



Developing Entrepreneurship for the Creative Industries

Making the case for Public Investment



Foreword by James Purnell MP, Minister for Creative Industries and Tourism and Chair of the Creative Industries Higher and Further Education Forum



In 1998 and again in 2001, the Department published a Creative Industries Mapping Document which allowed for the first time the size, scope and impact of the sector to be fully appreciated. Since then, the significance of this dynamic sector to the growth of the UK economy and the importance of ensuring its sustained development have become increasingly recognised. One of the key factors behind the success of the sector is the role played by our educational institutions in developing a constant supply of creative and innovative graduates who form the backbone of the sector and help consistently to re-invent it. We know that the Creative Industries is one of the most highly qualified sectors with around 43% educated to degree level or above, and the figure is even higher for some sub-sectors.

The Creative Industries are characterised by large numbers of small, micro businesses and sole traders with a relatively small number of larger organisations and self-employment, entrepreneurship and business start-up are significant career choices for many of those working in the sector. Similarly, many will develop 'portfolio' careers, juggling several part-time positions along with freelance work. So it's important that graduates leave creative arts, design and media courses in further and higher education with the skills, attitudes and competencies that will allow them to successfully forge a career in the sector.

The Entrepreneurship Task Group, chaired by Dr Marilyn Wedgwood, has put forward a set of recommendations for action to increase the capacity and improve opportunities for entrepreneurial learning in HE and FE and I am pleased to announce that these recommendations will be taken forward by the National Council for Graduate Entrepreneurship and the Department's Creative Economy Programme. The Programme aims to create the best framework to support the innovation, growth and productivity of the creative industries, so that Britain may become the world's creative hub.

I would like to thank Marilyn and her team for their thorough and extensive work on this important agenda and for delivering these clear, focused and timely recommendations which will be used to inform future policy development.

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Department for Culture, Media and Sport

Creative Industries Entrepreneurship Task Group

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Summary

"We have great strengths in many creative and cultural industries but other countries, facing the same competitive pressures as the UK, are investing heavily – with private and public money – in the skills, technology and infrastructure that creative industries need. There is no room for complacency."

Charles Leadbeater: *Britain's Creativity Challenge*, CCSkills, 2004

- The Creative Industries is the fastest growing sector in the UK and is growing by 10% globally representing 7% of GDP. It attracts unusually high graduate employment and self-employment which reaches 80% in some sub-sectors, yet the opportunities for entrepreneurial learning are limited by operational and cultural factors in higher education.
- There is however increasing experience and understanding that can be brought together to inform, guide and support expansion of provision and opportunity if directed through a policy framework that creates a vision for the development of creative and commercial talent for the sector.
- This paper, produced by the Department for Culture, Media and Sport (DCMS) Task Group on Entrepreneurship, makes the case for investing in graduate entrepreneurship for the Creative Industries by generating the leadership for cultural change in Higher Education (HE) that underpins the success of this significantly important sector of the UK economy. It is supported by a separate paper – *The Role of Higher and Further Education* – which details the underpinning body of evidence for the case.
- The Task Group recommends four key areas for development: 1) setting the policy context through development of a national framework for entrepreneurial learning; 2) increasing understanding of what works through a comprehensive investigation into existing provider models; 3) encouragement of curriculum innovation and infrastructure development by introducing incentives and rewards; and 4) ensuring coherence and increased capacity through the development of a National Enterprise Programme for the Creative Industries.

The Context

The Creative Industries sector is a significant economic driver in the modern economy

1. The Creative Industries and culture are major economic drivers. Their importance to the economy is increasingly recognised by governments internationally and acknowledged in new investment strategies that position the Creative Industries at the heart of economic development. Barcelona, Glasgow, and now China (Beijing, Shanghai and Gunagzhou) are examples.
2. In the UK the Creative Industries account for 8% of GVA and 7.9% of GDPⁱ (DCMS 2001). They produce almost £1 in £12 of our total GDP – a higher proportion than in any other country. They contribute £11.4 billion to our balance of trade, well ahead of the construction industry, insurance and pensions, and twice that of the pharmaceutical sector, and they employ almost two million people (DTI 2004). DCMS has identified that it is the fastest growing sector in the UK growing at twice the rate of the overall economy.
3. Comprising 13 distinct sub-sectors, it is a dynamic and innovative sector, characterised by a preponderance of small and micro-enterprises with a small number of large organisations. They typically account for 4-7% of total employment (20% if tourism, hospitality and sport are included). Commonly, Creative Industry companies are highly networked, organising work around commissioned projects often within complex supply webs.
4. Their importance to the UK economy is increasingly recognised, not only in terms of the creative sector itself but also their interrelationships with other sectors. Six English regions identify the Creative Industries as a significant growth sector in their Regional Economic Strategies with others recognising specific sub-sectors. Reference is made to the sector in the Science and Innovation ten year Framework and recently the Cox review has been investigating the role of creativity in enhancing productivity in SMEs. Skillset, representing the audio-visual industries, was the first 'trailblazer' Sector Skills Council.

Higher Education is a key provider of the talent that drives the Creative Industries

5. The Creative Industries sector is a highly educated sector with around 43% of employees being educated to degree level or higher (NESTA, 2003)ⁱⁱ compared with 16% of the workforce as a whole. The proportion is even higher in certain sub-sectors, particularly amongst the self-employed (80% of freelancers in the audio-visual industries).
6. Evidence also indicates that the sector needs a constant influx of creative and self-motivated individuals capable of managing complex working portfolios. Continuous creativity, the continuous production and development of new ideas, is critically at the core of many for their continued success.
7. There is a high propensity towards self-employment and entrepreneurship amongst the graduates. A recent report by Graduate Prospectsⁱⁱⁱ shows that whilst only 2.3% of all first degree graduates in 2003 had become self employed 6 months after graduation, over a third (36.8%) of these had studied creative arts and design subjects.
8. Graduates from the 'creative' disciplines are therefore more likely to become self-employed than their peers. However studies have shown^{iv} that graduates did not feel their degree courses prepared them adequately for careers in the creative industries. Whilst they had been able to develop their creative

skills, they had not gained any real experience of industry or acquired experience of commercialising their work, or developed industry awareness and confidence that would prepare them for employment. Graduates who have undertaken work experience as part of their programme are significantly advantaged in securing employment or self-employment compared with those that did not have the opportunity.

9. The National Council for Graduate Entrepreneurship (NCGE) addresses graduate entrepreneurship across the curriculum but has identified significant demand from those setting up in the creative industries. On their recent 'Flying Start Programme' around 50% of all those attending the rallies (as well as successful applicants to the programme) were from creative arts/media backgrounds, despite the fact that such courses account for only 14% of total UK graduates.

Graduate Entrepreneurship for the Creative Industries is under-developed

10. Higher Education is in an unparalleled position to help support and strengthen the growth and development of the Creative Industries. It has the potential to address entrepreneurship in the sector both within and outside the curriculum, and both during and after undergraduate programmes, provided it has both the means and the motivation to do so.
11. In recognition of this potential, the DCMS established a national Task Group in 2004 through the Creative Industries Higher and Further Education Forum, chaired by Creative Industries Minister, James Purnell. The Group is chaired by Dr Marilyn Wedgwood of Manchester Metropolitan University and its main focus is graduate entrepreneurship for the Creative Industries. The Group initiated an investigation to understand the problems, issues and opportunities related to graduate entrepreneurship that would help underpin the growth of the Creative Industries in the UK economy.
12. A series of investigations were undertaken, combined with a synthesis of reports and reviews relevant to the issue. Detailed consultations involved over 200 individuals from around 150 organisations across HE, FE and the Creative Industries and findings of the relevant Sector Skills Councils which address employer needs, research work undertaken by NESTA on entrepreneurship, the experience of NCGE and the insights of the Cambridge MIT Centre on entrepreneurship were incorporated. Through an iterative process of consultation the issues were teased out and refined until a broad consensus was reached from the collective experience of lecturers, students, researchers, employers, creative entrepreneurs, sector support groups and networks.
13. The main finding was that opportunities for graduates to develop their entrepreneurial skills and self-employment capabilities are limited. There is a gap between their need for entrepreneurial learning and its provision in HE. Although opportunities do exist for developing graduate entrepreneurship within the creative industries, these are provided on a piecemeal basis by individual organisations and not within the context of a framework for sustained national development of capability. This means that graduates leave university unprepared for the realities of working in the sector, and those that are already employed find it difficult to supplement their skills and knowledge gaps with appropriate training.
14. This lack of sustained development combined with a lack of insight and understanding about what does and does not work coupled with cultural tensions about the purposes of a degree programme – between creative expression and utility – means that there is significant potential for making opportunities for entrepreneurial learning more widely available throughout the HE sector, and tailoring it to be more relevant to the creative sub-sectors.

Findings of the Task Group

Emerging models for graduate entrepreneurship development

15. The consultative work of the Task Group has shown that there is much good practice within higher and further education institutions that is essentially 'hidden' to the sector. In broad terms, five emergent approaches which provide for the development of graduate entrepreneurship have been identified. Different combinations of these are in operation in different institutions, within different departments and courses and across various disciplines, these are broadly categorised in the table below. However they require much more analysis and further development before they can be more widely adopted by the sector.

Emerging provider models for Entrepreneurial Learning

Curriculum Embedded	A) Assimilated/tacit learning within programmes and/or B) Bolt-on elective enterprise modules on business, professional practice and experience
Extra curricular	Enterprise centres, summer school, business start-up schemes, Incubation facilities, special courses
Post-Graduate	MA/MBA/MEnt Creative Industry Programmes, 4 year degree (BDes) with professional practice year
Continuing Professional Development	Short skills development courses, professional updating, Knowledge Transfer Partnerships
External Agency Provision	NESTA "Creative Pioneer Programme", NCGE "Flying Start Programme", Crafts Council "Next Move", Arts Council England "Setting-up Scheme", Design Council "Platform" Project, etc

16. These approaches are neither well-documented nor well understood in terms of their scale and scope, value, impact and transferability across different sub-sectors of the Creative Industries and relevant academic subject disciplines. Their 'reach' is not clear. External agency schemes reach a few hundred students and the tacit learning of the curriculum embedded model is not articulated in learning outcomes.
17. Studies show that graduates do not respond well to traditional generic forms of business support and entrepreneurial learning. Instead they need sector-specific, contextualised learning experiences that link creative practice directly with commercial realities. Indeed, there are wider questions about the effectiveness of existing models across the curriculum (Gibb 2004)^v. A study of creative entrepreneurs in the northwest^{vi} for example revealed that the best learning experiences were delivered on a 'need to know', 'learning by doing' basis followed by reflection and assimilation. This need is not served by existing models that simply import business skills modules wholesale into the curriculum.
18. Graduates aiming to start a business or include self-employment in their portfolio often require professional facilities and equipment to develop their products and services that HE can provide. Arrangements are often not formalised and existing policy and financial structures within HE make it difficult to maintain such relationships after graduation where the individual is no longer funded.

Challenges in graduate entrepreneurship can help inform new directions

19. The work of the Task Group has achieved significant consensus in identifying the key barriers and opportunities that can be addressed to release the entrepreneurial potential of talented individuals for the creative industries – some of which are operational and some are cultural. The most fundamental finding was the lack of appropriate training and learning provision.
20. There is no coherent national policy that addresses entrepreneurship for the Creative Industries for the 46,000 graduates from the creative subjects annually. This has led to short-term, non-sustainable interventions and a gap in leadership within institutions that would encourage entrepreneurship development relevant to the creative disciplines. There is however increasing experience and understanding that can be brought together to inform, guide and support expansion of provision and opportunity if directed through a policy framework that creates a vision for the development of creative and commercial talent for the sector.
21. There is a lack of incentives for higher education to focus on this area. Long term HE policy and funding strategies do not promote development of 'home-grown' entrepreneurial talent. This combined with ideological tensions between creative expression in HE and commercial realities of the sector discourages innovative curriculum development. There is much to learn from incentives created through programmes for science enterprise and entrepreneurship that have operated over a number of years.
22. The complex range of sub-sectors that make up the Creative Industries^{vii}, combined with the diversity of different subject disciplines within education from fine art to new media makes it unlikely that 'one size fits all'. There is currently no real body of evidence or research that tells us what types of approaches to entrepreneurial learning work and in which contexts however the five emergent models (para 15) identified by the DCMS Task Group provide a good starting point for further analysis to inform future developments.

Creating the climate for success in the Creative Economy

The way forward – Policy drive that builds momentum for creative enterprise

23. Graduate entrepreneurship is a key driver in the growth of the Creative Industries, and the challenge is to create a culture in higher education that links creativity with innovation of commercial value. Government policy is encouraging enterprise, entrepreneurship and university business interactions and much of the policy focuses on Science and Technology Innovation. A step change was made with the Science and Innovation Framework 2004-14, which provides an excellent comprehensive policy framework for investment in excellent science and its commercial exploitation to support the knowledge economy.
24. Though creativity and the importance of the Creative Industries in economic performance is increasingly recognised, policy has not yet matured to target this area specifically to create a framework for focused development of learning opportunities for graduate entrepreneurship for the sector. The time is right to move to a more strategic approach for the development of graduate entrepreneurship for the Creative Industries, building on a synthesis of what we know to be good practice.

Recommendations of the DCMS Task Group

25. The DCMS Entrepreneurship Task Group has built a substantial evidence base which is summarised and presented in the accompanying paper *The Role of Higher and Further Education*. The Group recommends four broad areas for action:
26. **A national framework for entrepreneurial learning for the Creative Industries** should be developed to incorporate the agenda into existing and future policy and initiatives. A cross-departmental Government Working Group would work with stakeholders including the National Council for Graduate Entrepreneurship (NCGE), the Council for Higher Education in Art and Design (CHEAD), the Standing Conference of Principals (SCoP), the Sector Skills Councils (SSCs), the Higher Education Family Council for England (HEFCE) and Universities UK to identify gaps and opportunities and develop a long-term strategy for investment and development. Improved partnership activity between the RDAs and HE providers will help to encourage innovative developments that address regional requirements. This will help to boost the profile of the sector, encourage innovation and set the context for development.
27. **A comprehensive programme of investigation into the existing provider models** to be undertaken to assess where and how they work for the different Creative Industry sub-sectors and academic disciplines. There is a growing body of innovative practice in entrepreneurship education, however we currently have little understanding of what approaches work and in which contexts. We recommend a thorough evaluation of these five models along with collation and dissemination of case studies and exemplars that will provide appropriate evidence to help inform future curriculum developments as well as information and guidance about effective approaches for delivering and assessing entrepreneurial learning.

28. ***Investment in curriculum innovation and creative infrastructure*** by developing incentives and rewards to pump-prime and support the developments necessary to increase the scope and scale of learning opportunities. Current funding models do not sufficiently encourage innovation in entrepreneurial learning and teaching. The SSCs are already involved in assessing and kite-marking programmes and we would encourage them to embrace the enterprise agenda, ensuring that curriculum developments for entrepreneurial learning are appropriate to the sector, acknowledged and accredited. Consideration could be given to funded student numbers. A Creative Capital Infrastructure Fund would enable institutions to provide industry standard specialist facilities and equipment to aid the transition from creative graduates to creative practitioners and allow pooling of these resources for the mutual benefit of HE and the Creative Industry sector. Furthermore, investment would help to stimulate the generation of a national network/community of interest in graduate entrepreneurship to act as champions for this development within the sector and keep the issues on the agenda.
29. ***A National Enterprise Programme for the Creative Industries*** would bring together the activities and expertise of different agencies, institutions and initiatives creating critical mass through increases in the scale and scope of support available nationally for graduate entrepreneurs and bringing coherence to the existing fragmented landscape of support. Building on existing provision, NCGE would have a key role in co-ordinating the programme and developing networks of mentors, entrepreneurs and ideas. The programme would include a sponsored competition for the best business plans or ideas and offer access to training, guidance, incubation facilities and specialist equipment.

Conclusions

- The Creative Industries sector is vibrant and growing. The enthusiasm and creativity of students and graduates entering the sector which helps to drive it forward is valued but growth is inhibited because the entrepreneurial skills needed are wanting.
- There is a gap, a market failure in providing entrepreneurial learning for the Creative Industries but there is increasing experience, good practice and willingness in developing these skills in higher education with resulting models for adoption and transference to a wide range of institutions.
- The scale, the scope and the impact of graduate entrepreneurship on the productivity and performance of the Creative Industries is ripe for development but sustainable change will require focus and national leadership.
- The new DCMS Creative Economy Programme coupled with growing interest in the entrepreneurship agenda and a general willingness across the HE and the FE sector to take action means that these changes can be achieved through effective partnership and collaboration across Government, the HE and FE sector and the Creative Industries.

Notes

- ⁱ DCMS Creative Industries Economic Estimates Statistical Bulletin, August 2004
- ⁱⁱ "Forward Thinking – New Solutions to Old Problems: Investing in the Creative Industries", NESTA 2003
- ⁱⁱⁱ "Graduates in Self-employment", Graduate Prospects, 2005
- ^{iv} "Destinations and Reflections: Careers of British Art, Craft & Design Graduates", Blackwell & Harvey, 1999
- ^v "Towards the Entrepreneurial University", Gibb, A., 2005
- ^{vi} "Teaching and learning entrepreneurship for micro and small businesses in the cultural industries sector". Raffo, C. et al. 2001, In *Education and Training*, Vol.42, No.6, pp356-365.
- ^{vii} The DCMS's definition of Creative Industries covers the following sectors: advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television and radio.

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