

# Creative economy, cultural economics and entrepreneurship – Questions for a masters programme in its adolescence. An Interview with Mariangela Lavanga and Ellen Loots

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**Jonathan Vickery** 

University of Warwick, UK

**Mariangela Lavanga**

Erasmus University Rotterdam, Netherlands

**Ellen Loots**

Erasmus University Rotterdam, Netherlands

## Abstract

The purpose of this interview is to discuss the aims, objectives and achievements of a pioneering European masters degree – in the context of the politics of higher education and the economics of the creative industries.

## Keywords

Masters, creative economy, entrepreneurship, course management, value economy

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## Corresponding author:

Jonathan Vickery, Centre for Cultural and Media Policy Studies, University of Warwick, Millburn House, University Science Park, Coventry, West Midlands CV4 7AL, UK.

Email: [J.P.Vickery@warwick.ac.uk](mailto:J.P.Vickery@warwick.ac.uk)

**The MA Cultural Economics and Entrepreneurship at the Erasmus School of History, Culture and Communication, Erasmus University, Rotterdam is a high-profile masters course in Europe. It is currently celebrating its 15th year with a major conference: what is being celebrated and what has the course achieved?**

The Master Programme Cultural Economics and Entrepreneurship was founded in 2003 as a one-year international master. Its focus on the economics of the arts and culture was unique, and initially developed by Prof. Ruth Towse and Prof. Arjo Klamer, two cultural economists who represent two different and compelling economic approaches to culture. For Ruth Towse (today, Professor of Economics of Creative Industries at CIPPM, Bournemouth University, and CREATE Fellow in Cultural Economics, University of Glasgow) economic analysis was used in the arts sector, and cultural economics is an area of applied economics. Arjo Klamer (who held the first academic chair in cultural economics in the world, and today is the chairman of the Association for Cultural Economics International) developed a value-based approach looking at processes of valuation of the arts and cultural goods in the market, across different types of organisation, among experts, peers and other communities. For our masters programme, these two approaches together facilitate a multifaceted approach to the economics of culture. The simultaneous depth and practical viability of our dual approach inspires students to understand the value of culture held by a diverse range of stakeholders, but also data and analysis in the cultural sector and the problems linked to that.

In September 2018 we celebrated our 15th Anniversary, focussing on the frontiers of education (and research) in cultural economics and entrepreneurship. The master started with a cohort of 8 students but is now regularly around 60, competitively selected out of an annual  $\pm 150$  applications. Half of the course cohort are usually Dutch, the other from all over the world (35 nationalities is common). The master was in 2003 the first one offered in English at the Faculty of History and Culture and among the first nationally at university level. It is a one-year programme, but has played an intentionally pioneering role in the internationalisation of cultural education, as well as the university faculty itself.

**What is the subject composition and learning aims of the course? What kinds of students do you look for and recruit?**

The masters has two pillars: cultural economics and cultural entrepreneurship. Students learn about the latest developments in economic thought on a range of cultural and creative industries (from theatre and music to visual arts, fashion and design); they must also deal with cutting-edge approaches to cultural entrepreneurship. They develop the skills to conduct their own empirical research and complete the programme with a thesis on a topic of choice. Our emphasis, as said, is on the interrelation of economic theory and the cultural economy itself.

The academic year starts with theoretical foundations in cultural economics, cultural entrepreneurship and cultural organisations. We then turn to empirical

research in cultural economics and entrepreneurship, attending to the topics of digitisation, innovation and technological change (in the so-called reproducible cultural industries, e.g. recorded music, films and books). We conclude with elective courses that tackle specialised subjects, such as the international art markets, the economics of the performing arts, or fashion, design and architecture; we also offer cultural management, and an applied entrepreneurship project-based course. At this final stage, students usually have concrete ideas about the labour market(s) in which they would like to end up. The skills they develop and recurrently (and with each other) practice, are highly sought after in diverse types of organisations that operate in the cultural sector, from creative start-ups over small and large production entities, to government agencies.

The students that we aim to recruit are primarily those who are driven by an academic curiosity about the arts, cultural and creative industries, as well as economics and/or entrepreneurship. We select students who want to develop original and well-founded ideas about how to produce, sustain and disseminate culture. Students are admitted on the basis of academics but also a well-documented interest or professional experience in the cultural sector. Training in economics and empirical research methods is required, but is also offered with a pre-Master course. The student population is diverse, bringing together graduates in economics and management with humanities and social sciences, and also art academy graduates, with artists and creative professionals. A wide range of international students with different academic and vocational backgrounds is important in forming a learning environment that mirrors the diversity of the cultural and creative industries.

**In the context of new emerging creative economy-related masters degrees all across Europe, does the course define a specific or unique learning space or differentiated educational offer?**

Economics is the indisputable alma mater of our programme, and the theoretical backdrop by which we distinguish ourselves from many other masters programmes. We teach that economics is less about money than about decisions, transactions, opportunity costs, bounded rationality, external effects and social value. Students learn to think on *why* many things occur as they do: why consumers prefer one cultural activity over alternatives, why arts producers make the choices they do, why governments prioritise one way of cultural spending over other ways and why conflicts between all those preferences and decisions frequently occur. The key books by Towse (2010) and Klamer (2017) are among the theoretical foundations of the programme. Students learn how to manage resources in different cultural environments, and how to valorise cultural and creative goods and services – under demands for efficiency and effectiveness (including digitisation, complex and global value chains, and sustainability) in the context of the specificities of particular industries.

For entrepreneurship, we are informed by Ruth Bridgstock's (2013) study of entrepreneurship education in vocational programmes. We aim for students to develop a knowledge and understanding of the society as well as sectors they

will end up in as professionals, to which is added an entrepreneurial view to the economics. We seek to develop with them the skills of value-driven professionals, and further, address issues related to career self-management and employability. Even if our approach to entrepreneurship is built on theory and empirical research, many of the assignments touch upon skills development and employability issues. Our students are challenged to cultivate entrepreneurial attitudes, fostered by a diversity of assignments, including entrepreneurial team projects and dialogue with individuals working in the different creative industries. We also have traditional exams and papers, of course, but overall, we want an environment where students can experiment, make errors and learn from them, and experience whatever it takes to become an entrepreneurial professional within a specific creative domain.

**Entrepreneurship is often different in the creative economy than in other sectors of the economy, and your approach acknowledges that. Nonetheless, if ‘economics’ is the basis of thinking about knowledge, value and society, does it not remain grounded in neo-classical traditions of economic thought that have radically reduced human activity to quantifiable, market-oriented production? Do you find a critical tension between the commercial and the cultural, or the neoliberal assumptions on human motivation (acquisition, accumulation, profit) and the critically oriented discourses of creativity, value and the social good?**

Our perspective(s) are inspired by the cross-pollination of economic thought, empirical and fact-based studies of fast evolving artistic and creative production, reception and consumption, and where our epistemological underpinnings is a theoretical understanding of ‘value’. Here we really need to cite some references.

A colleague, Erwin Dekker (2015), has analysed three approaches to the study of value in relation to culture, representing a growing literature in cultural economics that admits the influence of cultural value on economic value, moving beyond the study of price and markets. The first approach involves refining established economic theories to better fit the peculiarities of the arts sectors (Dekker, 2015). This can be exemplified by Richard Caves’ seminal application of economic contract theory to a wide variety of creative industries, where the uniqueness of artistic goods and services and the ‘nobody knows’ and ‘art for art’s sake’ principles take centre stage (Caves, 2000). In a similar vein, several subfields have proliferated under the broader umbrella of cultural economics, including studies of artists’ labour markets where the notion of ‘work-preference’ (Throsby, 1994) supplants the typical labour/leisure trade-off applicable to regular workers, art market studies which incorporate winner-take-all principles, economic geography studies including the notions of clusters and creative cities, and the economic analysis of copyright. This approach ultimately remains wedded to economic theory as the explanatory framework, in which the arts are a peculiar market, but still a market.

The second approach seeks to understand the relative position of the arts in society, particularly its relation to the commercial and industrial world. It situates

the role of the arts and culture in society as distinguished from other goods, and their potential impact on economic development (and other forms, like social cohesion: Dekker, 2015). Here an ‘intrinsic/instrumental’ tension is an underlying concern.

A third and emerging approach is what Dekker calls the ‘valuation approach’, which merges elements of the two established approaches. Central here is the view that the study of market prices is not sufficient to establish the value of cultural goods, and so focuses explicitly on processes of valuation (of arts and cultural goods) on the part of a range of stakeholders, including audiences, governments, organisers, producers, experts, peers and other communities. From the more traditional approaches to the economics of arts it borrows key insights related to the heterogeneity of cultural goods and to the uncertainty surrounding them, which paves the way for valuation processes. The focus, thus, is not so much on the individual consumer, or on society as a static and demarcated entity, but on interpersonal and intersubjective relationships and coordination processes through which the market and other social settings evolve, and on the institutions, norms and conventions that are conditions of these processes (Dekker, 2015). The third approach takes into account how competing notions and justifications of value can and do co-exist, to a great extent because many creative industries are intermediated markets in which symbolic goods are being produced and traded. Today, these goods are more complex than classical cultural artefacts, and include wine, rituals, crafts, sports, fashion and even the natural environment or specific places. Such valuation processes have become common and strongly embedded in contemporary society. They start long before the release of specific cultural goods by artists, producers and cultural organisations, and continue long after. Proliferated by social media, they have profound impacts – they affect the nature of cultural supply, consumption patterns, successes in the arts and an (imagined) shared heritage (Dekker, 2015). According to Dekker (2015), the valuation approach is much inspired by empirical impact studies, but also by work in economic sociology and organisation studies on the interactions between different standards of value. For example, Boltanski and Thévenot (2006) *On Justification*; Karpik’s (2010) analysis of different economic coordination regimes; Nachoum Wijnberg’s (1995) Selection Theory, all articulate the roles of diverse institutions and intermediaries in determining the value of culture. The recent volume by Antal et al. (2015) bundles pragmatist perspectives on valuation that all elicit the ‘dissonance’ of valuation in relation to innovation. The central notions of ‘taste, test and contest’ reflect how closely related new perspectives in cultural economics are to sociological analyses of artistic fields, including those by Bourdieu (1993). The bundle also echoes the pragmatic views on values by Arjo Klamer (2003), who has longer deliberated the ways in which values are formed and expressed. As such, key questions in cultural economics (and in our approach to education) feature how value is created and assigned in market and non-market settings, and how artistic goods come to be valued (Dekker, 2015). In this manner, our approach to cultural economics does not articulate a false dichotomy between the arts and

commerce, but incorporates diverse manifestations of taste, test and contest (Antal et al., 2015) – to which we could add a fourth pillar, which is ‘stakes’, because the recognition of multiple stakeholders with diverging interests is also pivotal in our valuation approach.

In sum, a cultural economics perspective on the arts and culture amalgamates the perspectives (and valuation and evaluation practices) of diverse stakeholders, including commercial actors, the government and stakeholders, who do not have any necessary incentive at all to capitalise on the arts and culture.

**In the last two decades across Europe, there has been a huge political and pedagogic investment in ‘skills’ based learning at HE level, generating political pressure on the Arts and Humanities to construct a causal relation between knowledge and learning processes and the broader economy and thus career pathways (and hence, perhaps, the popularity of creative industries). Some would say that the very subject of ‘Cultural Economics and Entrepreneurship’ is an attempt to manage this ideological imperative by involving only those forms of culture and creativity that can be contained by already established forms of business or management (whether private or public)**

There is some pressure to connect to the broader economy and the labour market indeed, but mostly only from within: our colleagues, and students, all seek for connections to the cultural sphere and society. At the institutional level, Erasmus University also desires to reach out to society, and particularly to the city of Rotterdam. The ways in which we do so are diverse, and not so reliant on the fact that culture and creativity can be contained by established forms of management. Yes, we do have connections with the management of more traditional organisations in the arts and culture, who we invite as guest speakers, and whose puzzling issues we translate into business cases (in the electives *arts management*, *the performing arts*, *economics of fashion, design and architecture* and the *project: applied cultural entrepreneurship*). Additionally, a lot needs to be invented, including forms of creativity for which the demand by societal partners is very limited until today. Examples are business models in sustainable fashion, practices of biodesign, technologies related to crowdfunding and intellectual property rights, crafts, and so on. Such forms of culture and creativity are getting shaped in the work by the colleagues and students. Similar to many artistic developers, we need to find a market for such realisations, rather than responding to expectations by prospective customers. Similar to many creatives, our departure point is an inner drive and passion, and a vision, on the part of students as well as lecturers. We try to be responsive to the needs of/in society, and we do so by moving beyond a routine effective and efficient management of traditional cultural forms. Hence, our core discipline is not arts management.

For a few years now, we have been a co-founder and partner in the Rotterdam Arts and Science Lab (RASL). Together with partners in Higher Arts Education, we foresee in a double bachelor degree that aims to offer transdisciplinary expertise to students who simultaneously develop artistic practice and a more theoretical

perspective on creative production and consumption. Under the umbrella of RASL, we are developing new education formats and research collaborations. All depart from this need from within.

Additionally, we develop ‘ancillary services’ aside our education work, with the aim of interconnecting our educational with the realities of creative economy and society broadly. These include field excursions, guest lectures and an annual study trip abroad. A project course (Applied Cultural Entrepreneurship) in which students can learn from real-life entrepreneurial experiences is part of such labour-oriented approaches, where students act as junior agents, programmers, planners, marketeers, auditors, etc. in an entrepreneurial and innovative way. Alumni testify that creative and critical thinking skills, group work, international and intercultural skills, coordination, reflection, decision making and performance under real-life conditions of uncertainty and limited resources are what they benefit from most when studying and entering the creative economy.

As an academic masters degree at the intersection of the humanities and social sciences, we cover topics as diverse as the peculiarities of (global) art market over the centuries, to the social dynamics in the co-working phenomenon of today. Being inspired by a valuation approach we need to articulate connections to contemporary society and economy from the perspective of multiple stakeholders, including that of policymakers also at the European level (with their concurrent focus on employability).

**It is a reality of the creative economy that many forms of cultural labour are not well paid or resourced and indeed limited in their scope for entrepreneurial activity. What careers do your students tend to choose?**

The skills of cultural research and analysis along with forms of academic thinking crucially enable students to engage with artists and creative professionals reflexively, as well as engaging with non-profit organisations, commercial firms, government agencies and audiences. Whereas some students create their own employment opportunities (such as forming a small business or freelancing), the majority of graduates find employment in positions such as production or project manager, program designer, policy officer, fundraiser, education officer, marketing and communication specialist, and consultant. Those involved in artistic production can be empowered to more effectively manage their own artistic practice and to better fulfil the demands of managing artistic production. The organisations in which students start to work are heterogeneous, from ‘edgy’ collectives, to small organisations (galleries, theatre companies, fashion brands), to more traditional (and non-profit) institutions (performing arts institutions, museums, festivals, arts and science foundations), to government agencies, major international firms such as auction houses, and the majors in the music and film industry or consultancy firms. Regularly, a student’s final thesis subject itself provides a gateway to the labour market and determines the type of job that graduates end up in: for example, those students who devise a thesis on the art market are likely to start in a gallery or



auction house or an art fair; or, students who study consumer behaviour in relation to the performing arts, museums or festivals, often end up in the marketing and communication departments or work as data analysts of, respectively, theatres, museums and festivals; likewise, students concerned with policy often start working for government. But employment in the creative economy and its industries is characterised by fluctuations that follow the general economic state of affairs. When the economy is dynamic, opportunities in the cultural labour market can be expected to be more favourable, as compared with times of economic downturn, which we experienced not so long ago.

When it comes to current employment opportunities: on the one hand, respondents to our 2015 alumni survey indicate that they find it difficult to find employment in the cultural sector. On the other hand, the same survey indicated that 87% of the respondents were employed and half of them found a job immediately after graduating. The majority of those employed work in the arts and culture. Three out of four of the graduates with a job stated that they were satisfied with their positions, and that they make reasonable to full use of their academic thinking and working skills in their present professions. The acquired skills that were indicated as most beneficial to their work were the capacity to working independently, problem-solving, communication skills and analytical skills. Even if there the gap consists of only three years, the survey of 2018 may elicit distinct employment patterns. Indeed today, we can observe a large demand for some professions that were less sought after a couple of years ago, such as those in digital design and data management. Also the viability of several niches (and work opportunities in those) may have changed during the course of only a few years: one example is sustainability in fashion.

After 15 years, the MA Cultural Economics and Entrepreneurship has generated a global community of creative workers. This is something that we sought to reinforce by investing in our alumni network; the human capital that our programme has generated is a strong resource for our orientation towards the cultural labour market. It also contributes to the expansion of the production and dissemination of diverse cultural goods and creative developments. Over 90% of the alumni questioned indicated that they would do the programme again (and recommend it to other people), and this enduring validation we seek to channel back to our education programme as support – by way of guest lectures, commissioned student projects and forms of mentorship. By being temporary residents in organisations, the interactions between current and former students, and their colleagues, is a ‘cultural economics ecosystem’ that fosters the lifelong learning of cultural workers, and in which the university acts as a ‘hub’, facilitating the exchange of knowledge and experience.

Creative economy MA programmes face challenges in terms of facilitating the transition from HE to the labour market. A primary challenge relates to extra-curricular internships. We observe that increasingly, instead of offering paid jobs, organisations provide internships that are unpaid or foresee in very modest remunerations with the justification that they contribute to work experience. This has become such a common practice that it has acquired the title ‘the intern economy’. On the one hand, as a HE institution, we can only encourage student experience of



professional environments. On the other hand, we cannot support students being exploited or 'self-exploit', themselves. Such dual elements of work in the cultural sphere – the tension of opportunities and freedom, alongside insecurity and exploitation – have longer been recognised in relation to artists. In recent years, however, this has become a reality for most graduates of cultural management and creative entrepreneurship academic programmes as well, including ours. We fundamentally object to such realities, because they only articulate the inequality of opportunity, where students from modest backgrounds are severely disadvantaged. In combination with the rising costs of higher education, the reality of student loans and the fact that students increasingly need to combine their studies with work, we cannot take for granted how students are confronted with internships after their master – rather than with paid work opportunities.

A second challenge relates to the boundaries of entrepreneurial initiative, originating in the studied discrepancy between the advantageous realities of employment and the risky nature of self-employment. Even if we feel inclined to encourage students to embrace innovative ideas and creativity, and to try to make a living out of such, we remain cautious when it comes to encouraging them to put into practice their ideas. Portfolio careers have longer been a reality in the labour market for artists (e.g. Lingo and Tepper, 2013). Also designers face this, and many of them appear to embrace it, because of the advantages it provides in terms of skills development, social contacts and variety (Lavanga et al., 2018). But the trade-off between security and payment on the one hand, and insecurity and a lack of compensation on the other hand, is often too large to safely encourage graduates to follow their dreams and develop a portfolio career in the cultural economics work field. Yet, the portfolio idea may become a reality for even more workers in the near future.

Lastly, and to conclude, being lecturers and researchers at a prestigious university, we face a range of demands in our professional practice. There are publication pressures, the requirements to generate external research funding, to continually develop innovative teaching methods (particularly that respond to millennials' ways of learning, e.g. MOOCs, yet without reverting to edutainment, and so on). So even if we would want to foresee in some form of incubation, we are confronted with limitations in terms of time, resources and expertise: this tension is one of the most central critical factors in considering the development of creative economy pedagogy in higher education.


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**ORCID iD**

Jonathan Vickery  <http://orcid.org/0000-0002-0494-6536>

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**Author biographies**

**Jonathan Vickery** is associate professor in the Centre for Cultural and Media Policy Studies, University of Warwick, UK.

**Mariangela Lavanga** is Assistant Professor Cultural Economics – Department Arts and Culture Studies – Erasmus School of History, Culture and Communication (ESHCC), Erasmus University Rotterdam.

**Ellen Loots** is Assistant Professor Cultural Economics and Entrepreneurship – Department Arts and Culture Studies – Erasmus School of History, Culture and Communication (ESHCC), Erasmus University Rotterdam.