

Development of the creative class as an opportunity for the sustainable entrepreneurship in the region

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Abstract

At present the creativity and growth of the creative class is considered as one of the principle prerequisites for sustainable entrepreneurship as well as for the successful development of the region. However, not every region has conditions for the existence and growth of the creative class. The study examines the preconditions for the growth of the creative class at regional level in the Czech Republic, whereas the aim of the carried out researches was to identify the preconditions for building the creative space in the form of a creative centre in a given region. The preconditions were gradually identified by analyzing, summarizing, and consequently by comparing of the survey results conducted for the graduates of artistic focused faculty of a regional university. The obtained results were compared with the findings of the research on already established co-working centres in the Czech Republic (on those which to some extent function also as creative centres). This comparative analysis resulted in the identification of the conditions and recommendations for the establishment of a creative centre in the Zlín Region, which is supported by the management of the university as well as the representatives of the regional bodies and the businesses.

Keywords: Creative class, sustainable entrepreneurship, creative centre, regional development, university graduates

JEL Classification: M39, R11, Z11, J44

Introduction

In connection with the development of innovations and their implementation in practice, the Czech government supports the emergence of so-called clusters (centres) in which the Government sees the perspective for sustainable entrepreneurship. *A cluster is a geographically concentrated grouping of independent companies and associated institutions which compete against one another as well as cooperate with one another, and whose relations have the potential for enhancing and increasing their competitiveness.* Cluster mapping in the Czech Republic (Žižka and Rydvalová, 2014) revealed that there is not one creative cluster among the existing clusters, a so-called creative cluster. The topic of creative clusters at the level of the Czech Republic is specified in greater detail in the study by Šviráková (Šviráková, 2013) and is intensively examined also by the Arts and Theatre Institute of the Czech Republic in the project called “Czech Cultural and Creative Industries Mapping”. The demand for creativity gave the rise of the new social strata called by Florida (2004) the creative class. The creative class is the essential economic as well as sociological strata and the key term for the understanding of the principle trends in the

social development. Florida sees the members of the creative class much less vulnerable to the economic crisis and unemployment because due to their own creativity they are able to better adapt to the current turbulent environment. The competence of the creative class members are not dependent on the acquired education and skills but on the ability to utilize all the opportunities for the further development and growth of their own economic productivity and thus they contribute to the productivity of the entire creative class. Richard Florida classifies among the creative class scientists and engineers working in research, as well as architects, designers, educators, artists, musicians and other occupations belonging to the entertainment industry (Florida in Cikánek, 2013). The trouble comes when we wish to find out how successful the members of the creative class are in the labour market. To be able to find answers, we must consider their profiles, we must discover who they are, what qualities they have, what is typical for them, what is their real exercisable education regardless of the university or study program stated in their CVs. We must also ascertain what obstacles they perceive in the labour market, how satisfied they are with their incomes, what form of employment they most often select and why.

The members of the creative class do not often work within the traditional hierarchical structure. They use their time to be spent with high intensity both at work as well as at play. They often blur the distinction between their employment and leisure, they basically work all the time. To come up with a new idea, to make up and realize a new product – this is not a workload for office hours, ie. eight hours from the morning to five o'clock in the afternoon. On the contrary, they usually do not devote their office hours to their work duties unless they enjoy sufficient creative comfort. For the members of the creative class, home office thus becomes the most frequent form of work. However, this has its own downsides as well: the members of the creative class often do not distinguish between their work and leisure time, therefore it happens that they do not know how to keep the distinction between their work and personal lives.

Economic potential of the creative class growth in the EU

Evaluating the economic performance of the cultural and creative industries is relatively a new trend because there still exists the opinion that the economic benefit of the arts and culture is limited. One of the consequences of this sceptical attitude is the lack of the statistical tools capable of measuring the benefits of the cultural and creative industries in the economy.

The significance of the cultural and creative industries in the EU may be illustrated on the basis of the chosen economic indicators as mentioned in the brief characteristics below.

The cultural and creative industries reached the turnover of more than 654 billion € (in the EU-15 countries in 2003). The added value of the sector to the gross domestic product of the EU was 2,6 % (in the EU-15 countries in 2003) and the growth of the sector in the EU-15 countries in 1999–2003 was by 12,3 % higher than the overall economic growth.

The more recent figures are brought by the “Building a Digital Economy: The Importance of Saving Jobs in the EU’s Creative Industries“ (2010) study, which was published by TERA Consultants in March 2010. According to the study, the cultural and creative industries sector participated in 2008 by 4,5 % on the GDP of the EU-27 (for illustration: the chemical industry by only 2,3 %). Conscious of the use of widely different methodologies (and changes in the number of the EU countries), in comparison with the above given findings from 2003 we may state that the significance of the cultural and creative industries has increased.

According to the data of the “The Economy of Culture in Europe“ study, the dynamically developing sectors of the cultural and creative industries contributed in 2003 to the Czech economy with the total amount of 5,6 billion €, which represented 2,3 % of the added value

of the Czech GDP. If we compare this indicator with other countries of the central-European macroregion, the Czech Republic takes the second place (behind Germany which contributed with 2,5 % to the value of GDP in Germany, which meant the turnover of 126 billion €). Within the entire EU-27, the cultural and creative industries represented the highest proportion on the added value of the GDP in France (3,4 %), on the contrary the lowest was in Malta (0,2 %).

Preconditions for the emergence of the creative capital

In the EU-15 countries, the preconditions for the development of the creative industries and the emergence of the regional creative capital are being systematically examined, which is documented in the publications dealing with the subject (Caves, 2000, Howkins, 2001, Krätke, 2011). In the Czech Republic the socioeconomic potential of the cultural and creative industries is investigated in the document by the Arts and Theatre Institute of the Czech Republic. The document focuses on the period of 2007 – 2011. The subject of the research was the theoretical and empirical analysis of the options for the utilization of the potential of the cultural or creative industries for the socioeconomic development in the Czech Republic. The outcome of the project is the recommendation proposal for the cultural policy and for the subvention strategy of cultural or creative industries in the Czech Republic (the Arts and Theatre Institute). Currently, the report is being processed called “Czech Cultural and Creative Industries Mapping (2011-2015)”, the outcomes of which are only partially available. The main objective of the project is chiefly to acquire the complex information on the individual sectors of the cultural and creative industries in the Czech Republic, including the information on the influence of the environment on these sectors, especially in relation to the potential risks of wiping off the cultural specifics of the Czech national identity with the global mass culture (Cikánek, 2013)

Analysis of the preconditions for the creative class growth in the region

The methodology of the research “Graduates and their journeys as the creative class”

Even when the expected results of the above mentioned “Czech Cultural and Creative Industries Mapping” research provide valuable information on the current state and influence of these industries on the economy, they will still not provide the complete information about the preconditions for the growth of the creative class in specific regions. Based on these partial results of the project (Gillard, 2014), which outlined the perspective potential of the Zlín Region, a research was carried out aimed at identifying the preconditions for the growth of the creative class.

The research was divided into three consecutive phases, one of which is described in this study and it is the second phase as a partial research of the logical unit. The first phase had been realized by interviewing the current students of the last years of the university with the artistic focus in the Zlín Region (the outcomes of this phase were presented in a separate study). The subject of the second phase were controlled interviews with the graduates of the artistic study programs at the given university. The purpose of the third phase was to by means of a quantitative research analyze the situation in the Czech Republic in the field of eight selected co-working centres and their operation as well as their portfolio of offerings, and to evaluate their efficiency for the utilization in the field of the creative industry with the emphasis on the creative town development (in the Conclusion these outcomes are compared and discussed with the outcomes of the second phase focused on interviewing the graduates).

Objectives of the research focused on interviewing the graduates

The objectives were focused on the evaluation of the current professional careers of the graduates including the identification of the factors of satisfaction as well as dissatisfaction

with its contents as well as financial aspects. The research team was also interested in the relation to the utilization of grant programs at European, national or regional level. The respondents were also asked to critically evaluate the level of readiness in terms of knowledge and skills provided by the university. This information allowed to consequently compare the self-evaluation of current students (which had been performed in the first phase) and the graduates and it resulted in recommendations for the faculty to complement the study programs with the most demanded courses.

The research object were the already working graduates of the tracked faculty (from the period of 2006 - 2013). The interviewing was realized through qualitative interviews with the use of contacts provided by the graduates when having graduated. 143 graduates had been addressed in total via e-mail contacts, 47 graduates had not responded and 30 graduates approved with the interview realization with whom the controlled interviews were conducted. The ambition of the research team for the future is to continue in controlled interview also in the upcoming years and to gradually keep acquiring further information from the graduates and their “journeys” within the creative class, and thus to gradually identify and specify the requirements for the support of the growth of the creative class in the region.

Analysis and interpretation of results

The objective of the interviews was to identify the level of satisfaction of the graduates with the current professional career and to identify the possibilities of potential motivation for staying in the Zlín Region. In order to make the interpretation understandable, the analysis had been divided into three thematic areas:

: Area I. analyzes the current satisfaction of the graduates with their jobs or businesses;

: Area II. focused self-evaluation and critical reflexion of the graduate's readiness acquired at the university during internship

: Area III. showed the graduates' attitudes towards cooperation within grant titles or various projects.

Area I: Graduates' satisfaction with their current job or business

The partial results of the survey about the graduates' level of satisfaction with their professional activities are shown in Figure 1. After analysing the information received from graduates, great deals of it were very positive findings, particularly the information concerning their satisfaction with current professional activities and remuneration. The exact data are included in the graph. The overall interpretation may be that almost a half of the graduates are freelancers/entrepreneurs in a creative business field and 71% of them are satisfied with their earnings. Advantages and disadvantages (if any) of their current work are included in Figure 6. Although 71% of them are satisfied with their earnings, 33% of them would like to change jobs, although most of them not for financial reasons. The main reason is to gain more freedom, broaden their professional activities in their business. The situation with the FMC graduates thus suggests that graduates do not have significant problems with finding their position on the labour market. Their priority is to have their own business, to be “their own bosses”. When looking at their professional career from the perspective of geography, i.e. the places of their activity, we can trace a certain tendency of the graduates to return back “home”, while the situation is not satisfactory for Zlín, see Figure 2. Zlín has a strong competitor in Brno, which is a very attractive region for Zlín graduates, given its size and especially job opportunities.

Figure 2 shows “Professional ways of graduates concerning their home and the place where they currently work”. As the graph clearly shows, most graduates move to Brno. At present, Brno is a city with great development potential, particularly when it comes to IT technologies, which opens opportunities for establishing new IT companies that, quite

logically, search for and require graphic and creative services. With regards to the fact that Zlin is situated some 100 km from Brno, activities related to creating good conditions that would support business environment in Zlin mean a great opportunity for expanding and smooth functioning of the creative class and creative environment in Zlin.

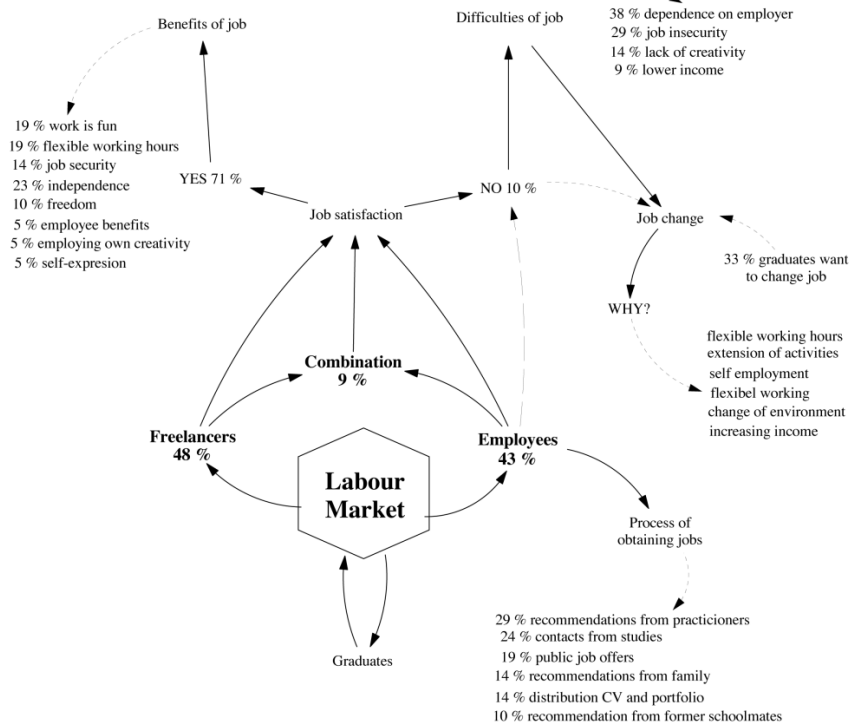


Fig. no.1 Satisfaction with the current professional activities, source own

A certain opportunity for the Zlin Region lies also in the fact that one third of the respondents would like to change jobs and they would welcome assistance of the university when starting their own business in the Zlin Region. It is an opportunity for the creative class development and creative environment in Zlin.

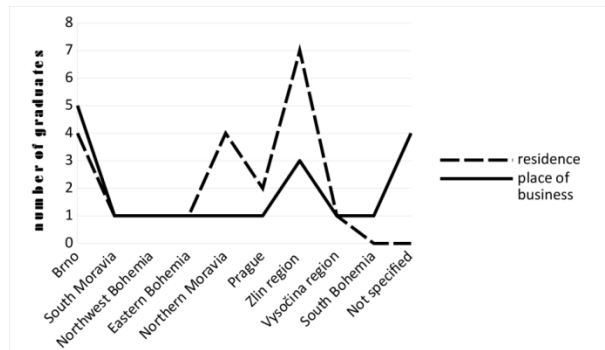


Fig. no. 2 Ways of FMC TBU in Zlin graduates, source own

Area II: Self-assessment and critical reflection

The second area of research in the case of graduates focused on critical reflection and self-assessment, particularly (as in the case of current students) on the assessment of readiness and importance of some of their knowledge and skills. We intentionally used the same evaluation methodology so that we could compare the results with results scored by current students, see Figure 3. Generally, graduates were less critical in their self-assessment than current students, which means they are more satisfied with how the university prepared them for their future career, see Figure 8. According to the results evaluated in the matrix of readiness and importance, it is quite obvious that graduates are well prepared for their professions.

What graduates consider as their **strengths**, i.e. good readiness for profession, are the ability of creative thinking and innovative solutions, good orientation in their field including the ability to use latest software and independence. Seen from the perspective of communication skills, they are satisfied with their ability to negotiate with partners in Czech as well as in English. What they consider as their **weaknesses** are insufficient ability of self-promotion and only basic knowledge of legislation, while they find this necessary and thus meaningful for their profession.

What they find unimportant is knowledge and skills in preparing and organizing projects or knowledge of accounting or another foreign language (with the exception of English).

By comparing the current students' and graduates' self-assessment we can identify what factors they have in common and what factors differ:

As we have mentioned above, the current students were more critical in their self-assessment than the graduates. However, in seven assessed factors their answers agreed with the ones presented by the graduates in the case of strengths (perfect readiness and high importance for their profession): creative thinking and innovative ideas, good communication skills in Czech, good orientation in the field and software used and independence when searching for information.

The views of graduates and current students differ when it comes to the ability of operational thinking and negotiating with partners. Graduates see these skills as excellent, but current students think these skills are very important, but do not think they have mastered them well enough.

The knowledge and skills that both groups perceive negatively include poor ability of self-promotion, lack in the knowledge of legislation, poor skills of preparing and organising projects and lack of accounting skills. However, they do not consider the last three ones significant for their profession. What both groups consider unimportant, is the ability to communicate in another foreign language (apart from English). The comparison confirms once again the findings that resulted from the above specified surveys. Graduates and students would welcome assistance of the university particularly in self-promotion, business consultancy, when writing grant applications or getting in touch with partners and gaining new contacts.

Area III: Collaboration under grant projects

The third area of survey focused, in the case of graduates, on applying for grants and receiving funds for their creative projects. 45% of the respondents would like to apply for grants, but they would need professional assistance when preparing and filing such applications. 55% of the graduates are determined not to file any applications, as 45% of them have unsuccessfully done so in the past and 10% of them have not filed any applications and do not plan to do so. These results correspond with the graduates' self-assessment results, where the area of preparing, filing and organizing projects is considered as "not mastered" while also unimportant to their professions. The negative graduates' attitude to this area is likely caused by the complex nature of the system for filing projects

and the complicated administration requirements in the Czech Republic. These results have suggested another sphere where the university could be useful when assisting its graduates.

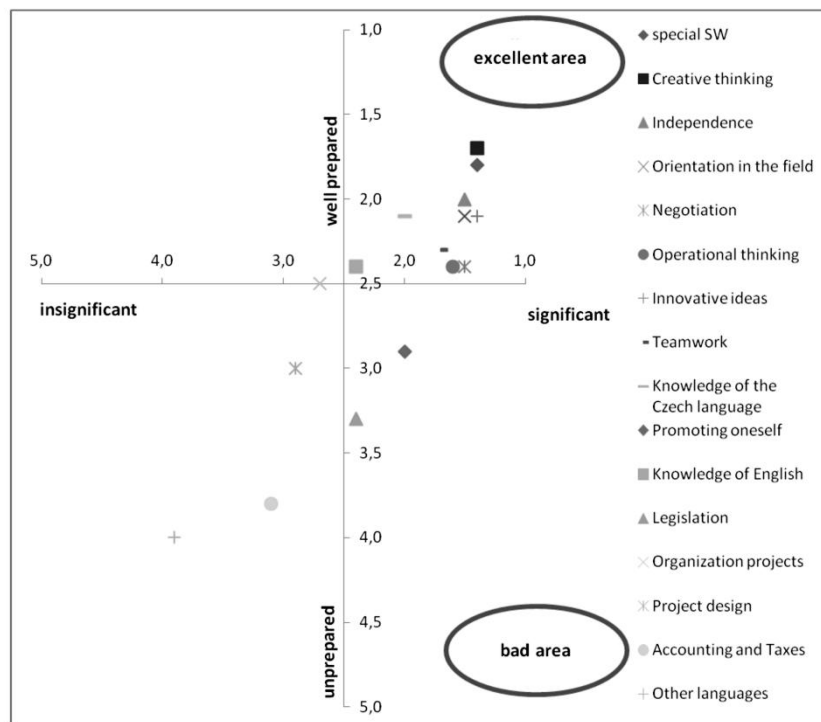


Fig. no. 3 Matrix of graduates' self-assessment: significance and readiness, source own

Results from the research of coworking centers in the Czech Republic

As a part of research activities focused on mapping the opportunities for establishing a creative coworking center in the Zlin Region, we also carried out research of coworking centers in the Czech Republic using controlled interviews. We did the total of 8 interviews in 2013. The main focus of the research was on the analysis of its offer, functioning, facilities and identifying on the basis of these centers' experience suitable conditions for a new creative center in the region and thus support students' and graduates' interest in participating in increasing the creative potential of the Zlin Region. These conclusions of the research were presented in a new study by Šviráková (2013) that states the following: "According to the research results, the following activities have been suggested for the intended.

1. **Coworking Community:** includes a self-service snack bar, a follow-up Coworking Club
2. **Coworking Exhibition:** exhibitions and informal networking, virtual gallery sales
3. **Coworking Design Shop:** creative products purchase and sales and potential copartnership of the Coworking Design Centre on production, creating (development based on the industrial and utility models and patents, prototype production)
4. **Coworking Academy:** conferences, lectures, social events, art workshops etc.
5. **Coworking Space:** rental of common spaces, offices, meeting rooms, studios, equipped workshops, videoconference rooms, audiovisual studios.

By the research result synthesis for the current students, graduates and Czech coworking centres we may identify intersection activities whose offer might motivate the upcoming creative class to stay and work in the Zlín Region.

Conclusion

The conclusions of the aforementioned conducted research showed that the Zlin region has potential for development of the creative class and describe the region's true opportunities. Among the opportunities, there are university graduates with an artistic focus who do not have problems in the labor market and are well-prepared for professional careers. Many of them are already self-employed and some of them would like to become self-employed. In many cases, they do not have the experience, cooperation contacts and basic knowledge of setting up a new business including self-promotion and marketing activities.

An interesting factor is the graduates' connection to the town of Brno (100 km from Zlin) where a big part of the graduates find employment. This factor shows that the graduates look mainly for cooperation possibilities and opportunities and are willing to "travel" to them. This is an opportunity for the Zlin region to keep the graduates in the region: find them suitable space for contacts, cooperation, self-education, self-promotion, etc.

A way for motivating the graduates to stay in the Zlin region is to make the entrepreneur activities in the region more attractive by establishing a co-working creative center. The center would be open for the graduates as well as for current freelancers and entrepreneurs, and also for current students. This would create a real interactive atmosphere for the graduates' cooperation with other university programs, such as IT, language education and technological programs. The activities in the center would allow the graduates to get in touch with other entrepreneurs in the matter of professional lectures, workshops, etc. By comparing results of research of co-working centers in the Czech Republic with research of graduates, the core activities of the center would be activities 4. Coworking Academy and 5. Coworking Space. Activities 1.2.3 are seen as benefits for the center's clients to make the creative space more attractive and aim to invite the clients to the center.

Funding the center is a problem. It is a question, whether to start negotiations with the town and region officials, so that establishing the creative center would become a part of the town and region's plan of development and it would be consistent with societal and political interests of the region (Gillardi, 2014) or to establish the center as an independent private activity.

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