Social Enterprise and the Cultural Industries

A Comparative Evaluation of the Role of Three Development Agencies in Promoting Cultural Enterprise and Economic Regeneration

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Publications and Presentations Arising from the New Ideas Grant

The research has informed discussions forming part of a research programme funded under the EU Framework 6 programme: 'Growing Inequality and Social Innovation: Alternative Knowledge and Practice in Overcoming Social Exclusion in Europe'. As part of this programme a presentation was made in Roskilde, Denmark, during 2007 and another will be made in Portugal in January 2008.

It has been presented at two conferences:

'Putting the Co-op into Hip-Hop: What Sort of Management is Possible in the Music Industry', paper presented to the CRESC annual conference at Manchester University, 5-7 September 2007.

'Is Social Enterprise the Answer to Successful Development of the Popular Music Industry in Wales', paper presented to the 4th Annual Social Enterprise Research Conference at LSBU, 4-5 July 2007.

The following publication has already been based on the research:

Cato, M. S., Arthur, L., Smith, R. and Keenoy, T. (2007), 'So You Like to Play the Guitar? Music-Based Social Enterprise as a Reponse to Economic Inactivity', *Social Enterprise Journal*, 3.

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Introduction

This report summarises the findings of a research project into the cultural industries in Wales carried out between July 2006 and April 2007 and funded under the Welsh Assembly Government's New Ideas Fund. The research involved a comparative analysis of three development agencies which had different ownership and governance structures: one is a publicly funded organisation; one an independent community organisation; and the third a private sector organisation. All are engaged in developing and promoting young musical talent.

The overall research aim was to link the Welsh Assembly Government (WAG) Social Enterprise Strategies with key factors which contribute to best practice in this sector by exploring examples of stimulating enterprise among young people who, on the margins of conventional employment patterns, are attempting to establish themselves in the cultural industries. More generally, the research was designed to deepen our understanding of how the 'cultural industries function' (Hirsch, 1972; 2000) and identify mechanisms that work in providing a more secure basis for generalisation across those organisations in Wales which are engaged in promoting social enterprise in the cultural industries.

There is a wealth of cultural talent in South Wales but the planning and organisational capacity needed to turn this into an economic and social success story is less well developed. A variety of development agencies offer business support and mentoring to young people seeking to develop cultural business ideas ranging from music events promotion and photography, to web design or vocal performance. Such agencies operate at the margins of commercially successful cultural enterprises, providing a critical link between disadvantaged communities and the socio-cultural fabric which generates economic development in the cultural industries. In particular, they stimulate confidence and self-respect while also providing a location for skills development which is not available elsewhere. They are of particular importance among the more marginalized younger members of the community on whom any successful economy ultimately depends. In addressing these issues this research is aimed at identifying the organisational and social mechanisms that can best bring these two Assembly objectives together.

In addition to the direct economic contribution of the cultural industries, such activity has also been directly linked to enriching and stabilising disadvantaged areas. Recent theoretical work (Evans, 2005) has suggested that it is useful to think in terms of a community economy that has within it a tension between the mainstream economy and an informal or shadow economy. The latter ranges from illegal activities, such as the drug trade, to a more formalized social economy composed of social enterprises. This work suggests that the nature of social interaction within the shadow economy may lend itself to a mutual or cooperative based formalization and one of the objectives of the research would be to start an evaluation of the dynamics of this relationship and the potential impact on economic inactivity. Similarly the relationship to social capital and social entrepreneurial networks has also been proposed as being important to developing and sustain activities both within and across sectors (McCall and Livesey, 2005; Murdock, 2005). In this respect, there is a direct link between local development agencies in the cultural industries and local socio-economic regeneration.

The contribution of this research is to add to the evidence base for policy-making by providing a better understanding of:

- The process of development of grass-roots cultural industries.

- A comparative evaluation of the practice and experience of existing models and networks.
- The role played by support agencies in this process.
- An evaluation of the appropriateness of mutual models.
- Consequences of the interaction with funding regimes and how they affect the development process.

Grass-roots business based on cultural industries makes a combined contribution to the broad objectives of 'Winning Wales', particularly in relation to more and better jobs and safer communities. Development organizations specializing in the cultural industries have a range of impacts that address the social justice and regeneration strategies of the WAG. At the centre of their activity are multi-media public events which provide primarily young people with the collective opportunities to learn from each other and use ICT creatively. Such activities, if supported and developed in an effective manner, have an impact on all the following strategic areas (drawn from WAG, 2002; WAG, 2003; WAG 2005):

- Create an environment that encourages new social enterprises and capitalises on opportunities for growth.
- Directly raising the proportion of economically active young people.
- Addressing skill and confidence development; in particular they focus on media and ICT skill development.
- Facilitate access to relevant financial, business and organizational networks in the cultural industries.
- Encouraging community based activities that help establish safer communities through encouraging activities that are not anti-social and help to avoid drug misuse.
- Developing what we have termed 'associative entrepreneurship' by building on the community based and collective character of the activities leading in the direction of better and more effective mutual and social enterprise type organizations.
- Supporting and reinforcing the value of social enterprise and investment in Communities First and unitary authorities' community development plans enabling 'capital anchoring' of the value created through forms of cooperative and multi-stakeholder ownership.

Research Design and Methodology

As explained in the introduction, the focus of the research is to explore the interaction between governance form, ownership and outcomes in one particular sector of the Welsh economy. We began this study by providing a survey of the relevant literature relating to the social economy and the cultural industries, which is reported in full in the following section. This allowed us to identify and refine our research questions which largely followed those we had identified in our research proposal, namely:

- To analyse the different forms of development agency involved in promoting cultural enterprise among young people;
- To describe and evaluate the relationship between these different forms and their impacts on grass-roots cultural industry developments;
- To compare and contrast these different forms of delivery;
- To identify models of good practice as a basis of policy development;
- To identify specific questions that could be used as part of a more extensive survey of social enterprise cultural industries.

The literature review yielded valuable insights into the nature of the cultural industries, and the knowledge economy in general, so that our research questions were adjusted to allow us to develop our theoretical ideas in this area, while still maintaining adherence to the central thrust of the research. Thus the questions generated are broader than the proposal intended, especially in areas relating to the generation and extraction of value in a knowledge-based economy.

Our detailed research questions were:

- What are the core polices, practices and services provided by each of the development agencies? Are these affected by organisational form?
- What is the social and economic impact of the development agencies work in the communities where they operate?
- What are the most important aspects of each agency's work for their clients? How do clients view the services offered?
- What contribution can these organizations make to longer-term regeneration? Is it possible to identify any performance criteria?
- To what extent has the present level of support available in Wales helped and shaped the development work of these agencies? Would changes in procurement, funding and information sharing aid their effectiveness? What additional provisions might assist their activities?
- What implications does the context and support have for the findings of the ESYS (2003) report and the Social Enterprise Strategy for Wales on the support of social economy enterprises?

We attempted to address these questions by means of detailed case-studies of three music-based enterprises; these case-studies are reported in separate sections which follow.

We have provided some quantitative information about the cultural industries in the UK and specifically in Wales in the literature section, however the bulk of our research was qualitative and based on the case-study method (Yin, 1989; Eisenhardt, 1989). Our reasoning for adopting this approach is twofold. First, very little is known about the social and organisational processes through which grass-roots cultural activity

is developed into viable economic activity (see also Hirsh, 2000; Raffo *et al.*, 2000 and Lawrence & Phillips, 2002). For the most part, we only 'know' about it after the event i.e. when it is successful. Development agencies may or may not play a critical role in facilitating success; and there may be some activities which – in retrospect – are far more important than others (e.g. we suspect that the 'incidental' information networks which can be accessed through development agencies may be critical; see Gibson, 2003; Kretschmer *et al.* 1999). In our view, it is only possible to explore these fundamental issues through a qualitative research process which permits a more direct and sensitive analysis of the developmental trajectories facilitated and promoted through these agencies (see also Raffo *et al.*, 2000).

Secondly, while we did consider other methods, such as a large-scale survey, we concluded that the potential population available was both too small and too varied to produce any meaningful generalisations. From what is already known, it is clear that there is enormous variation in the routes followed by 'cultural industries'. In addition, it is very doubtful such an approach would reveal the data about organisational processes which is being sought. As the WAG's own *Economic Research Advisory Panel* has stated, given 'the limitations of survey-based approaches: it could be difficult to uncover the real, underlying, barriers to activity through such approaches' (9-10 June 2003).

These latter concerns have motivated the choice of research method. Rather than survey data of limited use, a qualitative methodology will be deployed to achieve triangulation and produce an in-depth analysis of the development agencies in one economic sector. The research combined a conventional range of qualitative methods: in addition to the literature survey and documentary analysis, after a brief period of ethnographic observation we conducted a series of targeted semi-structured interviews with each of the main service providers. These were complemented by a series of career/life history interviews with selected clients. The former will provide data about organisational form, practice and procedures; the latter should reveal the perceived effectiveness of the development agencies activities as well as the multifarious motivations and purposes pursued by clients.

Within the literature and policy contexts our research aims can be characterised as involving a mixture of three generic aims. First, we sought to explore an under-researched relationship between organisational governance and cultural industries, particularly those that relate to street-level music, and hence the discovery of new understanding. Second, we engaged in a small-scale evaluation of the different impacts governance can have on cultural activities within this social context. Third, we undertook an exploration of the policy and institutional context of the organisations with the specific intention of making policy recommendations. Methodologically, the research involves identifying data as social processes taking place through an identifiable period of time with the intention of describing the processes and if possible offering explanations. The data is relational and interactive, requiring a qualitatively rich understanding of social action with the intention of achieving ecological validity and enabling possible transferability of the results to other social and institutional contexts (Gilbert, 1995; Gill and Johnson, 2002; Hall and Hall 2004) . The cases were selected theoretically and purposively as a result of the literature review and our own previous research (Strauss and Corbin, 1990).

The research aims were translated into a list of broad headings, which provided a reasonably open schedule of required data enabling a guide to the three researchers, but hopefully enabling sufficient freedom to enable any discovery and new observations to take place. The headings included:

- Ownership
- Control
- Number and type of employees, participants, volunteers etc
- Financial information
- Organisational structure
- History, formation and reasons
- Number of clients
- Sources of funding

More generally, and as a supplementary guide to the list, potential descriptive and explanatory factors were looked for such as:

- Time – structure, history, development
- People – power and relationships
- Organisation – ownership and control
- Funding – turnover and sources of finance
- Activities – services and policies
- Impacts and consequences – regeneration, social and economic change

A range of sources were used to gather the data often requiring snowball sampling. These included documentary evidence such as written records, websites, and production outcomes such as records, CDs etc. Founder members or those who had been associated with the organisations were the primary respondents and this included 12 people who were interviewed and involved in discussions with us as the research developed. Observation when participating and making visits to the organisation, which have also taken place over some time before the systematic research was undertaken, enabled a more contextualised understanding. One organisation had been part of an earlier research project, in another case one of the researchers has been on the board of the organisation under study, and the third organisation had been known indirectly to the researchers since its inception ten years ago. Each of the three researchers was assigned to one of the cases. Some useful triangulation was achieved through the use of the range of sources

As in all research, the plan evolved flexibly over the course of the project. Some of the initial plans to use a Likert-type scale did not work quite as expected and one case was discovered to have more activity outside of Wales than inside. Difficulties were experienced in organising times for some of the interviews, so they took place over the phone—this process evolved into a number of discussions, which covered the schedules but not quite as had been expected. A form of respondent validation was used in one of the cases which helped clarify and tease out some additional data. Data was transcribed and as far as possible kept in text form in addition to physical artefacts and web records. Each researcher analysed the data and produced a report on each of the cases which were then subject to discussion and comparable analysis by the team before being finally drafted into the report.

The three research sites identified as suitable to provide an evaluation of the impact of cultural development agencies on local socio-economic regeneration are:

Pedestrian (http://www.pedestrian.info/)
Pedestrian is an independent Cardiff community based project based around the grass roots application and development of 'turntablism' or music based on decks and scratch

records. It is a medium that is controlled and developed by young people, with an inherent network based on production, consumption and participation. Research access to this organisation has already been agreed.

ProMo (http://www.promo-cymru.org/).
ProMo has been identified as a leading player in the field of cooperative entrepreneurship by the journal *New Sector* (August 2004): 'ProMo-Cymru … provides development support to a vast number of young artists with the aim of establishing socially focused businesses and projects or profitable ventures … the company believes that co-operative principles are ideally suited to creative initiatives and always encourages ethical values'.

Bertrand (a pseudonym for a private company located in Cardiff)
This company wishes to preserve its anonymity but granted us access for the purposes of the project. It is a recording and production label that has grown out of the founders' interest in music but has a more traditional private ownership and control structure and works through a main company and two local subsidiaries. If proof that this is a bona fide company is required this can be provided, but we must stress that confidentiality needs to be preserved.

The following section is a focused review of relevant literature concerning both the social economy and the cultural industries. This is followed by the three individual case-studies. In the final section we draw our findings together and offer conclusions relevant to our research questions as well as some policy recommendations.

An Introduction to the Fields of Social Economy and the Cultural Industries

The Economic Value of Social Enterprise

Recent political attention directed towards the social economy has focused on its role in addressing the particular problems of social exclusion and labour-market inactivity. Social exclusion has been defined by the government's Social Economy Unit as 'a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown' (Belfiore, 2006). Without necessarily subscribing to the view that work is the only route to inclusion within society, it is possible to identify a nexus of issues that lead to a significant proportion of our society facing an intractable and interactive set of problems: lack of work, loss of identity, low incomes, inability to interact as an equal with other members of society. It has become accepted that the social economy may offer an alternative route to mainstream employment that can start to untangle this nexus of disadvantage:
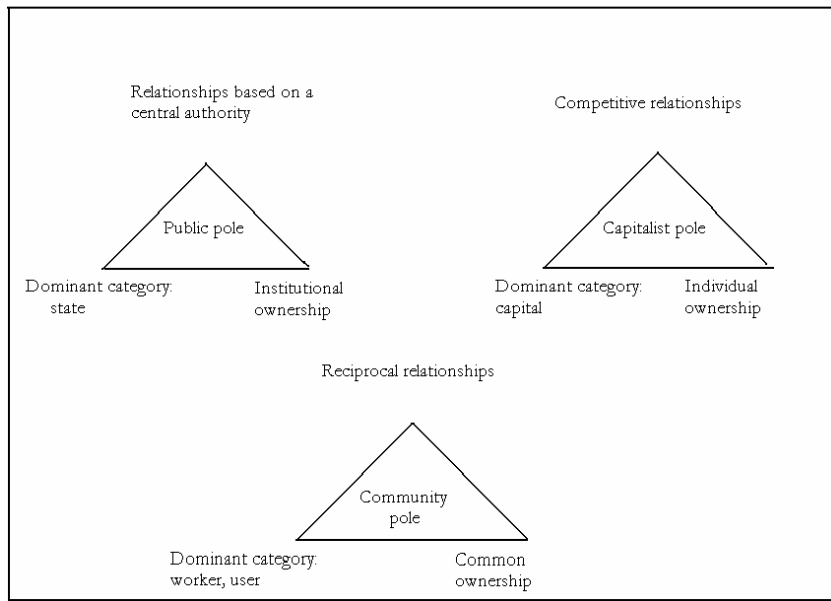
"Social enterprises take many forms, yet each one exemplifies values that are important to us. They contribute to tackling social exclusion and to bringing the economically inactive back into the world of work. They provide a real alternative for those not attracted to the profit-making sector… they have a vital part to play in putting the citizen centre stage." (Welsh Assembly, 'Social Enterprise Strategy for Wales, Ministerial Foreword).

Defining the social economy is a complex business, but for the purposes of this practically based research we draw attention to two aspects that are particularly relevant: the gap-filling role, and the importance of relations of reciprocity. Figure 1 is an illustration of the three 'poles' of the economy as defined by Nyssens (1997), the public, characterised by institutional relations dominated by the state; the private, where competitive relationships are the norm and the focus is on capital accumulation and profit; and the community, where relationships are based on reciprocity and individual needs are the dominant motivator. Westlund extends the consideration of reciprocity which, he considers, 'can be described in terms of give-and-take in a relationship between actors who, to a certain extent are equals. . . Mutuality is often used as a synonym for reciprocity. . . Reciprocity of social relations creates mutuality of economic relations, but mutuality in economic transactions is no guarantee of reciprocity in social relations.' (Westlund, 2003: 1196-7). His typology marks out the social economy in disctinction to other forms of economic activity as follows:

- Like the family economy the social economy is based on reciprocity; unlike the family economy kinship is not involved;
- The market economy and public sector are based on monetary exchange; the social economy is not;
- The public sector is based on official legislation, whereas the social economy is based on commonality of interests and values;
- The market economy and public sector are based primarily on material capital whereas the social economy is based primarily on social capital.

<div align="right">(Westlund, 2003: 1198)</div>

Figure 1. The three poles of economic activity *pace* Nyssens

Relationships based on a central authority

Competitive relationships

Public pole

Capitalist pole

Dominant category: state

Institutional ownership

Dominant category: capital

Individual ownership

Reciprocal relationships

Community pole

Dominant category: worker, user

Common ownership

For many who are excluded from the conventional labour-market, part of the reason relates to the clash they experience with the type of relationships that characterise it, namely those of competition and individuality. We have made this argument in particular in the context of areas with a strong radical tradition such as the South Wales Valleys (see Cato, 2004) but it is also true of particular sub-cultures, especially in areas of lasting economic depression. The discovery of social enterprise, where responsibility and benefits are more widely shared and and relationships are based on mutual impulses, can offer such people who feel alienated from the mainstream economy the chance to contribute economically and socially in a way they feel comfortable with (Pearce, 2003; Gordon, 2004; Hirst and Bader, 2001).

We have labelled this sort of entrepreneurial activity that focuses on community rather than individual gain and is carried out in supportive groups 'associative entrepreneurship'. The point about 'associative entrepreneurship' is that it would channel energy in the economic sphere towards shared social and economic goals. Thus the objectives of a regeneration strategy would be much broader and more socially determined than the creation of an elite of profit-making entrepreneurs, growing their individual businesses and indirectly creating jobs for others. Money invested in regeneration would, in addition to conventional economic development objectives, also have the objective of community advancement, and the objectives would be set in collaboration with or partnership with the community. The key to this process lies in ensuring that regeneration is not viewed simply as an exclusively economic process. This means that any regeneration initiative must formally incorporate a mix of social, economic, environmental and community objectives and must involve a measure of local accountability to the community. This would be a genuine commitment to the community empowerment that many regeneration programmes pay lip-service to.

A related concept developed by ourselves and colleagues is that of 'capital anchoring' (see Arthur *et al.*, 2001; Logue, 2002), a phrase which describes a way of investing money in the local economy and using an ownership structure to insulate this investment against capital flight. Economic geographers have supported the basis of this idea in the link between ownership and control and the grounding of productive activity in a specific community and geographical setting (Wills, 1998). The idea also relates to a

conviction that, if regeneration is to be successful in the medium and long term, the public money that is invested must be tied into the local area.

The concept of 'capital anchoring', grew out of the experience with alternative financial instruments developed in Quebec in response to its persistent economic problems. Mendell (2000: 102) notes that there have been over 230 new financial instruments developed there and a new 'language' of the social economy where there is:

Not merely job creation but sustainable jobs; not merely entrepreneurship but social entrepreneurship with broad socio-economic objectives; not merely business development but an integrated strategy of community economic development that is both territorially based and socially rooted.

The purpose of this research project is to apply these theoretical ideas about the role of the social economy in regeneration to one particular economic sector: the music industry. Redhead (1992) and Corrigan (1995) explore the role of popular music as a creative industry with the potential to develop local social economies. In the case of the Welsh creative industries there appears to be a policy gap between 'the commercial creative businesses who compete globally' and are the focus on economic development support from the Welsh Assembly (Welsh Assembly Government, 2004) and the community arts projects such as those that formed the basis of a study on the regeneration potential of the arts funded by the Joseph Rowntree Foundation (Dwelly, 2001). The social enterprise sector may hold the key to uniting these two by creating innovation and a sought-after product but sharing the proceeds within a community and thus achieving social and economic regeneration. There are already several cooperatives in Wales within the creative industries broadly defined included Craft in the Bay, a cooperative of craft workers such as woodworkers and textile workers; an actors' cooperative; and the music development business Promo, which is the subject of one of the case-studies.

We move on now to consider what particular features of the creative industries, and specifically the music industry, may mean that it would find a more comfortable home within the social economy than in the competitive, profit-driven economy, following an initial discussion of the recent literature regarding the positive role the creative industries can play in urban regeneration.

The Role of the Creative Industries in Urban Regeneration

With the publication of reports like *Culture at the Heart of Regeneration* (2004), central government has clearly indicated its belief in the power of the creative industries[1] to effect the urban renaissance that theorising about social exclusion has raised up the political agenda. The apparent turn in Glasgow's fortunes following its designation as European Capital of Culture in 1990 (Miles, 2005) has strengthened the key role of creative industries in strategies to deal with urban problems. The same rhetoric has been adopted by Welsh policy-makers:

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[1] We are favouring the phrase 'creative industries' (as defined thus by DCMS (2001): '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 intellectual property') over that of 'cultural industries' which includes industries specifically dedicated to creating ephemeral value in products rather than the products themselves, the paradigmatic example being the advertising industry.

It is a fundamental underlying proposition of this strategy that culture can be a springboard to a more prosperous society. (Welsh Assembly, 'Culture as a Springboard', Priority Action Plan 6: Culture and the Economy)

It has been acknowledged that arts and cultural development are relevant activities across and along the continuum of community development and regeneration – from simply making a community a more enjoyable place to live, to a community's self-identity, but also in raising self-awareness and self-esteem for the marginalized and excluded. (National Assembly for Wales Annual Report on Social Inclusion in Wales, 2001.)

In spite of Cardiff's failed bid to become the UK's capital of culture for 2008, the conviction remains that culture broadly defined can act as a basis for lasting and broad-based urban regeneration: 'the idea that culture can be employed as a driver for urban economic growth has become part of the new orthodoxy by which cities seek to enhance their competitive position' (Miles and Paddison, 2005: 833). However, the same commentators who identify this orthodoxy are sceptical of the outcomes of policies to achieve genuine economic benefits in the long run (Miles and Paddison, 2005; Miles, 2005; Evans, 2005). Others consider the 'expectation that culture will solve social problems' to be nothing more than 'a form of political displacement activity' (Selwood, 2006: 44) or that 'Local authorities have turned to cultural regeneration as a phoney substitute for real economic revival' (Heartfield, 2006: 80).

While there is little question about the possible contribution of the creative industries to regeneration, the music industry specifically is undergoing a period of challenging market conditions, largely created by the rapid expansion of online music sharing, removing the need for customers to buy and sell through conventional retail outlets. Since the turn of the millennium, global music industry sales have declined by 16.3% (Wikstrom, 2005). However, this may only reflect the nature of the measure used, since the music industry is currently the scene of a struggle over value, as direct forms of distribution using new formats such as MP3 challenge the extraction of value by the big four distributors. This also raises questions about intellectual property and its relationships to value. Both these questions make it an interesting and dynamic area to be researching.

In addition to the direct economic contribution of the creative industries, such activity has also been directly linked to enriching and stabilising disadvantaged areas. Smith (2000) includes amongst beneficial outcomes from an enhanced cultural sector: personal growth, social cohesion, environmental renewal, and health promotion. Based on an analysis of peripheral economies in the East of England, Li, Gleave and Mitra (2006) found that a specialised creative industry base can increase an area's attractiveness to highly educated people who can then stimulate business creation in that area and ultimate raise wage levels. This is a more positive and successful strategy than focusing regeneration around what they term 'bland measure of infrastructure improvement centred round consumption', such as the development of retail parks.

Recent theoretical work (Evans, 2005) has suggested that it is useful to think in terms of a community economy that has within it a tension between the mainstream economy and an informal or shadow economy. The latter ranges from illegal activities, such as the drug trade, to a more formalized social economy composed of social enterprises. This work suggests that the nature of social interaction within the shadow economy may lend itself to a mutual or cooperative based formalization and one of the objectives of this research is to start an evaluation of the dynamics of this relationship and the potential impact on economic inactivity. Similarly the relationship to social capital and social entrepreneurial networks has also been proposed as being important to

developing and sustaining activities both within and across sectors (McCall and Livesey, 2005; Murdock, 2005). In this respect, there is a direct link between local development agencies in the creative industries and local socio-economic regeneration.

What is Different about the Creative Industries?

Considering the production, management and consumption of leisure activities as an economic sector labelled 'cultural industries' is a relatively recent phenomenon. The sector itself is difficult to define, Garnham (1987) making a bold attempt in describing them as 'social practices whose primary concern is to transmit meaning'. In this way the industry of buying and selling culture is perhaps the archetypical industry of the postmodern economy. Cultural products are 'products that are consumed in an act of interpretation rather than being used in some practical way to solve some practical problem' (Lawrence and Phillips, 2002: 431). This means that the meaning of the product is its value, so that the cultural industries are 'creating and maintaining an organisation that can produce and sell meaning'.

What makes creative production, as opposed to cultural activity more broadly defined, distinct is the fact that it is a form of 'creative production that begins with people—not businesses *per se*' (Gibson, 2003: 203), the corollary being that, unusually for capitalist production, the producer seeks out capital (say, a performer seeking a record company), rather than the capitalist seeking a labour-force. The decision to engage in production is not primarily motivated by the desire for material return, so that the distinction between work and non-work is blurred. 'For most people becoming a musician, writer, artist or film-maker begins as a response to being an avid consumer of "cultural products"; one's emotive response to certain acts of consumption leads to the desire to engage directly in creative production' (Gibson, 2003: 203). This unique feature can be seen as both an opportunity and a threat. It can provide a route to encourage disaffected and economically inactive young people into the mainstream of society, and possibly the economy too. But it can also lead to issues surrounding the clash between the artistic motivation and the desire to use this as a means of generating financial benefit, as discussed in a later section.

Rather more pragmatically, and with a distinctly economic focus, the Department of Culture, Media and Sport (DCMS) defines the 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 intellectual property' (DCMS, 2001). The DCMS sees this as a significant economic contributor to the UK economy, estimating revenues for 1997/8 at £4.6bn, £3.3bn from domestic sales, and estimating employment in the UK at 122,000 (DCMS, 2001). Pratt (1997) pointed out that the UK creative industries sector employs some 4.5% of all employees in Britain – which is equivalent to the workforce in the construction industry. Yet he, along with other researchers (Hirsh, 2000; Kretschmer *et al.* 1999 and Raffo *et al.*, 2000) also note that little attention has been paid to the various ways in which 'the production of culture' is organised and the variety of mechanisms which stimulate cultural enterprise. This is perhaps unsurprising for Lawrence and Phillips (2002: 430) observe that 'the unique dynamics of cultural production remain largely uninvestigated.'

Figure 2 gives outline information about the proportion of the working population engaged in activities within the category 'culture, media and sports', based on information from the Labour Force Survey. It is immediately clear from the figure that the proportion is lower in all the devolved regions of the UK than in England. While Wales claims for itself a particular affinity with cultural production, especially in the

musical field, the economic reality is that the globalisation of the music industry has led to an increasing intensity of orientation around London as one node in a global system, and a node which is not strongly linked to the regions of the UK (Pratt, 1997).

Figure 2. Percentage of all those employed in occupations in culture, media and sports sector, 2004/5
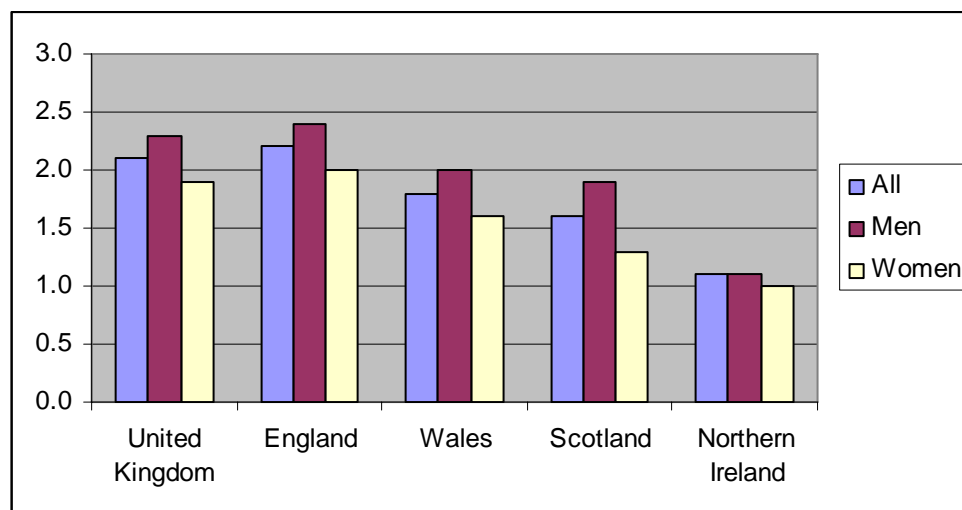
Souce: Nomis database; data from the Labour Force Survey.

It is also apparent that the sector provides employment for proportionally more men than women. Negus (1992) argues that it is a peculiarly male sector with women tending to be found in secretarial positions only, whom he characterises as 'handmaidens'. More in-depth research into the gender issue in the music business by Richards and Milestone (2001) found that gender power relations remained evident, especially in what they refer to as the 'sexualised' and 'performative' aspects of the work. Their investigation involved ethnographic research and focused on micro-level businesses. The conclude that 'Much of women's lack of involvement in the music industry stems from the ways in which cultural consumption is understood, theorised and stratified', and confirmed Thornton's suggestion that 'the ways in which notions of sub-cultural "authenticity" are linked to masculinity' undermines women's involvement in the music industry. (Thornton, 1995). A more recent piece of ethnographic research, however, found that, although women were underrepresented, they did not experience direct discrimination (Carey, 2006).

In spite of the predominant role played by members of the UK's ethnic minorities in the music industry, research into their influence and specific experience is limited. Basu and Werbner (2001) analysed the areas of economic activity where African Americans were predominant and found that they used their subcultural capital in order to supply and command a global market in specific products. Ironically, we find that the invisibility they highlighted in the music industry is mirrored in the literature, there own work providing a rare exception. Basu and Werbner (2001: 243) trace the history of the process whereby 'corporate America and its white artists have historically appropriated and commodified black people's cultural talent, creativity and originality'. The genre that we address in our case-studies, hip-hop, is itself and expression of disaffection caused by this process of economic marginalisation: 'Hip hop became a new form of expressive culture that was tailored to the historical circumstances and existential desires of black ghetto dwellers . . . black hip hop artists have capitalized on their access to this creative

niche for economic rewards beyond it.' They argue that black musicians have themselves been able to commodify 'blackness' and have used this to make a space for themselves within the white-dominated music industry.

Meanwhile Negus (1999) illustrates that tensions between 'the street' and the 'executive suite', suggesting that rap musicians struggle to maintain their independence from the corporate world as well a seeking recognition for their music, and that the resist the commodification of the gentre culture of rap by the music industry. As the work of Power and Hallencreutz has indicated, these tensions may lead to a gap between the predominance of black musicians and the lack of black music industry executives. Norment found that of the top music industry executives in 1997, 11 were black men and 3 black women, although she expressed concern that the consolidation in the industry was leading to the closure of black departments by the leading corporations and the reduction in influence of black executives.

For the purposes of this research we are focusing on a sub-sector of the more broadly defined creative industries, namely music and the performing arts. Table 1 gives figures for this particular sector, based on the relevant SIC (standard industrial classification) codes to give some idea of its economic importance.

Table 1. Data on the Economic Importance of the Creative Industries, 2003

GVA (£m.)	% of total GVA	Exports (£m.)	Employment
3,700	0.5	240	254,200

Note: SIC categories included:

22.14	publishing of sound recordings	22.31	reproduction of sound recording
92.32	operation of arts facilities	92.34	other entertainment activities
92.72	other recreational activities	92.31	artistic/literary creation/interpretation

Source: *Creative Industries Economic Estimates Statistical Bulletin*, October 2005, DCMS

The Importance of Local Production

In an era where much academic focus is on the 'end of geography', the music industry continues to be an arena where the sense of place is of key importance: 'The impact of culture-led regeneration is clearly closely tied up to a localised sense of place' (Miles and Paddison, 2005: 836). Examples such as the Creative Industries Quarter in Sheffield or Manchester's music scene in the 1980s are examples of the way in which a particular sound or style of music is associated with a time and a space, leading to the discussion of the music industry under the rubric of 'creative clusters'. The classic definition of a cluster is taken from Porter (1990):

geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also co-operate.

However, in the case of the music industry this needs to be extended:

A creative cluster includes non-profit enterprises, cultural institutions, arts venues and individual artists alongside the science park and the media centre. Creative clusters are places to live as well as to work, places where cultural products are consumed as well as made. They are open round the clock, for work

and play. They feed on diversity and change and so thrive in busy, multi-cultural urban settings that have their own local distinctiveness but are also connected to the world (www.creativeclusters.com).

Working with this understanding the the Department for Trade and Industry (DTI) clusters group has conceded that 'creative clusters are not the same as other clusters, and common strategies will not work'. Economic policy-makers have identified the importance of creative clusters in Wales and have acknowledged the importance of co-operative rather than competition in supporting their development, for example in the case of the proposed cultural quarters of Cardiff and Newport (WAG, 2004).

According to various commentators, the music industry in particular benefits from close personal relationship and networks that are locally embedded in place: 'The music industry is, most often, a highly localised cultural-product industry that draws on local creative milieux and cultural forms and has a tendency to agglomerate in urban areas' (Power and Hallencreutz, 2002: 1833). The music industry is one where 'spatial structure appears to have a direct bearing and constitutive role in processes of creativity and innovation as well as the resulting value chain' (Power and Hallencreutz, 2002: 1836). This locally dynamic creativity rarely translates into profit or even into widespread cultural influence.

Wales has a particular advantage in some creative industries, particularly television and film, in having its own language and therefore a naturally protected niche. This has allowed the development of a pool of trained professionals in these fields (WAG, 2004). It is unclear to what extent this extends to the music industry, where a particular sound (Gibson, 2003) may be more important than singing in a particular language. The three businesses studied here all have only have artists who work through the medium of English.

Whereas for the stimulation of most productive sectors one would be seeking financial capital, and human capital in the traditional economic sense of high levels of educational qualification, when it comes to the cultural industries more subtle requirements become essential. Two of the less tangible forms of capital identified by Bourdieu—social capital and symbolic capital—are essential prerequisites of a flourishing cultural industry.

We have already introduced the concept of 'associative entrepreneurship' to mean a form of economic activity whose benefits are widely shared and which is based on a network of reciprocal relationships. One of our central research questions is whether such a structure has particular relevance in the case of the music industry because of the importance of clustering and close personal relationships to that industry's success (in the context of the hip-hop genre see Basu and Webner, 2001). Wittel (2001) has identified the existence of what he terms 'network sociality' in the music industry, in which social relations are of key importance but they are ephemeral and intense rather than extended and communitarian. He identifies a move from 'narrational' to 'informational' relationships. Power and Hallencreutz (2002: 1842) make a similar argument about the importance of dense networks in their study of the success of the music industry in Stockholm:

Stockholm seems to be a clear-cut case that industrial competitiveness often develops in a clustered or agglomerated manner; that is, it takes a large number of firms that are both competing and cooperating with each other to trigger growth. . . . the feature of the Stockholm scene most supportive of export performance is the dense network of interorganisational linkages, voluntary associations, and service organisation that secure both relatively open export and distribution channels and also copyright (and thus indirectly revenues back to the creative mileu).

A study (Cultural Enterprise, 2001) addressing the needs of the creative industries in Wales in terms of economic development has identified the lack of entrepreneurial behaviour amongst practitioners, but this may be more because of the limited nature of the entrepeneurship under discussion (in this case it is predefined as having profit and growth as its main goals) than to any lack of the 'innovative behaviour and highly focused management practices' it considers entrepreneurship requires. It may be that more creative thinking on the part of policy-makers and those supporting the creative industries is required.

For Love or Money or Both?

For many theorists of the creative industries, and more importantly for the majority of 'practitioners', there is a clash between their art and their livelihood, since there is an in-built resistance to selling what is a personal and creative outpouring rather than a material product. Adorno stated the extreme form of this view in his comment that: 'The entire practice of the culture industry transfers the profit motive naked onto cultural forms' (1991: 86). Negus (1992) describes this as 'a conflict between commerce and creativity or art and capitalism'. In the Welsh context, Cultural Enterprise (2001), has identified that 'practitioners are often driven more by a passion for the product than for profit and growth, resulting in a skewed approach to business'. This thinking sums up a central problem with deriving economic value from cultural products, namely that the originators of those products may value esteem and recognition more than financial rewards.

    Bourdieu (1984: 75) concurs with the view that there is what he terms a 'disavowal of the "economy"':

In this economic universe, whose very functioning is defined by 'refusal' of the 'commercial' which is in fact a collective disavowal of commercial interests and profits, the most 'anti-economic' and most visibly 'disinterested' behaviours, which in an 'economic' universe would be those most ruthlessly condemned, contain a form of economic rationality . . . and in no way exclude their author from even the 'economic' profits awaiting those who conform to the law of this universe.

    For Bourdieu, the conflict between money and art is found at a different intensity as one moves from 'high' culture to more popular art-forms: 'the relationship of mutual exclusion between material gratification and the sole legitimate profit (i.e. recognition by one's peers) is increasingly asserted as the exclusive principle of evaluation as one moves down the hierarchy of economic gratifications' (Bourdieu, 1984: 50). However, Bourdieu also makes the point that the avant-garde in any field of culture requires the taking of risk and that this risk-taking is more easily supported by those who bring with them large quantities of social and economic capital. This reminds us of arguments made about the failure of entrepreneurship in depressed economies, and makes clear the need for financial support for new artists, whether they will eventually become economically viable or not. It may also be necessary for those supporting creative artists to be careful in their use of terminology, since research has shown that they prefer to think of themselves as self-employed artists rather than entrepreneurs (Ringwald *et al.*, 2006). It may be that the relationship between culture and creativity 'is one of the mutual values— valuing culture for its intrinsic enrichment—rather than commodication or commercial investment' (Ringwald *et al.*, 2006; see also Vaughan Jones, 2001). In this case conventional business support might have a negative impact, while more mutual models of economic activity could be more successful in supporting the sector.

An extension of this argument explains why it is often the case that it is producers and distributors who benefit most economically from the creation of cultural products. Because of the intangible nature of cultural products it is easy for their producers to lose control over them and for others to exploit the commercial potential. Gibson (2003) explores how a 'charismatic ideology' is used to mask the exploitative tendency of the industry in a music-industry cluster in Australia, and shows how the symbolic capital received by performers in terms of the acclaim of fans is used to lower average payments made to musicians. Similarly, the industry is the one where the distinction between work and leisure is most likely to blur (Richards and Milestone, 2000; Banks, 2006), allowing self-exploitation and making the claiming of full use value of one's economic output to be problematic.

Negus (2002) argues that the cultural industries more broadly defined (i.e. including such activities as advertising and marketing) are precisely placed in the space between production and consumption and play the role of extending that distance. It is the exploitation and maintenance of this space between production and consumption, or between use value and exchange value, that allows the extraction of profit by those involved in distribution and the deprivation of the full value of their work to those who produce. One of the key advantages of a cooperative model of organisation in the creative industries or others is that they shrink this space, thus allowing producers to gain the full value of their product. This is of particular importance in the creative industries whose product is based on the perception of its value that is created by means of signs (Lash and Urry, 1994) and that changes rapidly due to fashions and trends (Leadbetter, 1999). This is especially true of the hip-hop genre: 'The evolution and continual transformations of hip hop differ from previous periods of black cultural production because this genre of music reflects the experiences, aspirations and predicaments of a post-industrial, post-Civil Rights black urban youth. (Basu and Werbner, 2001: 243)'

To achieve economic success, creative industries need to have access to investment, without which no amount of creative energy can generate a successful economic sector. Power and Hallencreutz (2002) note that what creates commercial success is 'not only the quality of the creative milieux', but also 'the links between the local production system and international circuits of capital, distribution and effective property rights'. Their study relies on a comparison of two cases: those of Stockholm, Sweden, and Kingston, Jamaica. Jamaica made less than US$2m. in external retail sales of music-based products in 1994 and US$2.2m. in 2000, although Jamaican music made US$1.2bn. outside the country. In other words, almost 1000 times as much money was made from Jamaican music as was kept in that country. By contrast, Sweden made US$411m. in 1997 (figures from UNCTAD).

These authors, who base their conclusions on qualitative fieldwork with industry participants, suggest the following reasons for the success of the Swedish case:

- The incubation of both new local firms and subsidiaries of global majors;
- A high level of technological support, such as recording studios and facilities for CD pressing;
- An effective system of protection of intellectual property, partly due to the high level of unionisation of the music industry;
- A combination of competition and cooperation typifying the sector.

By contrast the music industry in Kingston has little direct presence by the major global music-industry players, partly because of strict laws against TNC holdings in domestic firms. There are small-firm clusters, but these tend to operate within a culture typified by 'bonding' rather than 'bridging' social capital (Putnam, 2002), with tight in-

groups competing fiercely with out-groups. A dense network of social interaction means a loss of secrecy and the resulting difficulty with protecting intellectual property. This culture both encourages innovation, on the one hand, but also reduces the ability to profit financially from it on the other. While these findings are instructive, the authors fail to make a clear distinction between the options available to a developed, integrated economy, which is an EU member with a highly educated population, and a developing economy which is marginal and powerless in the global economy.

Basu and Werbner (2001) address this question in terms of the genre of music prioritised by our three case-study organisations: hip-hop. They explore how black artists have capitalised on the pressure from the streets to build their power structures within the white-dominated music industry and how this resulted in their development of entrepreneurial skills. The particularly personal nature of rap, with the need for life-story and authenticity, makes it a particularly difficult form to appropriate:

The aesthetics and narratives of rap music are so deeply embedded in the daily lives of people, from rapping to each other at house parties or open-mics, to using and appreciating the style, clothing and linguistic innovations or black English, to knowing people who have contacts with other rappers, producers, and so forth, to preclude easy appropriation. All these are ways of 'being' that can convert ways of paying (Basu and Werbner, 2001: 250).

Toop explored how black artists balanced the love-vs.-money tension in this type of music-making, concluding that 'the young age group involved in hip hop and the radical primitivism of the music itself conspired to rpdocue an island of relatively undisturbed invention in a sea of go-getter commerce'. However, hip hop certainly generated large sums for the music industry: $600m. in 1990 and $700m. the following year, rising to $800m. by 1996 (Basu and Werbner, 2001). A survey in 1992 quoted by the same authors found that 74% of the albums sold of this genre were bought by whites.

A Creative Management Response to a Creative Sector?

Commentators who have studied the cultural industries agree that they have a unique structure which requires a unique management response. What Bourdieu called the 'field of cultural production' is hypothesised to rely more heavily on networks and relationships of trust than most other economic sectors. In this section we make the case that the particular management needs of this sector are best met by a form of mutual management we call 'associative entrepreneurship', a case we will seek to explore during the fieldwork phase of this research.

A crucial difference between cultural products and other products is that cultural products have a purely symbolic value (Bourdieu, 1984). As such it is hard for both producers, distributors and consumers to assess the worth of any given product and there is no independent or objective standard by which to measure the products. This makes assignment of the rewards from the sale of products problematic. In fact to some extent the value of any given product may be as much the result of the work of 'cultural intermediaries' in creating an interest for it amongst consumers as it is in the quality of the product itself (Negus, 1992). These people have a crucial role, and an especially powerful one is an industry like that music industry which is still relatively unbureaucratised: 'jobs and careers have often not acquired the rigidity of the older bureaucratic professions, and recruitment is frequently via connections, shared affinities, values, and life styles rather than formal qualifications' (Negus, 1992: 46). Negus also

found that those working in the music industry liked to describe it as chaotic and disordered.

Lawrence and Phillips (2002: 431) argue for 'developing a theory of management that is sensitive to the dynamics of cultural production' and 'the unique nature of cultural products and industries'.

Managing in cultural industries is therefore not about efficiently producing a product but about creating and maintaining an organization that can produce and sell meaning. Consequently, from a management perspective, the difficulty is to create an organization capable of managing the symbolic aspect of the product in a way that is sustainable and valued by consumers in the long term. Managers must therefore deal with a new form of organization: not a capital-intensive or knowledge-intensive organization but a symbol-intensive organization. These organizations are characterized by the need to manage the process of symbol creation and the continuous innovation associated with cultural production. (Lawrence and Phillips, 2002: 431).

Kretschmer *et al.* have identified six managerial strategies to develop the economic returns from cultural activities: be early, attract suppliers, influence expectations, upgrade customer base, reciprocate trust, and create social institutions. They note that the key may lie in developing self-sustaining diffusion patterns of organisation and focus heavily on mutual-style relationships. Meanwhile Raffo *et al.* (2000: 356) conclude that 'entrepreneurs in this sector learn best by being able to experiment with ideas, by "doing" and networking with others and by working with more experienced mentors in their sector'. Other case-study research has shown that the nature of organization of the creative industries is the key to maximizing their economic potential for local economic regeneration (Power and Hallencreutz, 2002), while in the context of Wales it has been found that 'traditional business support providers may not be equipped to meet the needs of SMEs in the creative industries' (Ringwald *et al.*, 2006).

The key role of management in the creative industries is to operate as a filter between the huge quantity of output and the small amount that can be consumed in the market, although by a large number of consumers. This is illustrated in Figure 3 and was first developed as the filter-flow model by Hirsch (1972) and is described as follows on the Creative Clusters website:

The creative industry ecology is one of whales and plankton: a handful of high-profile global players, stars and multinational companies, dependent upon vast shoals of project-based micro-enterprises. From the surface, only the bigger players are visible, but these big fish are wholly dependent on the small fry further along the supply chain.

The creative industries are quite different from other productive sectors in this respect. Producers produce for their own satisfaction, and much of the output is both of dubious worth (when such taste distinctions can be made at all), , that worth is often established discursively (Mauws, 2000), since the product has unknown and indefinable market appeal. The role of the gatekeepers is thus crucial, and their power is that of market maker as well as judge and arbiter of taste. 'For many talented but inexperienced musicians, the gatekeeper is the controller of images and technology: 'the "work" of music cannot be divorced from the social networks of people who make and promote it' (Gibson, 2003: 205). Figure 3 is, of course, only indicative in terms of the number of market players, except for the fact that at the stage of distribution, there are in fact only the big four global distribution companies in the music industry.

The justification for the dominance of the small number of distributors can again be found in the nature of the music business, where there is great uncertainty about the

saleability of products, which can only genuinely be assessed by the market response. By this stage both production and distribution sectors have invested large amounts of money in development and marketing and so they are undertaking a large risk, for which they demand a large share of the value returned by those products that are successful:

Unlike manufacturers of products like baked beans or toothpaste where a tried and tested product can be sold over and over again, the music industry is continually introducing new artists and simultaneously having to identify and construct an audience for their recordings. Despite constant attempts to establish a sense of brand loyalty to an artist, or to develop or imitate hit formulas, despite all of the marketing and promotional techniques and strategies . . . the recording industry constantly produces more failures than successes (Negus, 1992: 152).

The concept of gatekeeper requires some exploration, particularly as it is relevant to the organisational structure of the firm producing and distributing musical outputs, which is our research focus. Negus (1992: 45) suggests that 'while useful for comparing the work of personnel in different media environments, the concept of the gatekeeper is limited because it implies that cultural items merely arrive at a "gate" where they are either admitted or excluded.' In fact the process is far more complex than this, and based on an extended network structure with interactions in many different directions between members of the network. However, the expertise and knowledge being individualised and personalised has important implications for the nature of organisation of the industry. Carey (2006) asked, in this context, 'What are the implications then on the economy and future business working, if any, with a move towards knowledge existing with the individual rather than with the organisation?' At least one commentator on the cultural industries advises caution in the use of Bourdieu's notion of 'cultural intermediary', which he terms 'the creative producer, manager or fixer of the service and culture based economy' which he considers may be overplayed in theorising about the postmodern economy (Negus, 2002).

Figure 3. The filter-flow model of production and distribution in the music industry
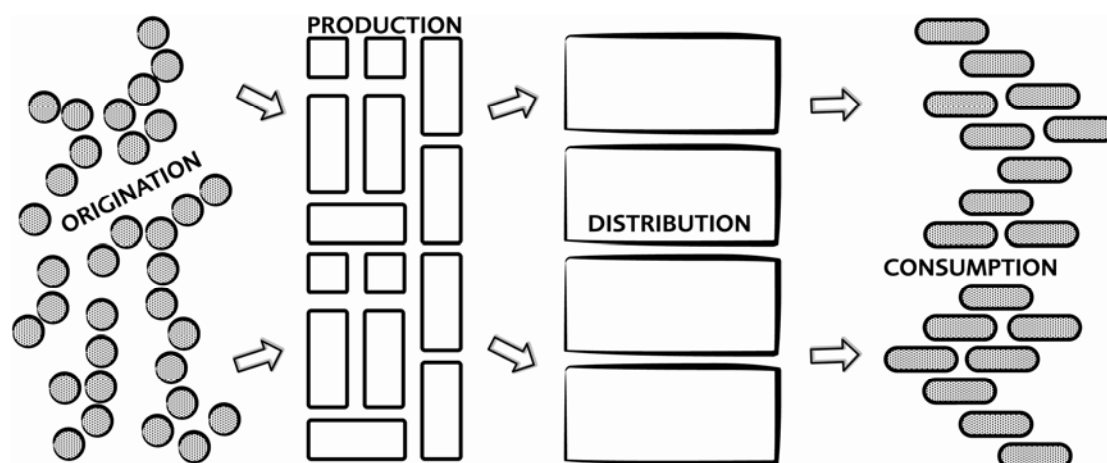
Source: Thanks to Gareth Roberts of Creative Clusters for explaining this model to me.

The internet has challenged this rigid structure of production and distribution by enabling bands themselves to advertise their songs online and sell them direct from websites. The Arctic Monkeys has been the most successful band to exploit this method of distribution, although the energy they generated via their active website was eventually turned into record sales by a label which then gained much of the profit (Domino) and

the Monkeys are now signed to HMV, one of the big four. It was precisely a concern with this sort of loss of value that inspired the commercial decision by Promo, one of the enterprises chosen for a case-study in this research, to devote itself to the production and promotion of music by artists themselves.

Associative Entrepreneurship and the Music Industry

The concept of 'associative entrepreneurship' has already been introduced. Elsewhere we have argued that, in the context of the Valleys with its strong radical tradition and history of work involving strong camaraderie rather than individualism, a form of economic activity based in shared enterprise and sharing profits, what we have termed 'associative entrepreneurship' may have more resonance than standard entrepeneurship models:

Cooperative businesses that prioritize making a living above making a profit and that involve their workers in workplace decisions or are even wholly owned by their workers would be a far better 'fit' with the local culture than the individualist entrepreneurial model propagated by government agencies. (Cato, 2004: 227).

A paper comparing the outcomes of music industry activity in Stockholm, Sweden and Kingston, Jamaica suggested a similar cultural block to success in Rastafarian anti-property attitudes which run counter to the idea of an intellectual property regime (Power and Hallencreutz, 2002). In either case the answer might be a more creative approach to intellectual property, such as Lawrence Lessig's Creative Commons licence (see www.creativecommons.org.uk) and a more communitarian approach to the creation and distribution of the fruits of creative activity, as has been developed by Promo, one of the organisations to be studied.

Negus (1992) identifies 'a bantering male camaraderie' as the key style of working in the music industry. He also suggested that collaboration and co-operation are central features of the organisation of the industry: 'The work of recording industry personnel has often been characterised as a 'collaborative' or 'collective' activity coordinated according to various conventions, shared goals, consensual values or commercial formulas'. The prevalence of such a culture, and the best way of organising it economically, is another aspect that needs to be explored during the research phase.

The foundational argument underpinning the call for the encouragement of associative entrepreneurship, in the creative industries and elsewhere, is the suggestion that 'going with the grain' of a local area and its culture is far more likely to meet with long-term success. We have made this argument in general terms elsewhere, by using an analogy with environmental regeneration of the Valleys landscape:

As a framework strategy, a parallel can be drawn between this approach to economic regeneration and regenerating former industrial land. Many environmental projects attract grant funding by promising glamorous, short-term solutions in terms of visual enhancement while leaving the underlying problems of poor and toxic soil unchanged. These sites are successful as long as the grant lasts, but once it has gone, unless another grant is forthcoming, the veneer of improvement will disappear and the land will revert to its barren state. Environmental regenerators have had to recognize the need to work with nature to ensure that the improvements will become self-sustaining. Similarly, economic regenerators need to recognise the need to work with culture as the underlying 'system' conditioning a local economy. In Welsh economic development documents there is an evident frustration on the part of policy-makers that the people of Wales stubbornly refuse to become free-market entrepreneurs. In our view, this failure of mutual understanding has led to demoralization on both sides. Hence, a model working with the grain of the

local culture would, by contrast, release the true economic potential of the Valleys and other areas that have experienced industrial restructuring. (Cato et al., 2004).

A similar point is made with reference to the music industry in a paper exploring the conditions necessary for sustainability of cultural industry regeneration:

Sustainability depends on the existence within the community of an established social and artistic base to support the further development of a cultural sector. . . many flagship projects are unsustainable without attracting either ongoing investment once they are 'established' or some form of investment from substantial consumer spending associated with the project. (Aitchison and Evans, 2003: 137-8).

There are also specific aspects of the music industry itself that ally themselves natural with mutual activity, expressed in the economic sphere as associative enterprise:

The music business, or rather the actors . . . appear to have a high capacity for self-organisation; that is, to create mechanism for the coordination and promotion of joint interests, to exchange information and to take collective action (Power and Hallencreutz, 2002: 1842).

In a paper focusing on the lessons that can be learned from the experience of the Rhondda-based Pop Factory, Aitchison and Evans (2003), offer 11 principles that 'can be seen as forming the basis of potentially sustainable cultural projects that can contribute positively towards regeneration, renewal and inclusion.' Most of these can be shown to be supported more by economic activity in the social enterprise sector than in conventional competitive forms; to illustrate the point the principles are compared with the principles of the co-operative movement in the table below.

Table 2. Relevance of cooperative principles to principles for sustainable cultural projects

Principles for sustainable cultural projects (Aitchison and Evans, 2003)	Cooperative principles as agreed in 1995 (International Cooperative Alliance)
Valuing diversity	Open membership: no one should be refused membership on the grounds of race, sex, disability, politics or religion
Embedding local control	Democratic control: Everyone has an equal say, regardless of seniority or their amount of investment in the business
Promoting equitable partnerships	Common ownership: The assets of a co-operative business are held in trust for the benefit of present and future members of the business
Supporting local commitment	Autonomy and independence: Co-operatives are autonomous organisations controlled by their members
Working to develop existing skills bases and/or cultural interests	Education, training and information: to help members, elected representatives and employees to contribute effectively to the development of the co-operative
	Co-operation among co-operatives: Co-operatives serve their members most effectively and strengthen the co-operative

	movement by working together through local, national, regional, and international networks
Defining common objectives in relation to actual needs; recognizing the importance of commercial-led investment	Social aims alongside economic aims: Employee owned businesses consider the wider needs of the community in which they work and live
Working flexibly with change; Pursuing quality across the spectrum; Connecting with the mainstream of cultural activities; Recognizing the importance of commercial-led investment; balancing flagship projects with smaller initiatives	

The Pop Factory is an interesting case-study, since it apparently met some of the objectives of a social enterprise since 'Although the Pop Factory is a commercial enterprise, a main feature of its operation is that of bringing benefits to the local community in the form of access to facilities, employment training, education and the development of civic pride'. However, the key aspects of co-operative activity, those of ownership and control, were not addressed, which led to a failure of accountability and loss of vast sums of public money through mismanagement and inadequate auditing at the subsidiary Pop Centre MP3 Café (Auditor General for Wales, 2003). Two of the key advantages of a co-operative ownership structure are that those who put energy into the business are also the owners and so cannot have their efforts exploited; and that money invested is literally 'anchored' in the local community because of this ownership structure.

Aitchison and Evans (2003) state that 'all key informants agreed that the project would not have been successful if it had been developed entirely by the public sector. A range of factors including image, risk-taking and entrepreneurship were cited as being better developed and managed in the commercial sector'. It was a failure of imagination that prevented planners from realising that these would have been available if the Pop Factory had been located in the co-operative sector, while problems of accountability and financial management would have been far easier to prevent.

With this informed view of the cultural industries, and how they might fit within the social economy, we move on to offer our analyses of three cases of different types of cultural-industry organisation based in South Wales.

<h1 style="text-align:center">Case-study 1. Pedestrian</h1>

What is Pedestrian Now?

Pedestrian can be described as a community of participating enthusiasts, as Jimmy a founder member describes it 'a large network of friends and affiliates…'. An organisational form does exist, is evolving and will be covered in the analysis, but it does not help to capture Pedestrian by taking this as the starting point. As a community those involved have varying levels of engagement and interaction. It is also possibly not helpful to described participants as 'members' as, although this is a term used to describe participants within Pedestrian, the distinction between member and non-member is one of varying dimensions as opposed to a clear cut boundary.

Time is one dimension to understand the level of engagement with a core of participants being involved over a historical period of time of up to 10 or so years, with varying, but regular and relatively high inputs, working out through an extended periphery that has less of an engagement, both historically and in terms of input. Most of the founder participants appear to remain as part of the core but there is an acceptance that the engagement with the Pedestrian community will vary over time.

Numbers fluctuate but the core and periphery participants who engage more than once over a 12 month period amount to around 50 – 60. Most participants are under 35 and geographically are concentrated in the East Midlands Counties, with smaller number in Bath, Bristol, Birmingham and Cardiff.

Forms of engagement also vary across a range of activities 'providing mentoring and advice' to quote Jimmy again:

- The Pedestrian committee of 8 providing strategic, policy and administrative support.
- Four full and part time geographically based organisers using the Pedestrian name and resources to develop involvement, new activities and negotiate contracts. Another 1.5 posts have been secured with funding from the English Arts Council.
- Provision and leading of specific skills learning and training workshops on a voluntary or paid basis
- Organising and participating in gigs and events ranging from house parties to clubs
- Using various media to broadcast creative work
- Developing and designing the web presence and participating through the Pedestrian site.
- Producing the 'tutoritool' a vinyl based double LP self-tutor on turntablism.
- Work with other music and art forms; VJs, dancers, 2D and 3D artists. We now work with (list taken from a recent article written by core participant and full time organiser Sam Wardhan) :
    o **Turntablism**
    o **Music technology**
    o **Vocal skills (MC, beatbox, choral)**
    o **Visual arts (film, editing, photography)**
    o **Digital arts (DTP, multi-media, web design)**
    o **Creative writing & drama**
    o **Dance (street, R'n'B, contemporary)**
    o **Performance and studio based work**

- These specific areas of activity encourage the development of generic abilities as listed by Sam:

  Pedestrian has grown because it now provides a powerful basis for achieving a range of learning opportunities for young people. It is the sense of aspiration with the community and environment that we seek to offer young people. Our projects address issues like…

  o **Citizenship** *– We ran 1-2-1 accredited courses with repeat young offenders in Notts to give them responsibility to educate themselves and their peers. It is their world too.*

  o I***dentity*** *– We trained local artists in Bristol and all across the East Midlands to try to get them to combine and work to a shared vision as well as learning about their own experience and their role in their world.*

  o **Empower them to change their world** *– Residentials with Connexions using studios in Northants to give young people a real sense that they can change their world and that responsibility and power is a right that they can ask for… then afterwards, how to use it…*

  o **Project management skills** *– We have worked with schools in Leicester to develop young people to take charge of aspects of vital school projects and allowed young people to lead, plan and deliver these responsibilities. They have had to handle budgets, delegate and meet deadlines. In short, be project managers.*

  o **Student Voice** *– Pedestrian works very closely with Creative Partnerships (about 6 of them) to develop the roles young people have in schools and also develop student voice projects. The aim is to offer real change opportunities to pupils, not just pupils doing what we tell them to well but influencing and changing plans and taking a lead role. Student voice is a speciality for us. It can take the form of students developing school radio and pod casts, content for plasma screen, student's newsletters, new roles for student councils, teacher/pupil training and young people travelling to other schools and areas as ambassadors of change.*

  o **Vocational training and role models** *– Pedestrian has a number of volunteers across the East Midlands and we feel they have given us the most, whether they are committee or young mentors or shadowing trainees. Each has a relationship with a senior team, not just a single person. There is an entire pathway for them… we'll train, develop, peer mentor, deploy and then free them. Some come back to us.*

Sam's list places an emphasis on the activities that Pedestrian has evolved into, over the last two years or so. The original activities were very much based around the development of turntablism by enthusiasts and this still remains the main form of engagement. However the identification of a process involved with turntablism that 'working with and through inspiring and being creative…' Jimmy again and 'applying this to young people as the key motivation': it was clear that this could also be applied to other art forms and the range of activities is one outcome of this realisation.

Numbers affected by Pedestrian's activities will depend on the extent the boundary of the periphery is extended. If involvement in the club nights is included the numbers would run to about 20,000. If restricted to workshops, including those in Schools, numbers would be in the region of 2 – 3k.

In follow up discussions about this analysis a respondent suggested that Pedestrian's outcomes, impacts and involvement could be categorised in the following way:

Participation: young people who take part in sessions, around 20K in the decade and currently running at about 2000 a year. At this level of involvement they have fun, learn basics, get inspired, meet each other, feel supported and part of a community. The next categories have fewer participants as they go up the ladder.

Development: where Pedestrian activists, coordinators, tutors and volunteers focus on particular skills, develop interests and offer closer involvement and support. Participants access better equipment, show an interest; come to meets and jams, link into other training.

Accreditation: where participants gain qualifications and recognition within and without pedestrian for what they have done: everything from OCN courses, NVQs to Whitbread achievers award or local volunteering. All these activities remain very performance and art orientated.

Volunteering: where participants become involved in developing projects that Pedestrian has initiated or develop their own ideas, pursue their own interests and take on greater responsibility, in return, they receive more training, support, links to wider initiatives and other opportunities. At this point, it involvement can start to be seen as a form of membership.

Trainee: this is where participants / members undertake paid sessional work to shadow existing and experienced tutors, learning how to teach, specific training alongside artistic development: these activities involve gigs as well as tutorships.

Tutor: a full rate tutor takes sessions in a variety of settings and leads their own sessions, often in partnerships and can receive payment.

Mentor: this is similar to being a tutor but also involves taking on the training of others, sharing skills amongst those who want to teach. In a sense this is when a participant has become a member and is now taking a leading role and their involvement can be seen as 'kind of coming full circle'.

Regional coordinator: these involves the full and part time running of an area, a variety of projects, dealing with budgets, developing new bids and business

Strategic involvement: people such as Jimmy, Stuart and Sam who are, have been or could be on the Committee and are developing certain arms of the business/organisation.

Pedestrian does not monitor or keep records relating to gender or ethnicity and in further discussion of with the respondents they said that they could apply a number of different categories to themselves. Some of Pedestrian's activities are offered for women and ethnic minorities, it is not a major focus unless a participant or member wishes to follow a 'passion' in this direction. It is this personal level of interest that drives the direction – as one respondent described it: 'I'm Indian and develop a few ethnic projects; Jimmy is not and does develop Asian projects as he lives in an Asian area; S… does not develop women's projects and L… does as she feels this is important'.

Jimmy who is a founder member of Pedestrian came to turntablism through a music background and shared performing arts interests with friends at whilst studying art at Newport University in the middle 1990s. Pedestrian grew from turntablism club night events in his home town of Northampton after he left university and it was clear that a gap existed for this music form as combined, performance, development and production. Jimmy remains Chair of the 8 member committee which includes members with specialist creative interests, such as turntablism and web design, as well as those who can provide technical advice in areas such as accounts. Jimmy remains central to the Pedestrian community network, providing a wide of range of leadership through an

informal and facilitative manner. Respondents constantly referred to Jimmy as being active in all developments and sustaining Pedestrian.

The committee meets when necessary but usually at least once every two months. The meetings can often be events in themselves with the aim of continuing to be fun, meeting in unusual places like an Elizabethan manor, starting off with an archery contest and then working through various discussion formats. Consensus and problem orientated work appears to be the main methods with, for example, new forms of governance being under discussion over a number of meetings.

Pedestrian largely runs on a financial shoestring that facilitates large amounts of voluntary activity. Until two years ago the revenue turnover was around £40k per year. This has now risen to £120k in 2006 and is expected to reach £200,000 by the end of the financial year 2006 - 07. Low overheads are one of the reasons for the large 'leverage' of voluntary activity. Pedestrian does not run from any premises other than participants own homes and communication is through 'phone and ICT forms such as the web and Skype.

Income has been from the English Arts Council[2] grants the most recent in January 2007[3] and contracts with Creative Partnerships[4], Youth Music[5] and other public funding bodies supplemented by activities such as club nights and workshops. More recently the 'tutoritool' double vinyl self tutor on turntablism has become a big seller the first run of 1000 selling out in three months and a new run of 5000 for the US. More recent expansion has come about as a result of providing local authorities in the East Midlands with a package of support described locally as the PAYP (Participatory Action for Young People) funding which brings direct activity in arts projects to young people drawing upon the Department for Education and Skills (DfES) and DCMS funding available through bodies such as Creative Partnerhsips. This involves providing a creative partnership with about 50 schools '… changing the way education is delivered, making schools more enjoyable, harnessing creativity… allowing those not in public sector to come in'. One coordinator described this part of Pedestrian's activity as a 'bespoke education solutions provider'.

The 4 Regional Coordinators are self employed, taking their income from the contracts they have negotiated and likewise paying specialists fixed rates to run workshops. It some ways their relationship to Pedestrian has qualities in common with a franchise, though with a greater degree of support, with Pedestrian providing a name, access to a network of providers, personal liability insurance, necessary policies and procedures, experience and quality. The Coordinators are prepared to pay a proportion of their income in to keep the Pedestrian going and which in turn enables them to negotiate new contracts. The coordinators appear to start in this role as volunteers and move more full time as the contracts expand. Jimmy as Chair and Sam work very closely with the coordinators who they have personally brought on and encouraged to take this step after demonstrating their ability and commitment as volunteers.

Social and Music Dynamics

Understanding the community of Pedestrian cannot be separated from the dynamics of hip – hop and turntablism as performance art. A brief history of turntablism is available

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[2] http://www.artscouncil.org.uk/regions/search.php?search=Pedestrian&rid=2

[4] http://www.youthmusic.org.uk/index.jsp
[5] http://www.creative-partnerships.com/aboutcp/businessevidence

on the Pedestrian website http://www.pedestrian.info/ and although the following clip is a humorous advertisement it does contain some elements of reality! http://www.youtube.com/watch?v=b65eYtFQhUM

Turntablism emerged as a distinctive form of performance in the 1990s. Essentially it expands of the role of a DJ to that of a creative performer producing new sounds from a record and sound system that ostensibly is for the reproduction of pre-recorded music. Live production for an audience is an key feature, with the DJ constantly experimenting and developing sounds that win obvious and immediate appreciation largely through the dance response of the audience. It has now become so influential that the sales of decks in 2002 were greater than those of guitars.

Sources of the music can be traced back to dubbing music in Jamaica in the 1960s. This involved assembling a limited range of disks on acetate composed of selections mixed from other records, largely with the aim of sustaining certain types of dancing and audience reaction. In the US in the 1970s this started to form the basis of hip-hop music. A little later in the 1970s US DJs started to support and expand break dancing, a high energy and acrobatic forms which take place in the rhythmic drum and beat 'break' in records. The DJs used dubbing and back to back playing of two records to achieve lengthening and sustaining the breaks. About the same time in the 1970's cutting of sections of music which is the basis of dubbing, became combined with scratching the record, actually manipulating the turntable to add to the beat. Markski aka Mark Newman who wrote the history of turntablism for Pedestrian claims this was as a result of a DJ holding the record while being shouted at by his mum to turn the sound down! The other main technique is using a cross fader - a lever operated volume control – to add further dynamism and clicks. In the 1990s turntablism, using these techniques started to separate from hip-hop and became its own DJ based performance art. Starting in the US and being taken up in the UK in the mid 1990s. The following clip provides a good example of these techniques in action today. This example is on You Tube and accessed via the Pedestrian website. Interestingly it is being made by a young woman at home and demonstrates how usable the form is http://www.youtube.com/watch?v=CCL5nX5EPHc

The relationship with the audience and other DJs is an essential part of the dynamic. Although is sounds a paradox, to describe the relationship as competitive cooperation would be close to capturing the dynamic. It can be seen how dubbed tapes and ghetto blasters could come together to form the basis of break dancing and street hip hop in the 1980s and 90s creating new forms of music and dance enabling competitive social 'cutting it' in any context. Similarly, hip hop and turntablism can take place in a whole range of social environments ranging from the street, through house parties to clubs, and can often be 'events' where a number of DJs will perform in separate rooms and at different times, both competing against each other for audience approval but also at the same time freely and cooperatively learning from each other.

A central feature of the social and music dynamic involved in turntablism is its relatively quick accessibility. In contrast to a traditional musical instrument where developing performing level expertise can take years of practice, turntablism offers a fairly simple techniques and equipment that can be set up for about £400, and many of the basic techniques can be mastered to performance level in a relatively short period of time. A key to performance is sustaining a beat and rhythm that others can dance to. This is possible with some instruments, such as the bass guitar, where with few chord changes dynamism can be achieved through repeat rhythms and breaks. One respondent described how he in fact moved into turntablism after being heavily encouraged to play bass guitar at performances whilst at art school without any previous experience. It can be seen that a good understanding of certain types of music, a record collection and the

'decks' can, with a bit of enthusiasm and commitment, be turned into a performance. In a collective event, one turn would be enough, gradually developing a repertoire over time, perhaps being encouraged down certain paths by initial success. Turntablism techniques have been developed into notation in the US, but this is not generally used. The techniques are expanding, from the basic formula it is possible for a relatively new performer to add to the repertoire as effectively as someone with more experience. Terms such as the 'crab' 'rubbing' 'stabs' 'scratching' 'transformer' 'chirp' describe the basic techniques, leaving the DJ performer to expand the variability whilst maintaining the beat.

Turntablism workshops are an extension of the party and club activities. In one sense they can be seen as events for DJs or jamming sessions, and it was from one of these workshops held in 1997 / 8 that gradually expanded into Pedestrian. In part all turntablism sessions are workshops for those that wish to start to perform as another of the key dynamics is the fusion of producers and consumer roles. The basic starting simplicity of turntablism can itself act as an attraction with members of the audience having in part a producer understanding of what the DJ is doing. There is the potential and attraction of being closely involved as a performer and as a member of the audience being inspired to be creative in turn as oppose to being entertained or awed by a virtuoso performance that is beyond the attainment of the onlooker. In a sense it is a bit like football, where many in the audience will understand the game as players and hence have the confidence to comment and opportunity to adopt or adapt the experience of the game. In this sense it can be seen that turntablism has the ability to inspire and encourage aspiration and in this context encourage the confidence of young people to be creative themselves. Websites like MySpace and You Tube provide additional opportunities for providing an audience for a performance and are ideally suited to someone who is a relative novice, enabling them to polish and develop a performance in their own time and then broadcast the results to the world.

Pedestrian 'tutoritool' a double gate vinyl record provides those new to turntablism with and introduction to the basic sounds and techniques. The tutoritool is in its second edition and provides a visual as well as a sound guide, together with additional aids such as stickers to mark spots on the records. The double gate record sleeve stands by itself providing a method of being able to follow the advice whilst operating the decks as well as being an inspirational work of art itself
http://www.pedestrian.info/

Pedestrian and Turntablism

Pedestrian grew from the interest shown in early turntablism workshops in Northampton in 1997 / 98. Eight or more DJs were asked by Jimmy Willis who is a founder member now the Pedestrian Chair to undertake some workshops and jamming sessions in the town. The DJs found the experience was very useful and they attracted considerable interest from local young people, at a time when finance for the local youth service was being severely cut back.

Jimmy was an art student at Newport University and whilst there he was involved in collaborations with Stuart Neil, another founder member who is still based in South Wales. Jimmy had a music back ground in jazz drumming and Stuart in hip-hop and DJing. They were both involved in performance art which provided a creative platform for further music work. The performance art background has provided a strong commitment to combining music with all forms of creativity and even influences the form of the committee meetings as described above. It has also led Pedestrian to have a strong commitment to independence and not being involved in commercial sponsorship

despite this being offered for the website. The respondents feel that it enables participants to continue to work voluntarily for Pedestrian whereas commercial sponsorship would start to raise questions of advantage and exploitation. This also influenced restricting until recently, grant applications to the English Arts Council and other art sponsoring bodies. The commitment to the artistic and cultural outcomes of Pedestrian is also reflected in the areas of expansion which are discussed in the preceding section.

Turntablism remained the inspiration and key dynamic for Pedestrian until recently. The early formula of club nights, jam sessions and workshops provided a way of involving new people through these nights, providing learning and support through the workshops and performance outlets though parties, clubs and now websites drawing upon the dynamic of being both producer and consumer of the music form.

As a community Pedestrian is a large network of friends and acquaintances who keep in contact through sessions and a heavy use of electronic communication, telephone, email and now Skype. A look at the Pedestrian forum website which now has around 2,500 users provides some insight into this network: http://www.pedestrian.info/forum/

Most of members of Pedestrian have full time work in other contexts and are heavily involved as volunteers both as a commitment to the music form and the wider educational work. As described above fixed rates are available for those who run workshops and some of the volunteer work is rewarded, perhaps by the provision of some new decks or records. In the discussions with respondents it was put to them that it seemed they had almost a hobbyist's enthusiasm and this analogy was not rejected. The analogy perhaps helps to start to challenge easy demarcations between work and leisure, with a hobby being something pursued outside of work. Although, Pedestrian survives as a result of the competitive – cooperative dynamic described above, its social and economic impact could be seen to be larger than that expected of a hobby. As most participants have other work it leaves them free to invest time in Pedestrian, but it, in turn, has an economic and social impact that might be expected of more institutional forms of employment. It was reported to us that a number of the participants actually found their work bearable as a result of their freer and creative activities in Pedestrian. Re-thinking the line the between work and leisure in the context of cultural industries like Pedestrian may be one of the implications of this research.

Pedestrian can at first sight seems male orientated for example only one woman can be identified in the names of those involved on the website. Respondents were concerned to point out that Pedestrian was in practice very different to this. So far as they were concerned much of their work was about overcoming prejudice and misconception and the respondents reported that more women had become involved over the two to three years and a look at the postings on My Space and You Tube indicate that this would be the case. Turntablism has roots in black music and black music culture through street performance, house parties and pirate radio stations. It is clear that the music and those involved has changed over the last 10 years and there appears to be a useful area of further research on the cross cultural dynamics of performance based music and arts activities.

Further Development

The Pedestrian Committee was formed in 2000 to mark a commitment to the activities and to coordinate their development to other areas, and over the last three years two sub-committees have been formed, one covering the website and the other the workshops and work of the tutors. Jimmy Willis is still very much at the centre,

identifying and encouraging the involvement of those who show some ongoing commitment and share the values of Pedestrian.

The respondents were clear that Pedestrian is primarily about educating young people by developing their aspirations through the engagement and inspiration that can be achieved through practising performance art. This was variously expressed as 'demonstrating that school is more than the uniform'; 'teach people to produce music, setting up company design and how to scratch; 'helps disaffected youth to be musicians by embracing youth culture'; 'changing the way young people think about career paths… gaming music is a real possibility… the workshops provide real models and mentors'. As one respondent put it, Pedestrian is not about puppets and making masks but music through ICT providing real career pathways that build on the OCN credits Pedestrian can now provide. The education orientation is re-enforced as many of the Pedestrian participants and founders continue to work in education full time.

About 18 months ago turntablism was moved from the constitution of Pedestrian to make the point that it was becoming an 'arts organisation, working in different puddles' as one respondent put it. Turntablism still provides much of the activities but the dynamic as described above has been applied to other art forms based on music, technology, multimedia and design, enabling young people to work from the application of basic principles to develop an outcome that is appreciated by an audience. The outcomes are recognised by the OCN (Open College Network) and involve some commercial thinking and the development of organisational learning. Whilst this research was taking place, Pedestrian moved from being an unincorporated association to being a company limited by guarantee. This move took place as a result of a combination of changes, such as having a higher turnover, an increased number of full and part time workers, an expanding number of contracts with schools and local authorities and a wider portfolio of activities. It was a move that was recommended by the accountant who sits on Pedestrian's board. It would be useful to follow through on this change to identify why and how this particular form of governance was selected for an organisation that has a large and participative involvement.

One of the respondents works in Cardiff and had attempted to establish Pedestrian in South Wales replicating the success in Bath and Bristol. So far this has not been successful for a number of reasons. Although there were people in the area who were able to be tutors, they were reluctant to be involved initially in a voluntary capacity as they had stronger emphasis on creating an income. Pedestrian relies more heavily on the voluntarism that comes from a network of people who support the art form and are interested in the cooperative dynamics and applying this in a learning context. The experience in Cardiff was that the hip-hop and DJing culture was more competitive and financially orientated. It also seemed that Pedestrian was new on the scene and was an additional competitor as opposed to a potentially cooperative community. In the end the respondent did not have the free time to substitute for the lack of an infrastructure and the model has not been developed. It will be useful to compare this experience with the network of the other two cases, especially as they may have been the competitor organisations.

<h1 style="text-align:center">Case-study 2. Promo-Cymru</h1>

The case-study reported here is based on three interviews conducted with members of staff at Promo-Cymru during the summer of 2006. The interviews lasted between 40 minutes and an hour and were tape-recorded and then transcribed. The interviewees were told the outline purpose of the research project and were asked to read the research notes including ethical guidelines before the interview began. The interviewees and their details were as follows:

- Marco Gil Cervantes, Director of Promo-Cymru, full-time
- Marcus Simpson, Development Officer, full-time
- Kath Allen, freelance development worker

One of the researchers working on the current project, Len Arthur, is a member of the board of Promo-Cymru and for this reason played no part in the research conducted for this case-study.

Introduction to Promo

ProMo grew out of the Cardiff and Vale Cooperative Development Association, which was originally established in 1975 to encourage the establishment of cooperative production in South Glamorgan. Following the establishment of Wales Cooperative Centre by the Wales TUC in 1981, the C-WCDA developed a niche role in providing support for young people in cultural industries. After the appointment of Marco Gil-Cervantes as Development Officer in 1998 there was an increased emphasis on a client-led approach and in turn a focus on young people in cultural activities. The structure of ProMo is that of a traditional company limited by guarantee and a registered charity: the co-operative form would have created more problems with accessing grant funding. At present Promo employs three full-time members of staff, with another three FTE staff who work freelance. There are also two full-time European volunteers, for whom Promo pays £3,000 per year. This is a reduced level of staff compared to the 11 employees who worked at Promo during the period of peak activity while Objective 1 funds were available.

The co-operative tradition has always informed the ethos of ProMo, whose central role in ensuring that the value of the musical talent available in some of Wales's more depressed local economies should be kept in those economies, grows out of a desire to prevent the extraction of surplus value by, especially, London-based recording and distribution companies. Within the organisation a particular focus is placed on issues reflecting the core values of the social economy:

- Self-reliance
- Community involvement
- Co-operation
- Maintenance of value in the community
- Quality of life rather than profit.

As part of its commitment to the co-operative tradition ProMo has encouraged the development of co-operative enterprises between music performers, promoters, designers, dancers, administrators and entrepreneurs. In line with other co-operative activity in the economy this has enabled creative individuals to:

- share skills
- specialise on their strengths
- share risk
- have a collective negotiating voice in the market place in which as an individual their power is constrained

Promo provides what it terms 'holistic social entrepreneur business mentoring' that includes organisation management, marketing, networking and accessing finance. The other development programmes are built from this cornerstone and provide the stepping-stones to achievement.

ProMo began its work in the Bay area of Cardiff where its main office is still located, in the communities of Butetown, Grangetown and Llanrumney in Cardiff, Dyffryn in Newport, and communities in Barry. Following the award of European grant funding (Objectives 3 and 1) as well as Welsh Assembly funding, it was enabled to extend its remit across the whole of South-East Wales during 2003, but following the end of that funding the organisation had to reduce its size from 11 to three full-time employees with another 3 people working freelance and two full-time European volunteers.

> There is a wealth of cultural talent in South Wales but the planning and organisational capacity needed to turn this into an economic and social success story is sometimes less well developed. ProMo offers business support and mentoring to young people seeking to develop cultural business ideas ranging from music events promotion and photography, to web design or vocal performance. ProMo provides the social and cultural fabric for economic development of the cultural industry in the disadvantaged communities where it operates.
>
> Extending Capacity-Building for Young People in Cultural Industries in the Valleys, 2001

As well as the expertise of its staff, Promo has excellent facilities to help young people develop their musical careers in terms of the Attic recording and rehearsal studio, which includes 24-track analogue recording and 32-track digital recording capcity, equipment for portable live recording, and a live room with vocal booth. They can also arrange to put musicians in touch with session musicians and provide reproduction services. Promo also makes its own office space available to clients in the early stages of developing their business and until they can afford to rent their own space.

Promo has established its own trading arm which has now spun off an independent business—DepCult. DepCult is Promo's trading arm, which operates as a marketing co-operative. During its first year DepCult established an annual international festival of music and entertainment in Cardiff Bay which has been a great success for the past few years. This helps Promo build European links with bands from Spain and France joining local artists to create a carnival atmosphere. DepCult works as a collaboration between private, public and community sectors, linking young people in to all three. It has three main activities:

- Selling its skills, services, and experience
- Selling products it develops, such as records and the Golden Pixil Awards
- Marketing and selling products as an agency for independent producers

DepCult offers the following agency services:

- Digital image projection services
- Digital multi-media production
- Web design
- Media programming
- Sound recording/audio services
- PA services
- Photography
- Artist agency and services
- Events organisation and management

Promo's work in action: JLD

Jenna, or JLD, is a success story for Promo. She is a black girl, now aged 14, who was isolated on a housing estate in Cwmbran where there are few others who share her racial background or musical interests. Marcus met her around three years ago when he ran a musical workshop in the area, encouraging young people to develop their skills in street music and street art, such as rapping and graffiti. At the time she was only 12 but was an experienced and skilled rap artist, having developed her own skills at home. She was also talented as a DJ. Her mother recognised that she needed a chance to develop these abilities and asked Marcus if Jenna could go to Cardiff with him. He arranged for her to use Promo's recording studio. The demo tape was entered into a Radio Wales competition. Jenna was the winner of this regional round of a national competition, which meant she was now on track to go to London and national attention. An A&R man from Sony was at the event in London and Marcus and Jenna arranged to meet him later in London. Promo had the equipment and ability to make a music video and recordings to take to the meeting. The Sony executive was not prepared to take Jenna on because of her age and her lack of a fanbase, although the meeting was considered a success.

There are numerous ways in which Promo can work with people who have been excluded from school and cannot find a route into the economy or mainstream society. An example is a programme that they run in conjunction with local schools where students who have been excluded from school can be trained in events management. More generally, as is clear from the detailed discussion of the career of Marcus Simpson, Promo can guide young people towards a career in the music industry through support and mentoring.

Promo have also had some significant economic successes. During the height of popularity of garage music their label Jigi Entertainment had tracks played on Radio 1, sold out of one particularly popular recording, and produced work for one artist that reached number 2 in the garage chart. Promo have also created a piece of interactive communication software called Pixil Vision. PiXil is information software that provides a platform for making different types of media available, including music and video clips relating to both information and entertainment. It could provide the basis for a whole community (or 'guerrilla') TV network in a particular geographical area of Wales, or a

particular cultural or interest community. In technical terms it consists of a touch-screen, connected to a custom computer with scope to feed additional TVs, plasma screens or projectors. The touch-screen provides access to video, audio and stills that are fed to the kiosk from the central server but held locally (on the computer's hard disk) for instantaneous playback avoiding download times or streaming issues. Promo has sold Pixil Vision to the BBC, amongst other customers.

How Promo Works

Like most socially focused projects Promo's work is complex. Superficially, the services it offers are obvious and technical and can be enumerated in a list such as that already presented. However, on a deeper level the most important function of a development agency like Promo is to build confidence on the part of young people who are often excluded from mainstream society in various ways and have often had difficulty fitting into the educational system. Two of the interviewees who first came to Promo as clients had experienced problems with the educational system: Kath did not enjoy the formality of university and preferred more practical, hands-on learning, while Marcus was dyslexic and found school a humiliating and negative experience. For such young people being taken seriously by a development worker like Marco can be the beginning of a positive spiral; music is the tool that is used to underpin this process. Kath identifies this process when talking about her most recent project, a magazine by and for young people in Cardiff, 'We don't need to concentrate on celebrities. The whole idea is to try to collectively build up the self-esteem of the young people in the city. We've got our own kind of celebrities, you know?'

Marcus described at length his relationship with Marco and how it gave him the confidence and skills to build up his idea, aged 15, about organizing music events to show off his DJ skills, to a career in music development. He was particularly impressed by Marco's ability and willingness to really become involved in the project, rather than just sitting behind a desk offering advice, as Marcus had found with some other support agencies:

you go and ask them for ideas and then you leave. . . Normally it's just advice isn't it? Sitting in the office or whatever. . . he was with us. And if we were going round schools giving out flyers he'd be with us. So basically how he helped us then was that we needed to get a venue. So he'd come to nightclubs with us, talking to the managers, because we were shy. To me at that age, to meet a nightclub manager was just impossible. It just wasn't possible to do. We wouldn't know what to say.
[Marcus]

We might relate this specifically to the bottom-up ethos of Promo since its days as a co-operative development agency. Marco also looked the part, wearing a suit, a dress-code Marcus soon followed when it was necessary to be, as he put it, 'looking professional'. As Marcus pointed out, dressed in his normal gear he might set off alarm bells if he went onto school premises to publicise his events. Marcus was also impressed by the way Marco trusted him. The first major event he organised on behalf of Promo was an under-18s disco promoting World Aids Day which he did with his friend and 'business partner'. The trust that Marco placed in Marcus clearly helped to build his confidence in himself.

Marco's priority is the translation of a passion for music into a way of earning a living via the establishment of social enterprises. Marcus expressed amusement over the idea of 'getting entrepreneurial', but it was still a way of thinking that he had learned from Marco and now internalised, even if he still felt somewhat uncomfortable about it:

'And looking at it as a business. How can I put it? A sustainable business rather than a hobby, which it could have been. If he wasn't involved it could have just been. It would have.'   He mentioned particularly Marcus's guidance in encouraging him to formulate and develop a personal business plan:

a lot of things he always said was looking in the future. At the age of 17 I remember he made me write out a business plan. . . And it helped me a lot to be honest.. . . so basically from the age of 17 I made a plan for ten years of what I wanted to do for the next 10 years

[Marcus]

Marco and Kath both gave different examples of young men who had come to Promo with an interest in music and by following this had accumulated and developed a wide range of employability skills:

The case in question is a person we picked up to do design for us who has now set up independently with another two colleagues. They are running their own business and earning money. He has no formal education at all. . . So all his skills in design came because he was a musician, interested in music, so what he had to do was publicise his band. . . Why did he learn all those skills? Because he was trying to promote his band. That's what's led him to be earning a full-time living off his design skills, which includes some music, which includes event management, and all these others things.

[Marco]

When he first spoke to Marco I think it was four years ago, he had just moved to Cardiff. He was actually homeless at the time and was brimming over with all these ideas. And over the last four years he has quietly built things up. Started out getting a night in a pub and it has just gone from there. And now a 1000 people in the Coal Exchange. . . Just using my friend as an example. OK, so he's not making a vast amount of money off it, but he is actually making a bit of a living off it, just in the last year. . . Look at music promotion: look at all the skills he's had to gain just to be able to do that. . . He could be an event manager: he could put on any kind of event. And the organizational skills he's picked up, if in the future he did want to go on and do something else, I mean it's been an amazing experience for him.

[Kath]

Kath related this work directly to Assembly policies, in this case research by ELWA into employment-related skills:

There was an ELWA [Education and Learning Wales] report that looked at the skills employers wanted to see and it was basically team-working, flexibility, communication skills—all of those things. Through arranging events or whether or not they're coming in and learning different skills and they're being tutored by someone to learn how to DJ, there's the technical knowledge needed in that, the regularity of coming to those appointments, communicating with their tutor. All of those things are there, all of those elements. They're learning a process as they're going on even though the music is the tool that's enabling them to do that. And they're not actually realizing all these things that they're picking up.

[Kath]

> Promo's work in action: Kute
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> Kute are 16 and 17 year old sisters Tammy Jay and Kelly, a pop duo whose music is a mix of Pop, R&B, and Rock who come from Caerphilly. The sisters came to Promo in 2004 and after initial discussions decided that their aim was to record a single and release it on a major record label, as well as making connections within the music industry and arranging gigs to spread knowledge of their music. Kute recorded several songs in the Promo studio and Promo linked them with top music industry solicitor Stephen Kempner of Sheridans. Kute also worked together with Promo client Patrick Patrickious on a live ensemble to perform on a summer support tour. Kute supported Girls Aloud in 2005. They are now touring the UK, write and co-write their songs with some of the best producers and songwriters in the industry and have an album ready to go.

Promo is a classic development agency in the sense that if it were to be successful it would have built sufficient capacity in the deprived communities where it works to make itself unnecessary. To this end it attempts to locate peer leaders within those communities (of whom Marcus, who was interviewed for this research, is a good example) who can then act as catalysts to change their peers' attitudes towards economic activity. For many young people the ready-made jobs that are available hold no appeal, but Promo offers them the vision of translating their creative passion into an opportunity to earn a living. Promo focuses on supporting young people's enterprise and assists clients to attract their own funding and manage their own projects; ProMo's primary function remains to develop clients and groups to a point of self-reliance. The agency also works to link young people in to the sources of funding and support that are available for this sort of activity. In a more diffuse way, the very process of being taken seriously by an adult can give an enormous boost to a marginalised young person's confidence and having somebody to talk over ideas with who understands the music business and the nature of their economic isolation can be a life-changing experience in itself.

There are other organisations working in cultural sector development in Wales, many of which Promo works in partnership with or will refer clients to, although none have Promo's long term cooperative economic development focus and covers Promo's range of cultural sectors or focus on organisational and social entrepreneurial skills development. The co-operative ethos appears to weaken the rigid divisions between origination, production, and distribution that have traditionally allowed the extraction of value from performing artists. A spirit of respect and collaboration, and a legally binding negotiation concerning the allocation of value, can ensure distributional equity and better working relationships:

We work with these originators, we're helping them produce or they are producing or we're producing with them, we pull these two (first stages) together. What we find is important is that we're trying not to produce a separation between what we do—there is a separation—but we have to be part of the same process. So often we're producing music in a collaborative way with these individuals.

[Marco]

ProMo also shares the central weakness of an economic development agency that is providing a service that can never survive entirely from trading, i.e. the reliance on project-based funding and its vulnerability to changes in funding criteria and sources, not to mention the vast investment of time repeatedly required for completing grant

applications. Promo has faced a fairly dramatic decline in the service it has been able to provide to young people in Cardiff following the ending of one series of European grants. This coincided with the building up of the record label, a project which has since had to be put on the back burner. The failure of the Welsh Assembly Government to protect the future of organisations such as Promo raises questions about its commitment to the use of the creative industries as a vehicle for regeneration. It is not realistic to rely on organisations such as Promo funding their activities from trading alone:

I always find it really funny because there's this kind of social economy idea. First of all we work with clients. Our job is to work with people who don't have money and haven't been able to have the skills or whatever they've needed to develop. So you can't knock on the door and say 'We'll provide services to you and you have to give us your dole money, or you have to give us the money that's going to feed you or your kids for us to provide you a service'. It's like saying to someone in school, like saying to schoolchildren, 'We're going to charge you all to come to school'.

<div align="right">[Marco]</div>

Governance and Ethos

The formal structure of Promo is as a charitable trust, which has a voluntary board of local experts in the music industry and the social economy; board members are the directors of the company limited by guarantee. While the board supports the strategic and operational management of the company much of the day-to-day decision-making remains with the employees, and this is inevitable given the particular nature of the music business, which the board are not expert in. It is clear that Marcus and Julian (who has a similar role in the Valleys) play a vital role within the organisation, in terms of being a link between the formal structures inhabited by Marco and the board members and the young people who are potential clients for Promo. Marcus in particular provides credibility for Promo amongst young people and he is aware of the importance of that role when he attends workshops with Marco to explain what Promo is about, whether to obtain funds or find new clients.

The open and empowering management style can lead to problems, especially when responding creatively to opportunities is prioritised before tying up all the legal loose ends. An example is some clients of Promo who had access to various pieces of equipment and then cut across Promo to provide the services for their own private gain. This removed a valuable source of revenue from the organisation which had supported and trained the individuals concerned, and whose equipment they were still using.

Although Promo is no longer itself formally a co-operative it still adheres to the co-operative principles, as advertised on its website to all potential and existing clients. Its ethos is still strongly mutualist. The co-operative principles as reproduced are:

- Voluntary and Open Membership
- Democratic Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Co-operating with other Co-operatives
- Concern for the Community

Organising their own events and working collectively allows groups to work on an equal level with other agents and promoters. These young people can both retain more of the value of their work and develop their entrepreneurial skills. Promo can also increase their level of professionalism and marketing level so that are taken seriously by others in the cultural industries, or act directly as their agent. One example of this activity was the establishment of the Atomic Fish Collective, which operated as a separate structure for two years; the enterprise has proved a useful long-term learning experience and has led to the development of the successful DepCult initiative.

How the music industry works

Promo's clients are young people who, while they lack confidence and skills, have wildly unrealistic expectations about the music industry. All three of the interviewees mentioned the busting of these myths as one of their most important roles:

And we encourage them to collaborate, work together, and that's where the co-operative ethos starts to come in. And also to do it themselves. Not to sit there, to expect the head of some corporate body to turn up and listen outside your window and decide you're a great musician and turn up in a Rolls-Royce and whisk you off. So it's 'get on and do it' and that it's not mystical, it's just called hard work and knowing and networks.

[Marco]

In some ways Promo has a sceptical attitude towards the music industry, as in Marco's comment that 'they take the value'. However, they are also convinced by the current stance of the music industry which is not only that they will not take on new artists unless they have themselves established a fanbase via self-directed internet marketing, but also that they cannot do this because any attempt by the corporate bogeyman to create an act will undermine the credibility of that act:

So we made a music video and stuff and some music and brought it up to him to the Sony office. It's by Leicester Square or something. And then he said to us, he basically just told me about what I told you just here about getting as many fanbase as you can and doing a lot of the work yourself before going to the record labels. He said what he can't do in Sony is get her fans. He said the artist got to get your own fans. As soon as a record label gets involved with it, it tarnishes the whole street market for it, and all the young people on the streets. . . it gets commercialized and they don't like it as much. So he said that you need to get the fans first and all I can do is put it on the shelf for you but I can't get people on the streets to like it. That's up to you to do that first. And that's what he told me is the best process to do and that's what we've started to do now.

[Marcus]

They are also convinced by the power of the brand, and consider that it has a value, established through investment, which is legitimate, as in Marcus's comment that 'As soon as you put Sony on it then it can get sold but if you put Marcus on it then it's not gonna get sold'.

My scepticism about the value extracted by the distribution company in comparison with their investment was not shared by Marcus. He explained that a small share of the vast revenues record companies can generate for an artist is still considerably more money than the total amount an artist can generate on her own. In his view, 'It is

unfair but there's nothing you can do about it.' However, Kath was more sceptical, identifying the lack of effort expended by the majors, who are now, in her view almost unnecessary. She sums up their attitude to artist development as, '"Send us an email with a link to your website where we can listen to your music." So it's got even lazier. They don't even have to open a CD case now.'

There was a disagreement between the interviewees about the potential offered by the movement of music towards internet downloads. Kath was the most enthusiastic, mentioning the way in which Cardiff bands have raised their profile via the Myspace website. However, she still tended to see the establishment of a web profile as a means to achieve a record deal, rather than a form of direct marketing:

But on the other hand, going back to people getting signed and that kind of thing. We were talking about building up a fan base like that, it's a massive way of, you can get people all over the world listening to your music and then when it comes down to referring these people to a website or whatever, then they can see that you've already got thousands of fans from all over the world. So their popularity is blatantly there to see on the screen.

[Kath]

For Marco, the problem with the direct approach is one of recognition: 'who the hell is going to buy it if they don't know who you are?' He also had some concerns about any small development agency's ability to ensure competent distribution, although he was confident about their ability to create a high-quality product:

This is easy: production. I can show you stuff we produce up to . . . you would not recognize it from any other product similar to it. There is a learning process with doing this, but once you've done it it's easy. You just put a barcode on there. Properly designed and mastered. If you picked it off the shelf you would not recognize it from the next one you picked up from the shelf. So you've done that. That's easy. We do that all the time. Not a problem. I think the thing that's probably missing in this chart is something called . . . we can distribute to a level, but . . .you have to build up a fan base and you can do a lot of that yourself and that's what these people [the record companies] do. . . they wait for the groundswell to happen. Then they say, 'Ah, they're on a roll!' Then we'll get them because they're on a groundswell. And then they'll put a lot of money into that and then lots of people know them so when they distribute they buy them.

[Marco]

Marco applies this analysis specifically to the person who, in the view of all the interviewees, is the most promising client of the moment, JLD:

The reality is we don't have the spare capacity or money to say 'We're gonna do this seriously. We're gonna get Jenna and we're really gonna promote her'. Whichever way you look at it it's just a lot of work. To get this to the standard where. . . we can get distribution. We can get distributors once you got that. They'll all run for you once you've got that, the distributors come to you.

[Marco]

But again he views this as a strategy to achieve a record-company deal, not a means of achieving direct distribution.

It appears that the position of the corporations is undermined by the direct marketing made possible by the internet. Software makes origination and production easily within

the reach of a development agency such as Promo. The record companies are also reluctant or unwilling to involve themselves in building profile for the artists, especially in an era where street music requires authenticity, an authenticity that will be lost if fans believe that artists have been 'created' by the corporation. This leaves only the physical distribution of the music media, where the majors have traditionally had an advantage because of having their own, or having close relationships with, high-street shops. However, in the era of downloads this is also outside corporate control since the physical medium for carrying the music is no longer bought and sold.

Contrary to what we might have expected from the literature review, the majority of Promo's most successful clients are female. This was explained in terms of their greater commitment to making a commercial success out of their music compared to the male clients who were more 'part-time' in their attitude. Promo specialises in what is often termed 'urban' music, as a euphemism for music emerging from black street culture.

The issue of emphasis on Welsh culture is also a double-edged sword for a music agency like Promo, which focuses on a global, urban musical genre. It is likely that industry executives and new artists alike will see the metropolis as London as the natural centre of the music industry: As Marco said, 'It's always something over there. You know for Wales it's something over there. For Wales it's something in London.' In terms of the great success of more mainstream Welsh artists in recent years, Marco is still sceptical about to what extent this constitutes a credible economic sector: 'we haven't got a Welsh music industry. All we've got is artists that have done well.'

Attitude to money and professionalism?

As suggested by the literature I did find a conflictual attitude towards the use of music as a means of generating income. On the one hand, it seems that some of Promo's clients are dissuaded from pursuing their musical interests because of the requirement to invest some years of efforts before gaining financial returns, which they may compare unfavourably with the situation facing their friends who enter more conventional careers. On the other hand, the attitude that they would happily continue with their music whether or not it pays in conventional terms emerged clearly during the interview with Marcus:

They will try to make money from it. But really it's one of those things where if you didn't make money from it you'd do it anyway. Because when you're interested in music it's something that's kind of in your heart, you're interested in doing it. Like somebody who plays football. Everybody when they play football want to play for Manchester and Liverpool and when they finally get to the age of 23 and you notice 'Well I'm getting a bit old now and it don't seem like this is happening. I'm not in the direction of going to Manchester.' But that wouldn't stop them playing for their local football team, because football's in their heart: they love football.
[Marcus]

Marcus identified personally with this attitude, saying about his own early work in the music field, 'We would have done it for free anyway in our garden but at the same time we're DJing, which we wanted to do like. Kind of promote ourselves' and later 'it wasn't the money: it was more about getting the gig'.

Kath agreed that there was a tension between the commitment to music for its own sake and the need to earn a living: 'that comes down to are they doing it for the passion or are they doing it for the money? There is a massive difference there with how do you turn that into some kind of living?'. However, Marco had a more sophisticated view, identifying that money in itself is a form of approbation and that this is an important part of the process of esteem-building, as important perhaps as the adulation of fans: 'There is the building esteem, but at the end of the day I find that everybody I work with— young people—the majority of their esteem comes out of being taken seriously as an artist and earning money.' In one sense being paid for making music is an indication of being taken seriously as an artist.

As identified in the literature review, there does also seem to be a problem with the culture of business and its unattractiveness to many of the talented musicians. There is a tension between producing music for love, on the one hand, and making a living out of it, on the other. But deeper than this there is a suspicion that music as a business has an unpleasant, exploitative, and competitive ethos, and that this may not be cool: 'I think that mentally they got into the mental state of "Oh, well, we're in business now". That business means cut-throat'. Business may require a cut-throat attitude, the very antithesis of 'keeping it real'. In connection with some difficult business dealings he had experienced Marco told me that, 'They're constantly thinking how can we take advantage of that situation. And I think a lot of that is that business is about how much can I take off someone else'. If hip-hop music in particular, and street music in general, requires a connection with community in order to maintain its credibility, production through a system of artist-owned brands and in cooperative economic structures may feel more comfortable to aspiring artists. These issues are addressed in more depth in the Conclusions section.

Case-study 3. Bertrand

Bertrand describes itself as an artist management company that also runs a recording/rehearsal studio that also links into the management company.

What does your organisation actually do?

Currently we are an artist management company and we also run a recording studio at our premises as well, which is linked into the management company. It makes taking on bands and managing bands more economic as we own our means of production as they say we can actually produce demos and finished products through our own studio. Used to run a record label – now on ice – it will be relaunched in 2007 possibly, but it was a case of not enough people/resources to do so.

And in terms of an aim then, you have a studio, you are a management company so you aim to promote new talents and provide facilities to record?

Yes, effectively. We're looking for new talent, sometimes older, more established talent. However, being a very small organisation and it's very labour intensive every time we take on a band it's very hard for people to realise that when they come into you they can't understand why you can't represent them properly, it's a very all-encompassing thing. At the moment we've got three acts on our roster and one of those acts is taking up 90% of our time.

Historically, the organisation began in 1997 as a partnership with 4 partners: 'there was four of us to start with, that was as a partnership though…it was agreed to have artists, which we still have and music in the same building and make it into like a cultural centre for this neck of town. We found the building, we did it up, we fixed it…and off we went.'

So, when you were setting up, was it the case that you went to the bank and said we're forming an artist management company and in x years we'll have these successful mega-bands – is that the basis of what you pitched?

Yes, basically – it's very speculative. That's why we have the recording and rehearsal studios as well. The bankers understand that, you have regular clients turning up to pay and use the facilities – they handover money; we put it in the bank. When you explain to them all about pipeline income from different countries… I mean potentially, just on one album [due to the successful band], we can be looking at anything between £1 million and £3 million pounds coming in to this company just on the success in the US and Japan. I mean we are now going out as ambassadors for Wales in a way and for Welsh music and culture [see below].

Its current organisational form is that of a private limited company – incorporated in 1999. Two of the original founders have left the organisation; one while it was still a partnership and the other had his share bought back by the company when he left in 2000. There remain two shareholders in the company each with an equal share: 1 share each of a total of 10000 share capital. [9998 unissued]. Both shareholders are the company directors. There are no sleeping shareholders/benefactors. Consequently ownership and control is vested in the same people and there is no principal-agent

problem to date although, increasing use of intermediation is becoming necessary due to management of a successful band [see below].

In terms of a 'mission' Bertrand will incorporate one into its next strategic/business plan but the general mission is:

I suppose our general mission really is to make a living out of something we like doing, it's a bit simplistic but to actually work in music and work with bands and to actually see those bands take-off. To actually provide a step-up and opportunity for bands and go with them and have the experience to take them right to the top, which we've managed to do this year for the first time…it's doing something that we want to do rather than something we have to do."

Bertrand is a small, micro business at present with three full-time employees [two of which are the two directors] and one part-timer. The directors take their remuneration as drawings. However, other staff are taken on on a freelance basis: 'One of the biggest problems for small companies is the complexity of setting up PAYE. Obviously, once we know we can actually pay as they earn we shall. It's just that at the moment it's very hard to meet the obligations to be certain that if you take somebody on that in six months time.'

In terms of division of labour within Bertrand, one director David assumes responsibility for the artist management company and the other Paul for the recording/rehearsal studio. The third employee Ann takes care of the day-to-day running of the office. As David said:

Yes, that how we've actually divided things up until now. We used to have a rehearsal studio downstairs as well, but we're converting that to totally a recording studio so as such that has taken up some of Paul's time but he is also working with the bands we've got in development because so much of my time is taken with dealing with one band at the moment which is 'The Robots'. I think that for the last year I've been pretty much the management side, which, for once, has actually been the profitable side – after many years! I think the hardest thing about it is that management [of bands] is sort of zero income until you get a hit, and then the income comes in. It goes from zero to hero overnight – that's how I would describe it. So it's a bit of a high risk strategy, a bit like putting all your money on 12 or something on a roulette table for a whole night!

Bertrand finds it organisation and numbers of employees sufficiently flexible at present although some of the day to day routine of running a business is often neglected:

Yes, rather than taking care of the every day aspects of the business and even Ann who handles a lot of that, we're finding that we need her to take on increasing amounts of other things. It does seem to be the finance and accounts that gets put to tomorrow. It's because [a] nobody like to do it and [b] nobody likes to do it. It doesn't seem to be the interesting part of the business.

So for all your statutory obligations you hire expertise, such as an accountancy firm or a solicitor when needed? 'Yes, we outsource all that side of things like most small companies I suppose.' Currently, Bertrand has three bands on its books, although one band [The Robots] is taking up a disproportionate amount of the management company's time due to its success – see quote above. This success has created an

interesting relationship between the band and Bertrand wherein it [Bertrand] is involved in an extra contractual management intermediary service on behalf of the band:

If you want to look at it in the extended family we've got the crew and all the people working for the band. But in essence that's the band itself, I mean in essence we are actually controlling another group of companies which is the band's companies as well so, it's an interesting thing, as well as managing the people management of the band and their career part of it is also actually the business management of their own businesses and making sure we invest their money wisely… I mean they have their own company/partnership and we, even though we're not shareholders in the company I operate as company secretary insofar as I take care of the paperwork and everything on their behalf. So I'm a director of the company but not a shareholder.

Is this a typical set-up in this type of industry?

I think that there are all sorts of different models that people use. I know some managers who have nothing whatsoever to do with the business dealings of the band. They just hand them all the money and say right we've taken our commission and now it's all down to you and so they end up having to appoint a business manager, which also costs, although often a lawyer or an accountant will handle that sort of thing…[h]istory shows that bands that have been successful and then finally split-up, find that the pot is empty – despite their success - because the management company has appropriated a lot of the money.

So, if The Robots were to fold tomorrow, would they be able to walk away with anything?

Well, we've obviously got a duty of care in terms of our contract agreement with them, we are contracted to provide a service. Some managers don't actually have a contract so they tend to have a much more 'flexible' access, shall we say, to the bands finances. Whereas we have a much more prescribed and clear cut legal relationship and loyalty to the band is very strong.

The success of The Robots has also led to significant changes in the nature of the power relationship between the band and the management company: Is the best description of the nature of the relationship with your clients a straightforward contractual one? 'Yes, we agree for a period of time to represent our clients'. So they are both self-employed entities but agree to have a contractual relationship with one another. With their successful band they definitely noticed a change in the power relationship as they became more successful?

Absolutely, yes. That's definitely the case. We knew it before we even signed. In simple terms we had the power, the power equalised and now they have the power in our relationship. They know they have the power because they are the earners and without them we ain't got anything. There's no money coming in if they don't perform. They stop performing, we stop earning. Definitely the power dynamics of the relationship does change dramatically and it's an art form to make sure it doesn't change too far, because at some point you know, if people think you're their 'bitch' so to speak – I'm not willing to work like that. It is still an equal thing, but subtly different. One of the hardest things is working with very young people especially young inexperienced people who know better than you do.

How do you view your extra-contractual relationship with your client? Obviously, you go round gigging and touring with them, but what else?

It's more important than any piece of paper. I mean it's like a strange marriage, if you don't work at the relationship…the reason why I'm going to a lot of the shows, the reason I keep in contact with the band, the reason I'm always checking that they are happy about things is to make sure…if they feel they're not getting that attention then somebody else, somewhere else will give them that attention and one of the classic things written about music management when you start off you book the gigs, organise the concerts, drive them everywhere – you do everything for them. When they get big - specialists move in, accountants, lawyers, tour managers, agents, press officer…so what does the manager do? Organises all of that! Makes sure that everyone is doing their job around every single aspect. It's hard because all they see is our invisibility as a management company. They say you're not doing the press side of things, we say no, but it is cleared through us – we're like Checkpoint Charlie they come to us and we say yes or no. We're also the bearers of good and bad news so you always try to have three items of good news for every item of bad news and you always try and drop the bad news somewhere in the middle…you essentially try to keep people's spirits up but essentially it's a weird place to be being in a pop band.

In terms your relationship do you see yourself becoming more of a father figure/advisor?

Yes, it definitely is that way I think the father role is quite an interesting one. As the band 'grows up' they tend to get more adolescent, slightly more assertive. The very reason they are successful in the first place is because they listened to you but then they think they actually know better and they stop listening.

The importance of careful management of this process was recognised, as was its personal nature. The success of this band had exerted a generalised influence on managerial decision making at Bertrand:

As we've chosen to remain based in Wales and not be based in London we needed a rep in London and so we did lunch with a lot of high hats in London and met with Barry Horton who has experience and has given us a lot of 'ins' that we might not have had. So a key decision was whether we wanted 100% of small potatoes or can we get somebody who's good at moving in the higher circles on board and take a percentage of a larger pile of potatoes. We've done the latter and now take management decisions on a fifty-fifty basis with Barry, and it's working out well although finding somebody you can trust in this business…you know f**king hell!.

Bertrand also have two other clients, one of whom they are confident will soon have a recording contract; one band is described as 'prog rock' whereas the other is more 'contemporary'. At present, Bertrand consider they have established themselves as a viable business with a good client base and that in 12 months time should be 'reasonably secure'. However, that will depend upon whether 'The Robots' are able to deliver the difficult 'second album' and whether they can establish themselves in the US. Consequently, Bertrand is trying to diversify into recording and also by having other 'up and coming' bands on their books

Turning to the funding and finance of Bertrand; the limited company is entirely self-financed and has had no government investment whatsoever. The projected turnover for the current year is £150000. They are also considering whether or not to purchase their current premises which they lease at the moment.

Historically, when the partnership was established in 1997 they did receive a grant for £3000 for equipment and a loan for £5000 from the Prince of Wales' Youth Business Trust. The loan was paid off over a 4 year period. Since becoming a limited company, Bertrand has looked at a variety of other potential sources of financial support for their type of business organisation, but they have found that public sector support – whether in the form of grant aid or loans – has not been a good experience for them:

Between 2001 and 2005, we've looked into a number of things and some of them have cost us personally. We were going for the government small business loan guarantee scheme. We were going to get the bank to match a loan from the scheme. However, we were advised incorrectly and they moved the goalposts. We were told we could use the scheme for taking on employees, but no we could only use it for the purchasing of capital and/or plant. As we weren't in the manufacturing trade therefore we couldn't use the scheme.

In anticipation of getting the loan we ended up renting out a unit up in the valleys and moved the business up there for a while. It cost us [me and Adam] probably £30000 in losses, which we had to take on the chin as, when we didn't get the grant, we couldn't actually go forward with the employment, couldn't actually run the business so we closed it down, had a pig of a year and are still paying off probably £2000 to £3000 as a result of loans and other costs involved with bidding for and applying for that grant.

So your support from public bodies has not been a good experience?

No, currently a scheme has been brought in – the creative industries forum, I think – but it's one of these ones from the Arts Council whereby if you make a complete mess of things you don't have to pay it back, it's a grant if you screw-up, but a loan if you are successful. So it's one of those wonderful things whereby hmmm let's see what's my motivation to be successful? Oh, yes it's to pay back the loan, whereas if I stuff up I don't. The minimum amount you can apply for is £30000, which is far too much for most people and unfortunately most of the businesses in our type of position – while we might have needed this type of help a couple of yours ago – no longer require it or certainly not at that level [of financing]. The people who really need it are small businesses just starting up and requiring premises, equipment and working capital and also to employ themselves and others. Unfortunately, it's the nature of government grants that they don't actually cover these things.

Are you saying that whatever the public sector offers, it doesn't really understand the particular nature and needs of this type of industry?

I think that they just offer, the music industry in particular is seen as a bit… because it's not… in South Wales it doesn't have political power at quite a high level, whereas the television and movie industry has a much stronger base. The media in that direction is much more established very much part of the 'old boyo' network and 'the Taffia' and they're much more in there. Unfortunately, some of the money that has been released for music is actually being consumed into

consultancy companies who really and truly have managed to squeeze 90% of the money away. Where government money has been given to music, it's been given in too large amounts, to the wrong people and it's never made it down to the people…you know it's like crumbs from the rich man's table… so we've said, basically, just sod it! We're never going to apply for a grant again in our lives, there's no point, and it's a waste of energy and time.

They found the opportunity cost of applying for grant funding to be too high. Consequent to this, Bertrand were asked how this situation could be made better by WAG, UK Government or EU government, this would be an approach based on the Republic of Ireland model concerning support for the creative industries:

I think one thing they could definitely do with looking at is the way Southern Ireland [Eire] works. Insofar as resident artists…the creative industries over there are heavily supported and heavily subsidised by the government because it's seen as being a tourist attraction, not just tourism but also economic regeneration it also has other ancillary effects which is kind of like obviously cultural, creative, social…it's great for…I mean all the things that have happened in South Wales are either being done by individuals or by companies such as Barfly…and individuals setting up things…the changes down here that are good for the cultural industries…apart from big things like the Wales Millennium Centre, which you know considering I work in music I've probably been to twice and never seen a performance yet…it depends I mean we work in pop things which are seen as you know…unfortunately it's not ballet or opera.

Indeed, it was recommended to Bertrand that their successful band should consider buying a cottage in Eire and then run the company from there – such are the tax advantages. However, they [the band] decided to remain in South Wales for socio-cultural (non-economic) reasons. Also Bertrand considers that outside of this Republic of Ireland style model of tax concessions and subsidies, the Government doesn't need to do much more as, after all 'this is a private enterprise thing and it is popular culture…we're not like opera and ballet where we need vast amounts of money to be pumped in to keep an [unpopular] art alive.'

However, in contrast to this there are also feelings that because their industry is labelled 'popular culture' that people (including politicians) think that it doesn't need any help or support or assistance at all:

you know it's amazing how many people from politics from Wales now want to be seen photographed with bands that they've never actually done anything to bloody help. They're happy to be seen glad-handing…you know they're happy to enjoy the success but I don't feel they're contributing anything to it…I think there is a will in the Assembly and within you know politics where people do have an interest…want to do stuff, but we have the Welsh Music Foundation which was probably one of the more positive organisations working to kind of like get …it didn't give grants it was actually there to support the small cultural industries in the music industry specifically. But then that got subsumed in all the other quangoes into the Welsh Assembly and now it's really small potatoes, it's lost its effectiveness really… [w]hat we could do with in Wales would be not gifts, not the nanny state but what we actually need is a few tax breaks because as I said to you there is no money to start off with you go to the bank with a management company or a record label and you show them what is effectively a Hans Christian Anderson fairy tale about how the ideal will go, but you know it's very hard to get

banks to show any faith. **We've been lucky as our bank has shown faith in us and supported us.**

So in terms of political lobbying do you think that your part of the cultural industries is underrepresented? 'In South Wales, yes! In London I think it's a different ball game altogether, because you have all the major industry organisations up there. Things like the BPI and AIM are concentrating on the major issues such as piracy and all that'.

Bertrand however sees its activities as having a significant social and cultural as well as economic impact:

It is interesting that the one thing you can say from the success we've had is that it has had some good economic effects for South Wales, certainly the band are selling tickets, money is being made and people are being employed [indirectly] as a consequence of that success.

So would you say that your activities have had broader economic, social and cultural impacts?

Yes, I think they do. Not just our clients but the success of bands from South Wales has led to lot more people going to see live bands – this has led to the death of dance and dj's spinning records - people would now prefer to see a live band rather than go to a club. This is why there is so much live music now in pubs and clubs in South Wales and maybe across the country. It is much healthier. The activities of ourselves, and a lot of other people, does encourage…we've certainly been interviewed before as proof to Welsh Assembly from other organisations that there is a cultural industry in popular music in South Wales. There's not many companies, I could probably count them on two hands, but they are significant enough to generate an interest so that people will go yes, there's an infrastructure that people can fit into and there's room for more.

Also, from a Welsh perspective, is your organisation seeing a net inflow of income rather than the more traditional based London or Manchester based organisational net outflow as a result of your decision to stay located in Wales? 'Yes, usually the money would pass through Wales, but the bulk would end up in the London management company. So we are keeping it local.'

Do you think that the profile of popular music has been heightened?

I think popular music has lost its edge a bit, although there will always be sex, drugs and rock and roll, these days it's more of an image than a reality and simply looking at the number of brands that want to be associated with the band now – across quite a wide range now: clothing; mobile phones; lap-tops – people want to buy in they want to associate with music because it is cool, part of teen culture, it's part of something that is very dynamic and of course high spenders; developing incomes; get in there early – it has become very much part of the mainstream, part of the establishment – oh god!!!!

All the bands use Bertrand's recording studio, although this is not part of the contract. If they want to use it they have to bring in their own engineer. The company is ambivalent about using the recording studio as a source of revenue: 'Yes, I mean it does bring in a small amount at the moment but it is a very competitive business and with bedroom

recording and all that it's very difficult to convince people to come to a recording studio as they don't understand the benefits of working in a recording studio until they've actually done it a few times and they realise how good the facilities/support staff are compared to home recording.' There are 30 to 40 recording studios in Cardiff and so there is a large amount of local competition:

Although major labels are now using our studios for recording some demos which is good because it's bringing in some income from London. You know they are actually paying us to do some of the bands B-sides down here and why not it's our studio and it's better than paying someone else to do them. I think that a lot of the recording scene comes down to word of mouth and having the right people on board. You can advertise it as much as you want but you won't pull in the clients unless you have the reputation."

What like an Abbey Road effect? 'Yes, although at a much smaller level but it's the same principle.' Do these local rivals come and go or are they the same rivals? 'They do tend to come and go – especially on the recording front, although historically we've been viewed more as rehearsal rather than recording studio set up.'

Finally, some further details were elicited concerning the history of the organisation. It was a 4 person partnership [unlimited liability] – one partner left during this period - between 1997 and 1999 when it was incorporated with 3 shareholders one of whom subsequently left in 2002 – selling his share back into the company - because he '… basically couldn't handle the roller coaster and needed to be on the roundabout…' Since 1999, Bertrand has traded as a registered private limited company.

Conclusions: Analysing the Dynamics

The case-studies have reported on the policies, practices and services provided by each of the organizations studied and also provided an assessment of their social and economic impacts. Both of these were related to the organizational form in each case. We move on now to draw conclusions about the key issues facing the music industry as a whole in Wales, derived from the case study research. This is related to the nature of policy support, which we address directly in the following section. These conclusions are arranged around four themes that have emerged particularly strongly during the research: governance, time, relationship, and finance. We then relate the findings as they have emerged from the cases to the questions we set ourselves at the outset of the research.
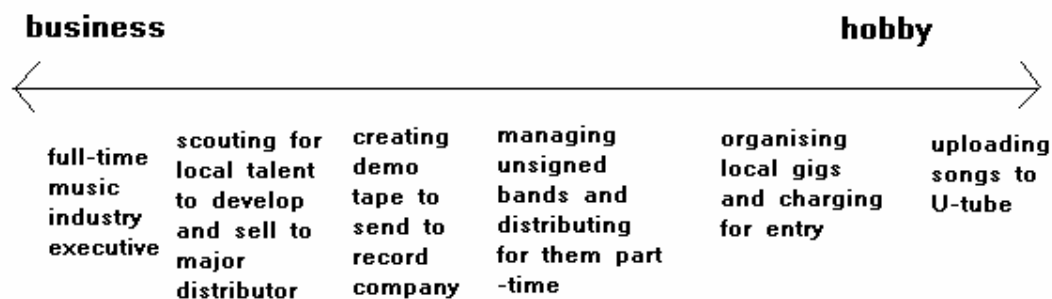
Governance

When we began this research our primary focus was on governance, the nature of the power relationships and organizational structure of the firms we were researching and how these impacted on their activity and production. The literature we reviewed in an earlier section indicated that governance is a contentious issue in creative industries and we found theorists arguing the need for 'a theory of management that is sensitive to the dynamics of cultural production' and 'the unique nature of cultural products and industries' Lawrence and Phillips (2002: 431). It is of vital importance in terms of policy that this issue is understand and acted on since, as demonstrated by other case-study research, the nature of organization of the creative industries is the key to maximizing their economic potential for local economic regeneration (Power and Hallencreutz, 2002)

Our choice of case studies was guided by our focus on governance and what we have found is that the three are very differently structured. Bertrand has the simplest structure, being a private limited company, incorporated in 1999 with three shareholders, this reducing to two in 2000. Both shareholders are company directors and hence ownership and control are vested in the same people. The structure of ProMo is that of a traditional company limited by guarantee and a registered charity, whose board is made up of experts in co-operative and mutual business and in the music industry. Control is more diffusely distributed, since Marco and the other staff have a high level of influence on the board, which has more of an advisory role. Pedestrian transformed during the time of the research from an unincorporated association to a company limited by guarantee. It is an organization that has about 60 participants who would associate themselves as part of the Pedestrian community but who nevertheless have wide range of levels of activity. A number of key people can be identified as founders and leaders, and around 6 are currently developing from volunteers into full or part time workers for the organization. Pedestrian has the attributes of being collectively and cooperatively organized, but members do not see themselves as a co-operative.

So the organizations have three distinct structures: one is a company with two directors as decision-makers; one is a social enterprise registered as a charity and with an external board directed by a strong leadership figure; and the third is a loose network of independent producers who co-operate through remitting a share of their earnings and meeting periodically as a guiding committee. In terms of strategy, Pedestrian would seem to be the most successful, since it has the benefit of drawing on the knowledge and experience of a large range of practitioners. Promo has a more limited source of expertise, since the board are not experts in the music industry. Bertrand is somewhat limited by the company structure, with a tension for the two directors between keeping in touch with the street and managing the business. Initially, Bertrand started out (1997) as a partnership (i.e. unlimited liability) with four partners. It subsequently decided to

incorporate in 1999, initially with three shareholders, subsequently reducing to two in 2002. The relative success of the management company's 'big band' has led to an increase in the role of intermediation by other companies/organisations as the company has grown at a greater rate than its organic ability. This problem of intermediation along with the necessity to 'be in touch with the London music scene' is compromising Bertrand's ownership and control to a certain degree. Financially, Promo is negatively affected by the vagaries of grant funding, which prevents it from achieving its projects— for example the record label—because of a distraction of energy into grant applications and the need to expand or contract in response to grant availability. This is not a viable financial framework for a valuable development agency. Pedestrian is not so affected by financial issues due to having low overheads, a social commitment to education and associated wariness of commercialization and has tapped into grant sources that are less compromising of its aims and values.

In analyzing the behaviour of the artists and managers we have studied we have found it useful to develop a continuum of attitude towards the production of value that ranges from the 'hobby' on the one side to the 'business' on the other. We do not consider either type of motivation to have more value and are using hobby in the sense of a passion which is not directed toward financial return, without any suggestion of lack of professionalism. The professional—amateur continuum that we might have used appears to have no relevance in the music industry, since the decision to maximize financial returns is largely one of taste rather than competence. The continuum is illustrated in the figure, with some idea about where various activities that young people engage in might be placed.

business —————————————————————→ **hobby**

| full-time music industry executive | scouting for local talent to develop and sell to major distributor | creating demo tape to send to record company | managing unsigned bands and distributing for them part-time | organising local gigs and charging for entry | uploading songs to U-tube |

For the directors of Bertrand the wish to pursue their hobby through a business was the clear motivation for founding the company. Their commitment to moving along the spectrum is clear from their decision to risk considerable sums of their own money to develop the business. Bertrand could probably be placed at the point second from the left on the continuum: despite its aspiring to the extreme of the continuum (i.e. full-time music industry executive) it is unable to do this because it is facing internal growth constraints as it garners external success and this has led to the need for intermediaries to be involved in support roles. The continuum is useful in the analysis of Promo but in a different way. Marco gave us the title for a paper when he said that his opening line when meeting clients for the first time might be 'So you like to play the guitar?' (Cato, *et al.*, 2007). As a skilled development worker he is well aware that the route into supporting young people is through their passion which at present is 'just a hobby'. The case-study material makes it clear that he sees his role as moving the young people along this continuum from the hobby end in the direction of the business end. In the case of Pedestrian there seems to be a clear commitment and an explicit decision to maintain a

position towards the hobby end of the spectrum, based on the understanding that the amount of pleasure gained from music decreases as an organisation moves towards the left.

It is possible that this spectrum can help to explain the problems Promo has sometimes faced with competitive behaviour in spite of its commitment to a co-operative ethos. There is a tension between this ideological commitment and the real functioning of the organizations, where rewards from products are actually individual, such as when an artist signs to a record label or a DJ organizes a music event. Promo has not been able to restrain the impulse towards free-loading and exploitation of its own services. We may be able to explain this on the basis that most of Promo's clients find their motivation towards the business end of the spectrum rather than the hobby end.

Pedestrian largely operates at the hobby end of the spectrum, but is serious and professional about its activities and outcomes, which can include recognized accreditation. It is composed of participating enthusiasts who have different levels of commitment and involvement ranging from those attending basic exploratory workshops through to being virtually full time as a volunteer or through self employed remuneration. There is a strong commitment to the artistic and educational social and cultural outcomes and impacts of the organization and a desire to sustain these as opposed to moving toward a more explicit commercial outcome for the participants collectively or individually. A founder member is the Chair of the Pedestrian Committee and retains a strong leadership role, which appears in action to reflect the performance and cultural dynamism of the organization – being inventive about the venues, structures and processes of the Committee 'meetings' for example. Organizational and potentially leadership changes are taking place as Pedestrian moves away from being a predominantly turntablist organization.

Within their own terms each of the agencies can be considered successful. We could attempt to put a monetary value on some of the outputs that they have produced; others are literally beyond price. For this reason we have decided to avoid the target-focused ideology that prevails in today's economy and rather present their achievements in their own terms. The section on finance below makes clear how the limited, financially focused approach of development agencies represents a significant stumbling-block to the development of the music industry in Wales, and for this reason it would be inconsistent to impute a financial value to our case organizations' activities. We also set out on this research project guided by a dichotomy between economic and social value, aiming to show that, although organizations may have rather limited success in terms of the financial bottom-line, they are none the less successful if they achieve social benefits. However, as a result of considering the sophisticated way in which the three organizations deal with the issue of finance we appear to have learned from them that this is a false dichotomy and that to apply it to our findings would make it less likely that a positive solution to supporting this sector will be found.

Time

The clear finding from the literature we surveyed was that, in the words of the Creative Clusters research team, cultural industries 'thrive on diversity and change', especially in the field of rap where the dynamics 'are so fast and innovative that it is necessary to go back to the street level in order to produce something that's "off the hook"' (Basu and Werbner, 2001: 253). Rapidly changing fashions and trends (Leadbetter, 1999), means that the ability to deal with this positively and responsively is the key to success and longevity in the music industry (Aitchison and Evans, 2003). In this section we explicitly use an analytical tool from the management literature to assess the development over

time of the three organizations we have studied: Adizes's (1999) version of the life-cycle model. We also rely to some extent on the work of Bull and his colleagues (2006) in applying this model to social enterprises.

A preliminary analysis of the case-study material makes it clear that, like all organizations, the three we have studied are in a process of permanent change. All have moved a long way from their original objectives during the ten years or so that they have been in existence (although Promo has existed for longer in this form we can date its origin back to the major structural change that accompanied the arrival of Marco as Director in 1998). What conclusion can we draw from the fact that each of the organizations came into existence at around the same time, in the late 1990s? This coincided with an explosion of energy around the hip-hop music scene, which has been interpreted as a response from the street to the increasing dominance of global corporations in the production and distribution of music, and in the lives of young people more generally. Hip-hop was their emancipatory response to this and it has had enormous repercussions on social and economic life during the past ten years.

The hip-hop phenomenon appears to have passed its peak, with interest now moving back from individual rap or DJ performers to bands. This was identified by Bertrand as being of relevance to their business. They are least likely to be affected by this since they are operating in all the different areas of the music business, including management and recording, and so can adapt to different musical forms. Promo is also able to shift its attention musically and has established new labels to reflect the changing popularity of different types of music over the years of its existence. Pedestrian has also evolved partly away from turntablism toward a wider range of creative activities that build upon the confidence giving and control that derived from this original activity. For all the organizations, hip-hop represented more than a genre of music, however, and in this sense they may all be changed in ways that the founders would find unfortunate. Hip-hop is a musical form based on inspiration and quick-to-apply techniques, rather than long-honed skills more typical of the conventional pop band. This may mean that the movement back to bands could shut some young people out of the music industry again, although Pedestrian contains elements of activities that can mitigate against this trend.
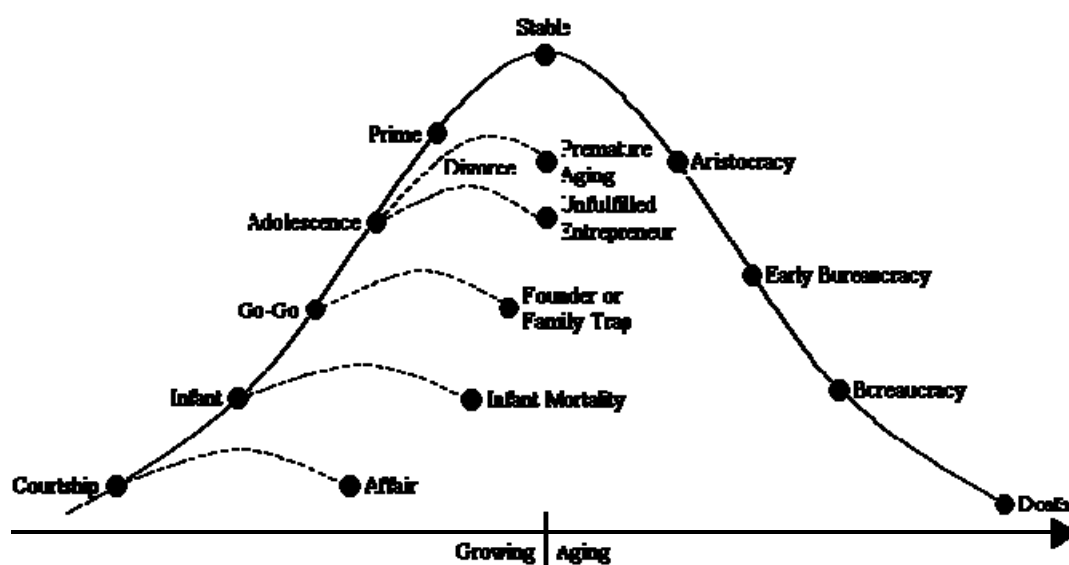
In terms of understanding the trajectory of the organizations it may be helpful to apply organisational life-cycle analysis. Although this was developed in the context of

corporations (Adizes, 1999) it has more recently been found to be useful in the analysis of social enterprises (Bull, *et al.*, 2006). The figure offers an illustration of the theory of life-cycle analysis, the central idea being the intuitively appealing suggestion that there are basic processes governing the foundation, development and decline of organizations and that their peculiarities can be usefully depicted in contrast to these. The table, again based on Adizes (1999), provides an account of the significant issues facing an organization at each stage of its development.

Stage	Characteristics
Courtship	The organisation exists only as an idea. The founder must fall in love with the idea before making a commitment to its execution. If the courtship is only an affair, the entrepreneur will lose interest before executing the idea.
Infant	Once the organisation is born it is immediately vulnerable and in need of constant care and attention to keep it going. A lack of commitment or of capital may result in infant mortality.
Go-Go	Once the idea is working, the confidence of the founder grows. Like a child who has just learned to crawl, the organisation explores every opportunity. As the organisation grows, the energy of the founder may no longer be sufficient to fuel it, resulting in the Founder or Family Trap.
Adolescence	After passing the Founder or Family Trap, the organisation is reborn. The transition to delegation and professional management is often painful. Divorce results where the original entrepreneurs no longer find the environment fulfilling, and this may result in premature aging. Adolescent organisations are characterised by many committees, meetings and a degree of in-fighting.
Prime	Prime is the optimal point in the lifecycle curve. The organisation achieves a balance of control and flexibility. A Prime organisation is not at the top of the lifecycle curve - it still has room to grow, limited only by its ability to attract and train enough skilled people.
Stable	The Stable stage marks the beginning of the Aging process. The company is still strong, but is starting to lose the flexibility, creativity and innovation. The number of meetings and committees starts to increase.
Aristocracy	The organisation is focused on how things get done, and organisational protocol and tradition dominate. Challenges to the status quo are frowned upon, thus stifling innovation. Individual dissatisfactions remain unvoiced, and conflicts are swept under the carpet.
Early Bureaucracy	Early Bureaucracy is characterised by witch-hunting. The writing is on the wall for the organisation, and each area seeks evidence that some other area is to blame. Paranoia freezes the organisation. Energy is spent on in-fighting and the customer is seen as a nuisance.
Bureaucracy	The purpose of the Bureaucracy is to support its continued existence. The internal systems acquire a life of their own. The organisation becomes dissociated with its original purpose.
Death	Death occurs as commitment to the organisation dissipates. Clients desert the organisation, followed by employees, until nothing remains.

The three organizations we have studied are all relatively young in terms of their life-cycle. Promo is the oldest, although we are dating its life in its current incarnation back to the time in 1988 when it converted from a co-operative development agency into a

music-based development agency for young people. Promo has certainly passed the first stages successfully, with a considerable investment of energy and enthusiasm by staff and voluntary supporters. There is no lack of commitment but there has been a lack of reliable capital. This has caused problems for Promo in the Go-Go stage, where the organization was indeed exploring many opportunities and taking up these enthusiastically. This included the development of large-scale programmes based on European funding, the establishment of a record label, and the expansion of the geographical remit of the organization outside Cardiff and into Newport and the Valleys.

Promo avoided the Founder Trap because Marco skillfully brought others into the organization and built up their skills and confidence while simultaneously delegating responsibility to them. Promo does not appear to have undergone a large amount of infighting typical of the adolescent stage of the life-cycle, but its growth and development has been prematurely stunted by the ending of several European funding programmes, requiring the curtailing of many productive programmes of work and the need to lay off a significant number of staff members. This has prevented Promo from moving into its Prime.

Pedestrian cannot easily be fit into this theoretical model as its aims, mission and values are firmly rooted in a more public-good artistic and educational concept of outcomes and impacts. In these terms a level of stability has been achieved with turntablism in relation to internationally leading edge developments in performance and training such as through the Tutoritool. What is interesting with this organization is that it has now started to adapt the process of education and inspiring through artistic activities that young people are interested in to other areas and is in a sense renewing itself and avoiding a degenerative slide. Possibly as a paradox in to this process of renewal, the widening of activities has been supported by various sources of state funding leading to a small but organizationally important shift from voluntary based activities to paid employment and the associated formality of governance. As both Promo and Pedestrian are organizations which have and continue to encourage direct involvement, it appears that it is possible to square the difficult circle of both relating to the formality of the law and sources of funding, such as that from the state, as well as relating to the perhaps potentially challenging sel- activity of young people without being 'turned off' by the formality.

With the creative industries there is always the problem of tacit vs. generic knowledge. From the perspective of Bertrand, the value is derived through commodification of the knowledge into a saleable artefact and/or performance. However, this is to some degree exploitative as commodification necessarily involves a degree of transformation of tacit knowledge into generic knowledge. Also this process is increasingly taking place in a much shorter 'window of opportunity' for both the artist(s) and the management company as tastes and preferences are much more transient than in the past. The MD of Bertrand makes the point that the second album is what usually makes or breaks a currently popular band or artist, with many falling by the wayside—for every Beatles or U2 there are many more Rick Astley's or New Kids on the Block. However, does a lack of success in respect of the second album mean that all the value has been derived from the band? From the conventional business model perspective, yes, but from the artist's and alternative organizational models this may not be so, as a lack of commercial success does not mean that all socio-economic and cultural impact ceases! The problem, for all creative industries' activities, is that the conventional business model is not sophisticated enough to catch all the socio-economic and cultural impacts that such industries create.

In a section dealing with the concept of time it seems inevitable to include a comment about the extraordinary dynamism of the organizations we have studied. This

appears to result from the rapidly changing nature of the music industry, which is itself a reflection of the constant evolution that typifies street culture. A creative artist can move 'from zero to hero' in a matter of months, and this volatility is both a source of energy and of problems for an organization. The 'value' that can be bought or sold in a market is always essentially derived from this same energetic and creative source. This leaves us with two questions: can we define the most efficient way to derive value in such a dynamic field? And can that value ever be fairly shared?

Relationship

The literature identified that term 'network sociality' (Wittel, 2001) as being a key aspect of the functioning of the music industry: social relations are of key importance but they are ephemeral and intense rather than extended and communitarian. Dense networks are vital to the success of the industry (Power and Hallencreutz, 2002: 1842), while key figures ('gatekeepers': Gibson, 2003: 205) hold great authority in decision-making, which is often arrived at in a personal and discursive manner (Mauws, 2000), and via a web of intricate formal and informal social interactions (Negus, 1992). In the form of street music that is the genre favoured by our case-study organizations, 'being down' (well connected) is crucial (Basu and Werbner, 2001). Our case-studies also identified the central importance of relationships to the music industry and we concur with Carey's (2006) question 'What are the implications then on the economy and future business working, if any, with a move towards knowledge existing with the individual rather than with the organisation?'

Two words sum up the attitude of most young people towards music: inspiration and aspiration. For many music represents the only source of hope in a world where there is either no work available, or what is available is meaningless and uninspiring. Music can represent the first inspiration to do something positive and creative: this can be the beginning of a lifelong source of joy and companionship; it may also provide the platform for involvement in wider social and sometimes economic relationships. For some the aspiration is the desire to make money and to make a successful career, while for others it is to have an opportunity to find the space and time to produce creatively and to share that creation with appreciative others.

For all the organizations we have studied relationships are at the heart of their activity. In the case of Promo, what emerges from the case-study material is the way in which Marco has built up the confidence and self-esteem of many young people, enabling them to develop a variety of careers within the creative industries. Some have moved into other areas but, as Marcus describes, the relationship with Marco was for him and for others the first serious adult relationship they had encountered where they were treated with respect. It is impossible to overestimate the importance of this experience for a young person who starts out with a marginal relationship to the labour market and probably to society as a whole. It is also evident that Marco has shared this ability to build confidence and self-respect in other workers within Promo in a way that creates a positive cycle, helping an area as a whole to pull itself up by its bootstraps. Music is the tool but it is the relationships that have enabled the change in many young people's lives.

The Bertrand case-study also makes clear the importance of relationship, and the way the activities of the organization can sometimes be negatively affected if relationships with young people become difficult, which is likely to be the case when many of those involved are adolescents. The dynamics of the relationship change as success is achieved, and inevitably, success goes to the heads of adolescents and impacts on the relationship along the lines of Mark Twain's old saw about how dumb his dad was

when he 14, but how much his dad had smartened up by the time he was 21. Bertrand's MD describes this as being 'contractual-parental', with the proportion of each part varying as the success takes-off and progresses (i.e. the parental role increases in importance). The trick for the management company is to ensure that the right relationship balance endures in both parts because… 'if they [the band] don't perform, we don't earn' and yet the management company needs to ensure they are not perceived as the Band's 'lap-dog'. This is a very fine line to tread as there is always another management company in the wings waiting to poach a successful artist.

In the case of Pedestrian it is the relationships between the members of the collective that generate the energy and enthusiasm to maintain the organization. As has been mentioned above this organization at the moment appears to be able to cope with the formality of funding and the legal requirements of working with young people and at the same time sustain creative and artistic activities that young people are prepared to be involved in. Pedestrian has been able to expand its activities into schools and develop contractual relationships with local authorities. Serendipity has played a role in this, as Pedestrian had developed a good number of experienced tutors initially through voluntary involvement, through public performance had sorted out insurance issues and had gradually had tutors cleared for working with young people. When new source of government funding to support creative activities started to come on stream—such as those from the Arts Council, Youth Music and Creative Partnerships—they were able to assemble a package to provide a service enabling both Pedestrian, schools, and local authorities to access this money. As a background to this whole development, some local authorities had pulled out of youth and community provision and Pedestrian's turntablism and then their new software package, played effectively into the vacuum that had been created. One important point that needs to be made is that although the funding is in the form of grants from the Arts Council, Youth Music and Creative Partnerships funding has more core and ongoing features, providing some needed stability to enable Pedestrian to expand its activities and role.

The literature review raised the issues of gender and race as being highly salient in any analysis of the music industry. While the literature suggests a male domination of the industry this was true in only two of the three organizations we studied. At Promo the situation is slightly different since, although most of the clients are male, those who have been most successful are female. This seems to reinforce the point that males are more at risk from economic marginality; the women who decide to engage in the music industry are focused, motivated, and committed, and this makes them more likely to achieve success.

The BEM make-up of the artists in the three organizations is also distinct. At Bertrand the music is produced almost exclusively by white males in the traditional rock-and-roll mode. Promo has a more mixed-race profile, reflecting its roots in the ethnically mixed areas around Cardiff Bay. BEM and gender issues were explored with Pedestrian. The organization does not have a level of formality that relates to monitoring processes. There are no employees for example. As the case study indicates, those involved believe that they are multicultural in terms of participation, though would not be able to express this in quantitatively. The issue that the web site and other documents seems to indicate that Pedestrian activists are largely men when this was discussed more recent documentary evidence – such as names on the website and YouTube activity was pointed to about how this is has changed over the last three to four years. In terms of activities specifically aimed at participants whether this covered those from BEM groups or in at changing the gender balance, depended on the social context of the activities or emphasis of particular tutors.

Finance

As the literature survey made clear, the cultural industries have an ambivalent relationship with the economy. The message from the sociologists (Adorno, 1991; Bourdieu, 1984) is that there is an inevitable tension between what is done for the sake of art, out of love, and what is done according to the strictures of the market. A similar attitude has been found to be demonstrated by artists themselves in more recent studies (Negus, 1992; Gibson, 2003; Richards and Milestone, 2000; Banks, 2006) leading to a resistance to considering themselves as entrepreneurial (Ringwald *et al.*, 2006).

The three organizations deal with the issue of money in radically different ways. Money is derived from a variety of sources. For Bertrand an initial start-up grant and loan was used, but the company is now largely financed by the two shareholders and the businesses income stream(s). Their experience of governmental support is largely negative—as discussed further in the case-study report. Promo has had the majority of its income from grants, initially from the Welsh Assembly and local authorities, but then it became a major beneficiary of EU funding under Objective 1. The need for capital to keep the business going skewed the overall strategy of the organization and caused expansion that could not then be sustained. Thus unreliable funding can be said to have had a negative impact on the organization's development. Applying for funding also takes up a disproportionate amount of time.

As has been mentioned above, Pedestrian sustained much of its activities during the first six years through volunteers, having virtually no overheads, income from events or workshops. Annual turnover in this period was about £30k. Some boost to this funding from the Arts Council enabled equipment to be purchased and some tutors to be paid. However, more recently income has increased toward £300k as a result of the contracts with Schools and local authorities, largely and ultimately financed through Youth Music and Creative Partnerships. Some of this funding appears to sit at a mid point between being grant and sustainable but periodically renewed core funding, and this has enabled the expansion of activities and the use of part- and full-time self employed staff. Having funding that sits in between grants and guaranteed core provision appears to be an innovation that has enabled effective work to be achieved. In the case of Creative Partnerships this has been confirmed by an evaluation exercise which can be accessed on their website.

Promo receives the majority of its income from local authorities, which is appropriate given that its most important output is building the esteem and employability skills of marginal young people in some of Wales's most deprived communities. At the level of structure and finance it is a fairly conventional social enterprise, developing trading and market activities but still largely dependent on grants. Bertrand is a more conventional business with its main revenue from commercial income streams; an additional revenue from the shareholders' pockets and, on occasion, some commercial business loans. Pedestrian has the most dynamic and interesting approach to money. Most of the company's income is derived from the payment for training, for which fixed rates are paid. The tutors pay a proportion of this back to the company in return for being able to use its brand, effectively its credibility. This is the loosest type of financial relation and can be considered analogous to an informal franchise model.

All three of the organizations studied managed to be extremely creative on relatively small budgets, especially considering the expensive equipment that is essential in this sector. They all substitute for their lack of capital by using their particular skills strategically. In the case of Promo, it generates value from its social capital in terms of a very supportive board of experts in the mutual sector. Bertrand capitalizes on the interlocking relationships through membership and uses these as an indirect source of

income. Pedestrian uses the time and goodwill of its members through their shared commitment to supporting the brand and willingness to spend time in committee meetings.

In terms of income the organizations face a similar problem in that what they are selling is ephemeral and difficult to commodify. This is particularly true in the case of Pedestrian, whose main output is really a form of performance art. Young people can be charged to attend a DJing session but to make any permanent recording of this would be to destroy its essence. The indirect contributions the sharing of music offers in terms of joy and self-esteem are even less tangible. Pedestrian deal with this issue by capturing something of value and sharing it by packaging it as 'training'. Once accreditation and career relevance are assured the product has value and can be sold. This represents the organization's main source of income.

A comparison of the organizations also appears to demonstrate the pitfalls of relying on grant funding in the current climate. Bertrand made a deliberate decision to avoid public sources of funding in order to maintain artistic integrity. In its role as a support agency for vulnerable young people Promo has been forced to rely heavily on public support and this has impacted on its development as an organization and the activities it has pursued. The lumpy nature of such funding has had a strong negative impact on the organization's development even to the point of threatening its viability, which can be contrasted to Pedestrian's experience as explained above. Together the three demonstrate how funding can shape strategies and activities making clear the crucial importance of well-designed policy initiatives in this area if policy-makers are to avoid doing more harm than good.

This critical point may, in fact, run much deeper. It is not only the nature of the grant system but the whole culture of public support of industry that runs counter to the culture of the music industry. Government is essentially hierarchical whereas the governance of the music industry is about democracy and empowerment. This control thinking is rejected by the creative people who make the music industry work. Where talent is king only the decision of the mass can determine who has value to sell. This is the antithesis of a planning and support system based on targets and outputs. No wonder such people who engage with the music industry are often dismissed as 'breadheads'. In the music industry value has to be negotiated, which is why the most successful of the three organizations we studied was the most democratic in terms of ownership of value and the nature of management. Policy-makers will never achieve their aims if they follow the usual pattern of identifying likely economic successes and then managing their trajectories. As we suggest in the following section, a flexible approach built around a portfolio of possibilities seems to be the most constructive response.

Pedestrian also seems to have dealt most effectively with the thorny issue of sharing valuing evenly and giving all contributors an equal power over the allocation of financial rewards. In the case of Bertrand, all value generated by the creative talents of the many contributors of music devolves back to the company: artists are paid a fee for their work and the rest of the value is extracted in the standard music industry business model—i.e. a contractual arrangement where the management company takes an agreed percentage of any 'success'. In organizational terms this means that success can complicate the arrangement, as intermediaries become involved. In the case of Promo, although artists producing music can take the full value of CDs, downloads or live performance, this does not provide a secure livelihood in most cases. Those who can survive solely from their work for the organization are supported by grants, as the recent large reduction in staff made clear. Amongst these people there is a clear hierarchy, based on the centrality of the staff member to the survival of Promo. In this situation the predominance of grant funding and the major role of development-related outputs rather

than music-related outputs, blurs questions about where the value from the music itself is allocated. Pedestrian, with its loose cooperative structure allows performers, artists, and trainers to keep the financial value they can gain in exchange for their skills, while putting a sufficiently large proportion back into the organization for it to be able to provide the vital support services they all need. For too many music-industry organizations the insidious distinction between employees and freelancers—between those with financial power and those without—remains. The co-operative form developed by Pedestrian appears to offer a way to ensure financial security for all creative players in this sector.

In conclusion we can see that in this very creative of sectors the players are dealing with the issue of money creatively. Rather than being driven by the financial imperative they are finding solutions that allow them to pursue their interests. In terms of policy support there appear to be two conclusions:

- Policy-makers should facilitate the development of loose structures of creative individuals where it is possible for them to produce a marketable product;
- Where the activity is more valuable for its social outputs than for its direct music-based outputs, consistent and long-term grant funding is required. This approach, of course, is well established in the cultural industries sector with other performing arts, such as ballet and opera, heavily subsidized from the public purse.

Our first research questions required us to carry out analyses of the three different agencies and to explore how their governance form affected the impact they had on the grass-roots development of the cultural industries. What we discovered is that, at least in the arena of hip-hop, the rapidly changing and highly creative nature of the business requires a flexible governance form and in itself poses questions about the sharing of value which is most effectively addressed by a shared approach to ownership. It was not really possible to make a direct comparison of the forms of delivery of the different agencies since what they were offering in terms of 'product' was so different in each case. We feel that we have identified the best model of delivery for a highly creative and rapidly changing economic sector, and that this is a loose structure such as that demonstrated by Pedestrian. Promo's structure is also supportive of young people outside the labour-market but it suffers from dependence on public funding, and the vagaries of the public funding cycle. Bertrand's structure is successful but relies on identifying winners and is unlikely to have such a positive social impact on alienated young people.

Policy Recommendations

The key finding from our research is that creative industries are primarily driven and sustained by a social dynamic. The dynamic operates across a spectrum ranging from voluntary enthusiasts to those attempting commercial success in the market. Although the whole range of activities helps to sustain the spectrum, without a base in voluntary enthusiasm the dynamic will atrophy and creativity will decline. Control and ownership is central to the dynamic of voluntary enthusiasm as we have seen in our cases but particularly in the example of Pedestrian and Promo – a small amount of expertise can be used individually to great effect. This can a will develop through performance and a form of what we call 'cooperative competition' where ability and aspiration enables interest and understanding sufficient to creatively develop, improve and explore. A virtuous spiral is a commonly used term, but is appropriate in this context. Historically the skiffle movement and art school experimentation of the 1950s laid the basis for the UK pop explosion of the 1960s as amateur sport has fed professional sport since the 19th century.

Our research provides a glimpse of these processes operating in a different context over the last ten years. Out research provides an indication that the consequences can be far reaching in individual and collective renewal, with those disaffected finding confidence to re-engage through their own interests and being enabled by their peers who have benefited from creative higher education. Evaluation reports on the English Creative Partnerships bear out these conclusions and should be taken very seriously by policy makers in Wales.

It does seem from the comparative experience of our three cases that Wales is missing a trick. Policy is aimed so strongly at achieving the good effects of economic development that it is in danger of missing developing the real sustainable causes and drivers of the creative industries. Our two cases based solely in Wales—Promo and Bertrand—cover the dynamic spectrum of creative activities that we have described, however their dependence on either commercial income or fixed-term grants has resulted in a sustainable outcome that only partly addresses the dynamic. Basically, Bertrand almost exclusively stresses commercial success and Promo is obliged to stress this outcome, although its key activists know, understand and wish to work across the dynamic spectrum, as well as knowing how important it is to sustain the voluntary enthusiasts and grass-roots activity, without constantly using the example of commercial success.

In Pedestrian's case there was an artistic and creative commitment to turntablism and a specific avoidance of the commercial to achieve this. However, more recently new and largely England-based funding mechanisms involving the Arts Council, Youth Music, Creative Partnerships and Nesta (National Endowment for Science, Technology and the Arts)—working through local authorities, schools and directly with organizations like Pedestrian—have started to provide more long-term funding that has enabled the more risky but essential voluntary enthusiast culture to grow and become more sustainable. As the funding is generically aimed at encouraging creativity as a form or process of activity, it has left the specific content to be developed at local levels, even down as far as individual schools—so long as it takes place within an identifiable strategy. In Pedestrian's case this has enabled them to move out from the base of creativity around turntablism to apply the same bottom-up, owned and controlled creative processes to other art forms, in a way that is accountable but does not stifle the essentially voluntaristic and enthusiastic creative activity.

If Wales is to develop internationally leading edge creative industries it must ensure that this base of voluntary and largely youthful enthusiasts is expanded and sustained. To achieve this we would recommend:

1. The English experience is evaluated and methods of joining together funding streams to provide support to the voluntary and enthusiasts creative activities explored. Some funds are in fact available across the UK and some EU funds might be appropriate, so new money might not be great—but its longer term orientation to the process of creativity at street level is essential.
2. Existing institutions have to play a key role—but only if they are driven by the creative activities. This includes higher education, further education, schools, and local authorities as well as art centres and organizations such as the BBC and Welsh National Opera.
3. Creativity thrives on the ownership and control of the participants and governance forms should aid this and not restrict it. We started out with this question and it seems the domination of commercial structures options is taken as an options as the alternatives are not know or understood. Further research in this area is urgently required as a base for evidence-led policy-making.

We have observed in the three organizations we have studied a distortion of mission to fit in with funding programmes and priorities. This is a particular problem in the era of targets, when the more subtle development of organizations in response to their learning and experience can be swamped by the need to achieve particular, narrowly defined objectives. To address these two issues we would suggest that the drawing up and periodic revision of a specific strategy be included within the target framework when funding programmes are designed. We would also suggest that more qualitative and sophisticated targets be devised, to be assessed by judgement rather than accounting.

A related point concerns the potential negative impact on creative industries of a funding system driven by measurable outputs. We hope that the literature review and the case-studies make clear that in the small part of the music industry we have studied intensively, it is simply impossible to predict what will be an economic or social success. We feel fairly confident in suggesting that this applies widely in the music and cultural industries, and in an era of rapid economic change it may have general application. Funding systems that require applicants to commit themselves to a fixed number of specific outputs on a contractual basis before being eligible for consideration are likely to attract only the unscrupulous and those who do not understand their market. Even those who engage in such systems naively or with goodwill are likely to spend the period of the grant trying to manipulate their activities to meet their own unrealistic targets, and to feel at the end of the period that they have been either unsuccessful or dishonest. We would suggest that a system of 'risk funding', along the lines of that described by Mauws (2000) in the Canadian music industry, would both stimulate a wide range of creative activity and underpin in a realistic way the activities of people responding in an unpredictable environment. The slogan 'Let a thousand flowers bloom' might be more appropriate than the setting of fixed and practically unattainable targets.

The funding bodies themselves may need to ensure that their mission is not distorted by internal pressures. The life-cycle analysis offered above can usefully be applied to political bodies, which can themselves find that as they achieve stability they begin to lose flexibility, creativity and innovation, with an increasing amount of time invested in meetings and committee work compared to practical work supporting projects. In the bureaucratic phase, the survival of the organization itself, and its employees, may take priority over the support for projects. This leads us to concur with earlier findings that 'traditional business support providers may not be equipped to meet the needs of SMEs (small and medium-sized enterprises) in the creative industries' (Ringwald *et al.*, 2006).We would recommend that the funding bodies engage actively

with their clients and allow the latter to engage critically with their processes and procedures. Clients are likely to have a deep understanding of the problems they face and what sort of support is most likely to achieve objectives. They are the closest to the ground and therefore the best placed to determine what is an effective intervention.

Our study of the music industry has made it clear to us that our understanding of the whole concept of an 'industry' may be out-of-date and that this outmoded mental picture of industry may be shared by policy-makers and may be limiting their ability to support a vibrant and growing sector of the Welsh economy. The following aspects of the music industry are not typical of industries previously receiving public support, but they do typify the music business and without this informing policy-making it is unlikely to achieve its objectives:

- The creation of meaning cannot be separate from the creation of value. While this is a particular feature of creative industries, in the era of the brand it is now true to a greater or lesser extent of all production. Image is the key driver of value.
- Constant change is the central feature of the music industry, summed up in the phrase zeros to heroes—a slogan that is just as applicable in reverse.
- Linking these two points we can conclude that change is the meaning and the value in the music industry. Customers, and especially young people, are paying for an identity and they establish this identity in opposition to others and to what they themselves were yesterday or last year.
- As well as being typified by constant change the music industry resists control, which impacts negatively on its creativity and therefore its creation of meaning and value. This culture is antithetical to 'management', which is the manipulation of people and structures.

In response to this analysis we are left with a question for which we have only partial answers at present: how is management possible in a setting typified by constant change and where control of any sort is likely to undermine the essence of the business? It may be possible that we need to think in terms of 'self-management', as exemplified by Pedestrian, as well as thinking of the sharing of value, as Pedestrian also demonstrates to some extent. In an area where creativity can be limited by bureaucratic or hierarchical governance and where ownership of product can be diffuse and hard to define, these may be the most supportive forms of organization.

Our conclusions concerning the way in which management may actually constrain creative economy activity have been drawn from a self-consciously creative sector. And yet if the phrase 'knowledge economy' means anything, it means that this sort of economic activity is spreading beyond sectors traditionally thought of as creative into the mainstream of the economy. In the era of the brand and the creation of value through image, our conclusions concerning the importance of flexibility and the implications of this for management styles and structures may have wider relevance.

The other main question driving our research interest in the cultural industries revolved around the social issue of disaffected young people who are alienated from contemporary social values and alienated from the labour market. It may be an extreme conclusion to draw from such a limited research project but it is interesting to note in this year that marks 200 years since the abolition of slavery, that we continue to observe the appropriation of the economic value of black people through the commodification of musical forms and their sale for the benefit of white elites (as discussed by Basu and Werbner, 2001) while the streets that generated them remain marginalized and

economically depressed. In place of the moral panic around the 'urban issue' and 'street crime' we might suggest that policy-makers seek more mundane, economic explanations.

Acknowledgements

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Glossary

Associative entrepreneurship	A form of enterprise based on shared ownership and control, as in co-operative businesses
Break	the 'break' of a song is a musical fragment only seconds in length, which typically takes the form of an 'interlude' in which all or most of the music stops except for the percussion. This fragment forms the background to the new track
Capital anchoring	Tying capital in to a local economy through co-operative ownership
Cultural industries	Industries which have their origin in individual skill or talent and create value through the sale of cultural products
Creative industries	Industries which use creativity to create value, including cultural industries but also non-product-oriented industries such as advertising
DCMS	Department for Culture, Media and Sport
DfES	Department for Education and Skills
Download	Copying music (or other data) from an online source
DTI	Department for Trade and Industry
Dubbing	A musical form originating in Jamaica which is effected by removing the vocals from an existing piece, and adding echo and reverb, and occasional snippets of lyrics from the original version
ELWA	Education and Learning Wales
Gatekeeper	A person who is in a position of power to allow or disallow access into a social or economic field
Intellectual property	A claim of legal entitlement to the value generated from a created but immaterial product
New Ideas Fund	A research fund of the Welsh Assembly Government that provides grants to research designed to encourage creative proposals to produce new evidence and novel ideas
OCN	Open College Network
SEU	Social Enterprise Unit
Turntablism	the art of manipulating sounds and creating music using phonograph turntables and an audio mixer
Winning Wales	The first economic development document launched by the new Welsh Assembly in 2001

Social Enterprise and the Cultural Industries: a comparative evaluation of the role of three development agencies in promoting cultural enterprise and economic regeneration.

About WIRC

Wales Institute for Research into Co-operatives [WIRC] was established in April 2000 with the aim of providing strategic and applied research covering all aspects of the social economy. It is based at the UWIC Business School, Colchester Avenue Cardiff.

WIRC researchers provide academic analyses and consultation to raise the profile of the social economy within the academic community while keeping a strong policy focus.

Current Research Project

Overview

The proposed research involves a comparative analysis of 3 development agencies (1 publicly funded organisation, 1 independent community organisation; and 1 private sector organisation) that are all engaged in developing and promoting young talent. The overall research aim is to:

> 1. Link the WAG Social Enterprise Strategies with identifying the key factors that contribute to the best practice and good examples of stimulating enterprise among young people who, on the margins of conventional employment patterns, are attempting to establish themselves in the cultural industries.

> 2. More generally, the proposal is designed to deepen our understanding of how the 'cultural industries function' (Hirsch, 1972; 2000) and identify mechanisms that work providing a more secure basis for generalisation across those organisations in Wales which are engaged in promoting social enterprise in the cultural industries.

Ethical Practice

WIRC researchers undertake research in accordance with the statement of ethical practice of the British Sociological Association. A full copy of the statement of ethical practice is available at: http://www.britsoc.co.uk

Dr Len Arthur
Dr Molly Scott Cato
Dr Russell Smith

June 2006

<div align="center">**Interview Notes**</div>

We will follow the BSE ethics guidelines

Specific points to be agreed with interviewees (consent should be negotiated):

Publication
Anonymity
Recording
Further access

Research plan

Who do we need to talk to?

Staff
Clients? Not the main focus, which is organisational, but consider at a later stage
Ensure inclusion of women and members of ethnic minorities

<div align="center">

Begin with artefacts and published material, including websites

↓

Founding members and/or key informants

↓

Use snowball sampling to find further informants within the organisation
↓

Service users

</div>

Research Questions

- What are the core polices, practices and services provided by each of the development agencies? Are these affected by organisational form?
- What is the social and economic impact of the development agencies work in the communities where they operate?
- What are the most important aspects of each agency's work for their clients? How do clients view the services offered?
- What contribution can these organizations make to longer-term regeneration? Is it possible to identify any performance criteria?
- Is the industry male-dominated? Is this significant and does it assist or hamper its economic and social effectiveness?
- To what extent has the present level of support available in Wales helped and shaped the development work of these agencies? Would changes in procurement, funding and information sharing aid their effectiveness? What additional provisions might assist their activities?

- What implications does the context and support have for the findings of the ESYS (2003) report and the Social Enterprise Strategy for Wales on the support of social economy enterprises?

Methodology

Triangulation: We will all initially interview people at each site. We then come back together and compare our results. Then we go back to the sites to do more interviewing to fill in the gaps.

Gatekeeper: We all have a key informant who is our gatekeeper: what are we looking for from that person?

Specific information we need

ownership
control
number of employees
turnover
organisational structure
how was it formed and when
number of clients
sources of funding

Analytical structure (*pace* Len)

Time → structure, history, development
People → power and relationships
Organisation → ownership and control
Funding → turnover and sources of finance
Activities → services and policies
Impacts and consequences → regeneration, social improvement, *not just economic*

Our most important aim is to analyse the organisation structure at each of the agencies and to identify how this relates to the work of the organisation itself.

Specific points to be agreed with interviewees (consent should be negotiated):

Publication
Anonymity
Recording
Further access

- What does the organisation do: services and policies
- Organisational structure
- Social and economic consequences
- Regeneration potential
- Status of minorities

- Support from public bodies (ERP?)
- Filter-flow model (attached)
- Which aspects are important to success (Likert scale)
- Their involvement in the industry
- How do they identify trends and keep in touch with 'the street'?
- Which sort of people are useful contacts in identifying new trends and how do they meet them?
- What are the relationships between artists and producers?
- How does your organisation manage these relationships: successes and failures?

Specific information we must find out:

- ownership
- control
- number of employees
- turnover
- organisational structure
- how was it formed and when
- number of clients
- sources of funding

origination   production   distribution   consumption
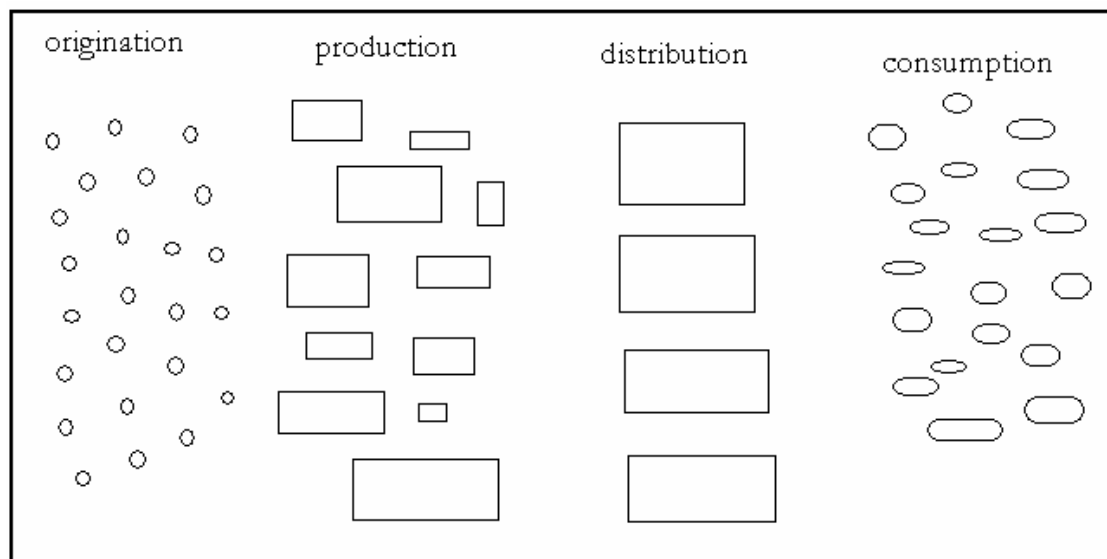
This item is important to our organisation:

	Strongly disagree	Slightly disagree	Disagree	Neither agree nor disagree	Agree	Slightly agree	Strongly agree
Diversity							
Local control							
Equal partnerships							
Local commitment							
Developing existing skills and cultures							
Responding to needs							
Commercial investment							
Working flexibly with change							
Pursuing quality							
Connecting with mainstream culture							
Flagship projects							
Smaller local initiatives							