strategy, but still the owners may have doubts about whether they really want to grow the company. Very often they described themselves as having the characteristics of both a growth and a lifestyle company: that it is like a lifestyle business with the motivation to earn a profit and emphasize development and growth. For example, it was argued that the company should grow and earn good profits, but at the same time it should follow the owners’ lifestyle orientations, so growth within certain limits:

"We will still grow, but at first within certain limits, we do not want to become some kind of large corporation. But growth is indispensible if we want to implement our ideas."
Figure 1. The growth orientation analysis model

<table>
<thead>
<tr>
<th>Thematic codes</th>
<th>Theme codes</th>
<th>Aggregate dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strive for independence</td>
<td>Motivation</td>
<td>Personal characteristics that trigger the growth</td>
</tr>
<tr>
<td>Strive for self-realization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous management experience</td>
<td>Entrepreneurial</td>
<td></td>
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<tr>
<td>Experience in starting a company</td>
<td>experience</td>
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<tr>
<td>Higher education</td>
<td>Educational</td>
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<td>Management education</td>
<td>background</td>
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<tr>
<td>Starting company with friend(s)</td>
<td></td>
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<tr>
<td>Starting with someone who has other competencies</td>
<td>Starting company</td>
<td>Company characteristics that trigger the growth</td>
</tr>
<tr>
<td>Ensuring the same team size</td>
<td>together</td>
<td></td>
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<tr>
<td>Increasing the no. of employees</td>
<td>Size of the</td>
<td></td>
</tr>
<tr>
<td>Have paid manager in a team</td>
<td>company</td>
<td></td>
</tr>
<tr>
<td>Plan to hire manager in near future</td>
<td>Owner-manager</td>
<td></td>
</tr>
<tr>
<td>Company has one owner</td>
<td>balance</td>
<td></td>
</tr>
<tr>
<td>Plan to decrease ownership</td>
<td>Ownership</td>
<td></td>
</tr>
<tr>
<td></td>
<td>concentration</td>
<td></td>
</tr>
<tr>
<td>Unique products/services</td>
<td></td>
<td>Growth stimulated by enterprise strategy related triggers</td>
</tr>
<tr>
<td>No competitors</td>
<td>Market position</td>
<td></td>
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<tr>
<td>Experience new things continuously</td>
<td></td>
<td></td>
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<tr>
<td>Value innovative offerings for clients</td>
<td>Product</td>
<td></td>
</tr>
<tr>
<td>Plan to increase export activities</td>
<td>development</td>
<td></td>
</tr>
<tr>
<td>Plan to start export activities</td>
<td>Export</td>
<td></td>
</tr>
<tr>
<td>Plan to grow constantly (quickly)</td>
<td>perspectives</td>
<td></td>
</tr>
<tr>
<td>Plan to grow at their own speed</td>
<td></td>
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</tr>
<tr>
<td>Plan only a little growth, but not in employment</td>
<td>Development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>model of the company</td>
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<td>Relevance of growing the enterprise</td>
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<td>Like to take risks</td>
<td>Attitudes</td>
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<td>Plan to sell the company one day at a good profit</td>
<td>towards development</td>
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<td>Ready to take a loan</td>
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<td>Plan to involve new share holder</td>
<td>Involving finances</td>
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Source: Composed by authors based on the study by Tajel-Via et al. (2011).
The group of *creative enterprises with some characteristics of growth orientation* included companies that responded positively to the 6–7 parameters that indicated growth. They mainly differ from the previous group on the basis of strategy related triggers – their growth aspirations are mostly seen in this component. The following quote illustrates one example:

“We are doing things in such a way that it would be nice and cool and fun to do it for ourselves. But at the same time, it should also be economically sensible and useful. To us, this is acknowledged. /.../ the need to acquire new major customers. And long-term contracts with major customers. /.../ It is a two-headed thing. Well. Making art is clearly a way of life. /.../ But well, in addition to art, we have to pay the rent and the electricity for this place; in addition, we need to put something into our mouths and so on. Of course, each and every business should be profit-oriented.”

The growth orientation in both of these groups is largely combined with export ambitions. The objective is to work in parallel on domestic and foreign markets, only that foreign markets are considered more important and their expectations are to increase the share of exports. Compared with lifestyle entrepreneurs, growth entrepreneurs are more manager/owners with an entrepreneurial or marketing education or they have had previous entrepreneurial experience from another sector outside the creative industries. Growth is still not seen in terms of large turnover and profits, at least not in the beginning; it is mainly described as moving toward certain markets, growing the client base and so on. In addition, the number of employees will not increase significantly – any increase will come through employing people who are already used to the project-based work format. One growth objective is to create much better conditions for professional work and client services – a prestigious shop, gallery, studio or building with separate rooms for different technical operations and client service capabilities.

The results indicate that the creative enterprises are mainly oriented toward growth that is slow and steady, and therefore lean more toward the sustainable development of their businesses.

5. Conclusion

The purpose of the study introduced in this paper was to further develop the theoretical discussions related to the internal growth perspectives of creative companies. The study results aimed to contribute to research into creative businesses via two perspectives. First, to present an analysis model to provide a structured framework for analysing the various growth-related aspects of creative companies both at the personal and company level. Second, the model made it possible to identify three possible types of growth orientations in creative companies. As the growth-related factors in this analysis model are derived not only from the literature on creative companies but also from general business literature, this model can be applied to analyse the growth orientation of companies from various fields. As the growth-related factors are not country-specific, the model can be applied in various socio-cultural contexts; therefore, the model can be used to explore whether the growth perspectives of creative and other companies differ across different countries in order to identify the existence of path-dependence in the growth patterns of companies.
The analysis model introduced here and the differences among creative companies toward their growth ambitions enable us to draw three main conclusions:

First, to explain the growth orientation of creative companies, a variety of factors have to be used, and these factors proceed from the literature from both entrepreneurial and creative industries and include both personal as well as company level characteristics. This enables us to argue that in order to understand growth, but also the overall behaviour of creative companies, one cannot over-emphasize the peculiarities of creative industries and how different they are to companies from other sectors, but at the same time, recognize the diversity of characteristics in order not to make one-sided conclusions.

Second, although the growth orientation of creative companies is a mix of personal and company level characteristics, these may not be related to each other. The empirical study demonstrated that creative companies are not subsistence-driven companies, but rather highly motivated by self-actualisation in line with other discussions where creative entrepreneurs reveal the significance of advancing the self-actualisation of individuals in the contemporary world (Berg & Hassink, 2014). But this self-actualisation does not lead to a high-growth ambition at the company level. Instead, growth is largely seen in terms of an increase in brand acknowledgement and success on export markets. This study revealed that growth in creative enterprises is seen much more through value creation and brand development. Growth is very often related to expansion in export markets, rather than in terms of organizational size and employing a larger team. Still, what is relevant to highlight here is that previous entrepreneurial knowledge or experience are relevant for growth orientation in creative industries companies.

Third, the model elaborated through the empirical study represents important knowledge that enables us to study and explain the typology of growth among creative companies. This typology indicates that one-fifth are growth-oriented companies, which are more similar to growth-oriented companies described in mainstream literature on entrepreneurship. An additional one-fifth would like to grow mainly via exports and client and partner relations, and 2/3 of the companies are lifestyle oriented, wanting to be sustainable and grow only slowly to the point they can manage themselves. This analysis model enables us to show the variety of ambitions among creative entrepreneurs (they are not all lifestyle companies). The analysis model in this empirical study has also been used in the study of one particular creative industries sector in Estonia: the audio-visual sector. The study of audio-visual sector companies in Estonia revealed that there is a similar division among these enterprises in terms of the types of growth orientation (Ibrus, Tael-Viia, Lassur & Viia, 2012). Therefore, it could be expected that the model is suitable for analysing growth ambitions among creative entrepreneurs in different creative sub-sectors and is not only applicable for starting companies.

For further research, it would be interesting to see the differences in growth orientation across sub-sectors of the creative industries, but also in comparison with other industry sectors. This might provide relevant inputs for more specific support policy development. Another promising topic of research would be an international comparison to see whether socio-cultural differences have an effect on the growth ambitions of creative companies. As Kolvereid (2016) suggested in his study of growth aspirations among Norwegian companies that the widespread reluctance to grow found in his research may be a cultural phenomenon. Such comparative studies might help us understand the similarities and differences of policy effectiveness in different countries and may also better indicate policy transfer results (depending on the policy measure).
The most interesting results could be generated from future research that attempts to clarify the relationship between growth orientations and the actual growth of companies. This combination of ex-ante and ex-post data would help develop the analysis model further. This future study direction might indicate that some of the 13 theme codes have a stronger impact on growth than others. According to Kolvereid (2016), “significant relationships are found between education, industry, and a number of organizational variables, including past growth in turnover and past growth in the number of employees, and the entrepreneur’s aspirations to grow the firm in the future.” He also argues that “entrepreneurs who want their firm to grow and intend to hire additional employees seem to have started their businesses to achieve something” and also have a higher level of education than other entrepreneurs (Kolvereid, 2016). Other research also indicates the relevance of educational background (Cimmon & Levie, 2010) and achievement motivation (Davidsson, 1989) in company growth. This suggests that in our analysis model the “motivation” code and “educational background” code might have more weight than some of the other codes. An ex-post study of the same sample would help to construct a weighted analysis model for exploring growth orientation in different sectors and/or regions.

The results of this study of incubation tenants also enable us to draw two relevant conclusions for the creative industries support policy. First, as the study revealed that almost one-fifth of the studied companies have “traditional” growth ambitions – to expand their businesses in terms of increasing the number of employees and focus on exports (another one-fifth of the creative companies also indicated their ambition in terms of exports) – this also justifies forming entrepreneurial and economic policy and incubation and accelerator services targeted at creative industry enterprises. The second important implication for support policy relates to the result of creative companies seeking self-actualisation. This can be interpreted as being open to new ideas and initiatives and proceeding from that creative companies tend to be more likely to drive innovation. The creative companies can contribute to their own growth through driving innovation within and across various sectors of the economy (Fleischmann, Daniel & Welters, 2017). This is an important conclusion in the context of innovation policy development and seeing creative companies as a relevant part of the innovation system as Potts (2011) emphasizes.

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References


