

PARALLEL SESSION 2: CREATIVITY, TECHNOLOGY AND LEARNING COMMUNITIES

DO CULTURAL AND CREATIVE INDUSTRIES (CCI) MATTER FOR INNOVATION AND VALUE CREATION IN KNOWLEDGE-BASED BUSINESS? AIMS, FORMS AND PRACTICES OF COLLABORATION IN ITALY

Giovanni Schiuma, Innovation Insights Hub University of the Arts London, UK, g.schiума@arts.ac.uk

Antonio Lerro, University of Roma 3, Italy, antonio.lerro@uniroma3.it

ABSTRACT

Purpose: This paper provides the first results of a scoping study exploring in detail how Cultural and Creative Industries (CCI) can represent a source and resource of critical and creative thinking as well as a set of processes to be deployed in order to foster and support innovation.

Scope: Focusing on a sample of Italian companies, the aims, the forms and the specific practices of collaborations between CCI and knowledge-based and traditional businesses are identified and discussed.

Method: In order to derive and test theories, trace causal pathways, explore hypotheses, researchers have designed and implemented qualitative research methods and conducted investigation mainly based on web-available data, archives and interview-based information.

Results: The case examples of relevant Italian companies effectively provide evidences of the impact and modalities of adopting initiatives to develop innovation capacity.

Recommendations and conclusions: The investigation of a sample of Italian companies suggests that most of the attention is focused on collaborations aimed to reinforce company image and reputation, to develop corporate social responsibility and to improve brand recognition.

KEYWORDS

Cultural and Creative Industries; Knowledge-Based and Traditional Business; Innovation Capacity; Management Models; Italy.

1. INTRODUCTION

In the new business age, companies need to be more and more flexible, agile, intuitive, imaginative, resilient, and creative in order to face the increasing complexity, turbulence, and pace of change of the competitive environment (Schiuma, 2011). These dynamics are connected with the increasing organizations' needs to do business in different ways. In fact, nowadays, the traditional rational- and efficient-based way of managing business is no longer sufficient to guarantee profits and sustainable competitive advantages: it is more and more important to consider the ability to use creativity for supporting innovation capacity and performance improvements as well as the capacity of catching and anticipating emerging needs in the society. In this prospect, in order to get access to creative processes business organisations can build relationships of various natures with Cultural and Creative Industries (CCI). Specifically, although CCI can be considered as part of the business economy, they are distinguished from traditional business sector by the products and services they offer. In order to foster innovation capacity and performance improvements, change and transformation, businesses can collaborate and learn from CCI. For this reason, this paper presents the results of a scoping study exploring the feasibility of fostering innovation capacity through collaboration between CCI and traditional businesses. This involves the understanding of the potential benefits and impacts that could be generated from such collaborations as well as a practical exploration of projects, practices, and initiatives aimed to improve organizational innovation capacity by deploying creativity and culture. The focus of the explorative fieldwork is the Italian business context.

2. BUSINESS AND CREATIVITY-BASED INNOVATION

The twenty-first century business landscape appears more and more scattered with ambiguities, uncertainties, dynamism, and unpredictability: this calls for a new interpretative perspective of the organisation and management systems (for an in-depth understanding of the conceptual pillars of this paper see "The Value of the Arts for Business" by G. Schiuma Cambridge University Press). For this reason some researchers and practitioners have argued about the role of *creativity-based innovation* as a driver for innovation and performance improvements, highlighting the potential impacts of the adoption and integration of creativity-based processes in the competitive strategies of businesses. For the scope of this paper we see cultural- and creative-based processes related to CCI as a potential catalyst and leverage or driver to enhance organisational innovation capacity. In other words, they can be seen as an instrument for improving organisational business performance. In this view, we approach cultural- and creativity-based processes as devises for cross-innovation, i.e. as

mechanisms that using the creative and cultural contents and practices can inspire and support managers to develop management innovation, frame new organisational and business models, and draw on new approaches and instruments to tackle emergent business challenges.

The power of the cross-innovation devices can be analysed through their twofold role. On one hand, they represent vectors to shape and influence organizations' dimensions. On the other hand cross-innovation devices can be used as managerial vectors to transform business dimensions and properties, in particular, influencing and transforming tangible and intangible organisational infrastructures and products. This calls for the understanding of the forms and contents of collaborations and partnerships between CCI and traditional business sectors as a new fruitful strategy to develop organisational innovation processes.

3. A SECTOR ANALYSIS

The term "creative industries" has relatively recent origin. While there are obvious connections to and continuities with cultural industries, the designation marks a historical shift in approach to potential commercial activities that until recently were regarded purely or predominantly in non-economic terms (Andersen *et al.*, 2000; Smagina and Lindemanis, 2012). The concept emerged in Australia in the early 1990s, but was much wider exposure by policy makers in the United Kingdom (UK) in the late 1990s, when the Department for Culture, Media and Sport (DCMS) set up its Creative Industries Unit and Task Force. In the process, the DCMS moved the understanding of the concept of creativity a long way from its common association with activities having a strong artistic component, to any activity producing symbolic products with a heavy reliance on intellectual property (UNCTAD, 2004). Defining "creative industries" is a matter of considerable inconsistency and disagreement in the academic literature and policy circles as well as among practitioners, especially in relation to the parallel concept of culture and cultural industries. Sometimes, a distinction is made between the creative and the cultural industries; sometimes the two terms are used interchangeably. Despite some criticism concerning definition of the creative industries, the most widely accepted are the ones set by UK DCMS and UNCTAD. UK DCMS in its "Creative Industries Mapping Document" (1998, revised 2001) define creative industries as *"those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of economic property"*. In the "Creative Economy Report", UNCTAD (2008) defines creative industries as *"the cycle of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs. They comprise a set of knowledge-based activities that produce tangible goods and intangible intellectual or artistic services with creative content, economic value and market objectives"*. The specific interest of this scoping study is the notion of cross-innovation, i.e. how culture-based and creative-based processes can contribute and foster the development of an organisation innovation capacity particularly in the context of traditional business sectors. Our basic proposition is that the intersection of culture and creativity with traditional businesses can trigger and support the development of new innovation processes. Thus, we envisage the collaboration and integration of culture and creativity into organisational life and the exploration, identification and definition of new approaches, frameworks and tools that can drive the deployment of culture and creativity as instruments for enriching the value creation capacity of an organisation. Then, we are interested to understand the possible relationships between the CCI and traditional business sectors. Our fundamental assumption is that traditional businesses can potentially collaborate with CCI with the scope of deploying what we see as the 4Ps of culture and creativity for innovation capacity: 'people', 'practices', 'principles' and 'products'. Traditional businesses can enhance their innovation capacity by deploying the 4Ps and exploiting them as catalysts and drivers for change and transformation. The 4Ps provide mechanisms to support such mechanisms. In particular, people coming from the CCI can bring into organisations and share with employees their skills and knowledge in order to support the refinement and development of the organisational soft competences. This equals to consider the people as vector of new knowledge tapped from the culture- and creative-based domains. Practices denote all those methods and processes that are typical of the cultural and creative world and that can be useful for traditional businesses in order to do 'things' in a different way in comparison to what they normally do. Principles are related to the human-centric view that usually distinguishes CCI as a driver for sustainable value creation focusing in particular on experiential and emotive-base economic features. Finally, products denote the use of the outputs of the CCI as a way to increase the value added of traditional businesses as well as a way to shape working environments as symbols and vectors of meanings.

4. THE EMPIRICAL RESEARCH

4.1 Data and methods

This section presents a series of concrete business results and elements of innovation and competitive advantages focused on the collaboration between cultural and creative industries and traditional business sectors. The attention is paid on the Italian business context with the scope to extract some relevant insights from the Italian state of the art of the use of culture and creativity in the organisational business models in order to support innovation capacity and value creation. In particular, the empirical research has been carried out with the aim to identify some possible trends of Italian companies in terms of adoption and/or integration of culture and creativity in the organisations' value creation chain. The key

investigated question is: *How do Italian firms operating mainly in traditional businesses engage with culture and creativity in order to enhance innovation processes and get competitive advantages?*

This is a scoping study with the aim of identifying the benefits related to the adoption and integration of creative- and cultural-based processes in traditional businesses. In order to derive and test concepts, trace causal pathways and define new hypotheses, we have designed and implemented a qualitative investigation combining semi-structured interviews enriched with the collection of available secondary data. Specifically, we solicited more than thirty Italian companies and sent emails to these companies describing the research project and inviting senior managers to participate in the explorative study. Out of the population, 24 companies have been included in the sample that we have analysed. In Table 1 the list of the investigated companies building the sample are listed together with the indication of the sectors that they overall represent.

Table 1. Italian companies included in the investigated sample.

Companies building the investigated sample Benetton Group; Brem; Brunello Cucinelli – Fondazione Cucinelli; Cartiere del Garda; Ceretto Vini; Diesel; Elica; ENI; Favero-Milan Ingegneria; Ferrero – Fondazione Ferrero; Furla – Fondazione Furla; Gobetto Resine Speciali; Gruppo Euromobil; Gruppo Industriale; Tosoni; Illy; Italcementi Group; Ridea – Heating Design; Santa Sofia Vini; Telecom Italia; Teseco – Fondazione Teseco per l’arte; Trussardi – Fondazione Trussardi; Unicredit Group; Zegna – Fondazione Zegna
<i>Sector of activities of selected companies</i>
Construction/ Materials for the construction – n. 3
Engineering – n. 2
Food – n. 4
Furniture – n. 2
Paper production - n. 1
Services/Commodities & Waste Management – n. 1
Textile/Dressing/ /Shoes/Fashion – n. 7
Services/Banking – n. 1
Utilities (oil&gas, telecom) – n.2

The empirical research has investigated some relevant issues with the aim to collect information about the kind of relationships Italian companies are engaging with the CCI. In particular, below the main investigated matters are outlined.

- The existence of collaborations with the companies and organizations operating in the cultural and creative sectors;
- The sentiment/feelings of Italian companies about these collaborations;
- The strategic objectives that the companies wish to achieve through the collaboration with organizations operating in CCI;
- The main projects and specific initiatives that have been developed in the last few years;
- The business areas, departments and processes more interested and involved in shaping collaborations with cultural and creative organisations;
- The main obtained or expected results and/or impacts derived from such collaborations;
- The main enabling and hampering factors and obstacles for the development and the effectiveness of such collaborations.

4.2 Insights

The fieldwork investigation has revealed different and interesting insights about the collaborations between traditional businesses and CCI. The first evidence shows a limited but increasing awareness of the relevance to develop collaborations with the creative industries as well as of adopting cultural-based and creativity-based processes for improving innovation dynamics and competitiveness in the traditional businesses. However, Italian companies have not structured connections with creative organizations. Most of the relationships tend to be stand-alone and not structured but rather emergent in nature. There is a general interest and feeling of the role and relevance that culture and creativity can play for company competitiveness. In other words executives have the intuition that organisations could benefit and tap into CCI as a way to enhance innovation capacity and deliver better value to stakeholders. Nevertheless, they lack of frameworks and clear understanding of how this can be achieved and governed in practice. In addition, the actual economic recession, which is strongly affecting the economic performance of Italian firms puts managers in the difficult position of experimenting new approaches and tools that could turn into failures without generating return on investments. In this prospect a structured investments in the relationships with culture and creativity is seen highly risky and not capable of producing clear benefits for firms’ bottom line results. The main declared objectives to be reached through the collaboration with CCI

are mostly related to reinforce company image, brand and reputation and to develop corporate social responsibility. Further dimensions of benefits are: product differentiation; the contribution to add intangible value to traditional products and services; the capacity of driving product innovation mechanisms. While, little attention is associated to the role that culture and creativity can play as drivers for organizational development and particularly as managerial approaches to support human resource development and engagement. From the empirical investigation has emerged that Italian companies establish relationship with CCI in order to respond to three fundamental purposes as listed below.

- Corporate social responsibility (CSR);
- Marketing, branding and communication;
- New value for products and services.

Many Italian organisations are developing relationships with CCI as part of their CSR strategy. The focus is on delivering value propositions for stakeholders and particularly to create value for communities, society at large and indirectly for environment by deploying cultural-based and/or creative-based activities and projects. The fundamental mechanism through which organisations operate to build a relationship with CCI and deliver their CSR initiatives is the sponsorship. Actually, sponsorship is the traditional and quite common approach of interaction between culture/the arts and business. Through sponsorship the companies assume the role of patron to an artist, an artwork and/or an artistic process and even art and cultural institutions such as museums and galleries. This is done for multiple reasons, including ethical and cultural motivations, getting the attention of institutions, strengthening ties with the local community, creating an opinion and an identity of the organisation both internally and externally, and for increasing brand awareness and enhancing reputation. Cultural sponsorship and co-sponsorship can take different formats. Usually, organisations sponsoring cultural and arts productions and events get marketing benefits, such as credit on television and print advertising as well as credit on all cultural event related materials including banners, posters, performance programmes, and ticketing options. Corporate social responsibility, marketing, branding and communication involve all the delivering of a company's "message" to its customers and stakeholders in a renewed way. *Unicredit* represents a good example of Italian company that have shaped its relationship with CCI as a CSR initiative. Unicredit is an international banking group which is successfully exploiting sponsorship as a way to create and deliver socio-cultural value to stakeholders. The basic idea moving *Unicredit* sponsorship is to support talents to emerge and to have success through the reinforcement of the relationships among artists, arts lovers, galleries, critics and specialized magazines. Specifically, *Unicredit* has established relationships with: "Castello di Rivoli" a contemporary art museum, the MACRO - contemporary art museum based in Rome, the MAMbo - contemporary art museum based in Bologna, the MART - contemporary art museum based in Trento and Rovereto, the Museum der Moderne of Salzburg. In addition, *Unicredit* is greatly involved in sponsoring music and opera. It actively promotes, through the support of orchestras, the attention and the promotion of the classic music engaging audience at large. It is partner of the "Teatro alla Scala" of Milan, the "Arena di Verona", the "Filarmonica '900" of the "Teatro Regio" of Turin, the "Teatro Massimo" in Palermo, the "Teatro dell'Opera" of Rome. At international level, through its controlled banks such as Bank Austria and HypoVereinsbank (HVB), *Unicredit* also supports respectively the Filarmonical of Wien in Austria, and the Opera of the Bayern in Germany as well as it promotes relevant regional events in Bayern such as the Rheingau Music Festival, the Mozart Festival at Würzburg the Richard Strauss Festival at Garmisch-Partenkirchen., the Opera Academy at Gut Immling and its programme "Jugend Kulturell". A further case example of Italian company pursuing CSR through the development of relationships with CCI is *Telecom Italia*: a company operating in the telecommunication sector. They are supporting culture as part of their CSR strategy by partnering with "Galleria Borghese" based in Rome, the "Accademia Nazionale di Santa Cecilia" of Rome as well as sponsoring the "Mostra Internazionale di Architettura" of Venice and the MAXXI Museum of Rome. In addition, they are partner of the "Salone Internazionale del Libro" of Turin, and of the RomaEuropa WebFactory - the web community dedicated to multimedia artists. Along the same approach stands *ENI*, one of the major Italian oil and gas corporations. ENI supports actively the cultural life of the territories in which operates, particularly through the support of artistic initiatives and by sponsoring renovation projects of heritage assets.

It is worth to point out that the main way of establishing and managing the relationships with CCI is performed by means Foundations. Indeed, the analysis of the relationship developed by the Italian companies with CCI has revealed that most of the organisations have created a Foundation, see for example, *Fondazione Ermenegildo Zegna*, *Fondazione Nicola Trussardi*, *Fondazione Cucinelli* and *Fondazione Ferrero*. It is important to note that the attention to establish relationships with CCI for CSR purposes is not a prerogative of Italian multinationals, but it characterises also SMEs. In particular, *Favero-Milan Ingegneria*, operating in the engineering field, and *Cartiere del Garda*, operating in the paper production, support cultural initiatives in region of Trentino and collaborate effectively with cultural associations, institutions and foundations.

Marketing, branding and communication denote the second fundamental strand of collaboration between Italian businesses and CCI. In this case, the fundamental purpose of establishing a relationship with CCI is aimed at creating, communicating and protecting company's identity, brand and reputation. The scope of this kind of relationship is mainly to impact on customers and intermediaries, but also more generally affect the perception of a company from the point of view of its different stakeholders. One of the key example of Italian company that has traditionally used creativity and culture as a way to build its brand and reputation is *Benetton*. Among others, it is worth to mentions the initiative named

“Fabbrica”. Fabbrica - founded in 1994 - is the Benetton Group’s communication research centre in which a group of creative young people of various nationalities work together with the aim of developing ideas and potential inspirational creative-based projects that can be valuable for promoting and marketing the company worldwide. Other examples of Italian companies that are deploying and exploiting the relationships with CCI for marketing and branding purposes are: *Gruppo Euromobil* (home furniture), *Teseo* (facilities and waste management), *Diesel* (fashion), *RossiModa* (textile), *Gobbetto Resine* (materials for the construction sector), *Gruppo Tosoni* (engineering) and *Santa Sofia Vini* (wine production).

The attempt to provide new value for products and services is the third strand of collaboration between Italian traditional businesses and CCI. The basic idea grounding this approach is that creative partners can contribute to the idea and development of new products. Product and/or service experience can be strengthened by working with its sensuous qualities, aesthetics and design, or by involving the consumer in the development process. Accordingly, design, culture, arts represent important ‘value added vectors’ to increase the value incorporated into products and services. From a business perspective, the idea is to infuse the artful energy into products and services. The attention is focused on increasing the economic value of a product by incorporating aesthetic dimensions. At practical level, creative collaborations can contribute to product and service innovations in various ways. In this perspective Italian companies have been traditionally particularly effective in differentiating themselves and their products in the market by embodying cultural and creative features into products and services with the result of creating embedded intangible value. For example, *Ridea* and *Brem*, two Italian leader companies in the design and production of heating products have linked their market success to the ability to offer heating systems and solutions that incorporates aesthetic and design features. The focus is on finding a continuous advanced balance between functionality and elegance, utility and aesthetic, high technology and environmental sustainability. The value proposition is to deliver to the market not only an object that heats but also real furnishings objects that can be integrated perfectly in the home atmosphere contributing to create a living house. *Furla* represents a further example. Giovanna Furlanetto, owner of Furla, has stated: “*The arts have delivered to the world a very different perception of my company*”. Furla is an interesting case example since it experiments on its core-products (i.e. the female bags) the work of young creative people sponsored by the Furla Foundation as well as it exploits the talents of young filmmakers to reinvent communication through new “stories” in which the bag becomes input, fetish object to be transformed and even destroyed and desecrated. For example, the project “*#candycool*” has been an open laboratory in which creatives have been invited to re-interpret the Candybag playing with fantasy and unusual components such as chains, textiles pieces and even biscuits. More recently, on 2007, this approach has been institutionalized through the so-called Furla Talent Hub, a centre for the promotion of the new young talents of the fashion design that offers to them the chance to design a complete collection. A further Italian case example of a company that is using the relationship with CCI as a way to create intangible value embedded into products is *Italcementi Group*. This company represent one of the major actors in the cement industry at international level. Nowadays, the cement offers high performance very difficult even to think till some years ago and this determines the great relevance of the deep collaborations that *Italcementi* develops with customers, designers, architects and building community. Among these dimensions great attention is paid to the architecture as a means to impact on the sustainable transformation of territories. This feeds collaborations with architects in order to develop relevant projects able to be symbols of innovative and sustainable use of cement. This view is resulted in the development of projects with famous architects such as Nervi, Ponti, Meier, Perrault, and Cucinella. In order to make this kind of collaboration more stable and structured, *Italcementi Group* has launched since the end of ‘90s an initiative named “*Incontri Millenium*” which is aimed at developing conversations with Italian faculties of architecture through workshops and events. An Italian company that has been able to leverage on cultural and creative dimensions to transform a commodity such as coffee into a product with high value-added is *Illy Caffè*. Among the different initiatives put in place by *Illy*, one of the most significant is the so-called “*Illy Art Collection*”: it is a series of 70 little cups for coffee limited in number, designed by famous artists, such as Michelangelo Pistoletto, Marina Abramović, Sandro Chia, Julian Schnabel, Robert Rauschenberg, Jeff Koons, Kiki Smith, Joseph Kosuth, James Rosenquist and a lot of young emergent talents. This was one of the very first examples of collaborations with the CCI launched by the company. As result of this project the little cups for coffee became real porcelain sets through which the arts and the aesthetic dimensions were linked to the sensorial pleasure of the coffee, promoting at the same time brand management and enriching customers’ experiences. Since 2006 *Illy* largely adopted the idea of using art as a means to enrich the value incorporated into products with the vision of making art accessible and applied to common objects. In this perspective, a further example of application of creativity and culture is the creation of another iconic *Illy*’s product: the “250g” box of the coffee named “*Barattoli d’Autore*” (authored coffee boxes). According to a number of famous contemporary artists, such as James Rosenquist, Michael Lin, Michelangelo Pistoletto, Tobias Rehberger, and Sebastião Salgado, the box provides a new symbolic message interpreting the surface of a box and transforming it in a circular and infinite picture. To underline the relevance and the exclusivity of the artistic boxes, they are limited in number and available only twice in a year. The above are examples of how culture and creativity can be deployed to increase the value added of products and differentiate them in the market. Apart the use of culture and creativity as a way to enrich the value incorporated into products another important use of the relationship with CCI as a way to generate intangible value is represented by the deployment of CCI as an instrument for shaping better workplace. Among others companies, this is the vision that has inspired *Ceretto Vini* which has established a collaboration with the creative industries with the aim to ‘beautify’ the work environments. They see the workplace design as one of the major factors affecting the performance of workers and of the overall organisation. Their

fundamental assumption is that the physical setting and the workplace environment have measurable effects on building relational capital, social life and organisational context, which in turn influence work. Workers are more productive when working within a positive, stimulating and enjoyable environment. Accordingly, arts are used as an instrumental means to create a space and an intangible aura within and around the organisation, with a positive impact on people, by stimulating a constructive emotional and energetic state. They have designed and built facilities in a such a way that they embed symbolic meanings so that they positively shape and affect the workplace.

5. CONCLUSION

The empirical scoping study about a sample of Italian companies has pointed out that there is an interest on developing collaborations with the creative industries and understand how to better integrate culture and creativity into business models; however there is still a lack of strategic understanding about how this can be carried out. The existing collaborations with creative industries do not respond to a structured strategy and are mainly the result of emergent relationships generally driven by the personal interest of the entrepreneur and its family or in other cases of the top management. From a practical point of view, the collaborations tend to be developed with single professionals/artists and consultants (for example curators) rather than to be based on structured relationships or partnerships with cultural and/or creative organisations. It is also worth to mention that there is a lack of attention on the assessment of the impacts/benefits produced by the relationships with the cultural and creative sectors. We call for more in-depth and extensive research investigations that could shed light both on the empirical practices and on the conceptual frameworks of how cultural- and creative-based processes can generate cross-innovation and benefit organizational value creation capacity.

REFERENCES

- Andersen, B., Kozul-Wright, Z., Kozul-Wright R. (2000). *Copyrights, Competition and Development: The Case of the Music Industry*. UNCTAD Discussion Paper 145, Geneva, United Nations.
- DCMS (1998). *Creative Industries Mapping Document*, London DCMS, 1998, revised 2001.
- Hamel, G. (2000). *Leading the revolution*. Boston, MA: Harvard Business School Press.
- Hamel, G. (2007). *The Future of Management*. Boston, MA: Harvard Business School Press.
- Schiama, G. (2011). *The Value of Arts for Business*. Cambridge, UK: Cambridge University Press.
- Smagina, A., Lindemanis, A. (2012). *What Creative Industries Have to Offer to Business? Creative Partnerships and Mutual Benefits*. World Academy of Science, Engineering and Technology, 71, 1839-1844.
- UNCTAD (2004). *Creative Industries and Development*. Geneva: United Nations.