

2<sup>nd</sup> World Conference On Business, Economics And Management- WCBEM 2013

## The Role of Cluster and Social Capital in Cultural and Creative Industries Development

Enkhbold Chuluunbaatar<sup>a\*</sup>, Ottavia<sup>b</sup>, Ding-Bang Luh<sup>c</sup>, Shiann-Far Kung<sup>d</sup>

<sup>a</sup> *Institute of Finance and Economics, Department of Business Administration, Ulaanbaatar, Mongolia*

<sup>b</sup> *Institute of Creative Industries Design, National Cheng Kung University, Tainan, Taiwan*

<sup>c</sup> *Department of Industrial Design, National Cheng Kung University, Tainan, Taiwan*

<sup>d</sup> *Department of Urban Planning, National Cheng Kung University, Tainan, Taiwan*

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### Abstract

Cluster is a crucial concept for developing industries, including cultural and creative industries (CCI). Cluster concept, which is heavily based on economic geography, is widely used to explain the drive behind CCI development, neglecting the social aspects of creative talents working in the CCI. This study integrates the social aspects to the cluster theory to explain the key drivers to CCI development from social capital perspective. Taking the case of Mongolian circus industry, this study proposes that CCI development is not only dependent on a predetermined cluster; the social aspects of creative talents, as the active contributors of CCI development, aid significantly to the industries development, hence should not be neglected.

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Selection and peer review under responsibility of Organizing Committee of BEM 2013.

**Keywords:** Circus industry, cluster, creative talents, cultural and creative industries development, social capital;

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### 1. Introduction

The current fashionable concept to explain cultural and creative industries (CCI) development is the cluster concept. The cluster concept is heavily-based on economic geographic concentrations of interconnected people or companies to create collaboration and competition (Porter, 2000). The authorities mostly predetermine the development of clusters and clusters are believed as the supporting environment for industrial growth. Despite its popular use, however, the cluster concept has not fully grasped the underlying reasons behind CCI development. This concept, emphasizing on geographical proximities, has failed to cover the process of how the CCI actually emerge and how individuals in CCI actually operate and interact (Evans, 2009; Jayne, 2005; Motoyama, 2008), hence the lack of the social aspects and individual perspectives in current theories about CCI development. Therefore, this study attempts to integrate the social aspects to have deeper understanding on how CCI is developed and aims to: 1) identify the roles of cluster and social capital to CCI development in the case of Mongolian circus industry; 2) weigh the

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\* Corresponding Author: Enkhbold Chuluunbaatar. Tel.: +976-9505-5083  
E-mail address: [chboogii@gmail.com](mailto:chboogii@gmail.com)

importance of cluster and social capital factors that will be useful for formulating policies and strategies for further development of the Mongolian circus industry.

## **2. Literature review**

### *2.1. Cultural and creative industries development*

UK DCMS (1998, 2001) defined the cultural and creative industries (CCI) 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”. According to this definition, CCI relies on individual’s creativity, skill, and talent to create jobs and produce wealth through the generation of creative work. For an industry to develop, it has to demonstrate the growth from the micro to the macro levels – from the development at personal level, business level, to industry level. The growth of the abilities and capacities of creative talents will bring the growth in their business, and when collective growth of all creative businesses in one field will bring the industry to develop. Following the DCMS definition, it is appropriate to measure the CCI development by the progress of knowledge, skill, talent, wealth accumulation, and job creation in CCI.

### *2.2. The role of cluster in industrial development*

Industrial clusters can be understood as geographical concentrations of economic actors from the same or inter-related sectors along the value chain. Cluster evolves based on geographical proximity, develops over time, boosts competition and collaboration resulting in innovation, and potentially creates greater economic benefits through higher productivity, better knowledge management, and entrepreneurial opportunities. Cluster has the tendency to generate both higher incomes and rates of employment growth (Campbell-Kelly, Danilevsky, Garcia-Swartz, & Pederson, 2010), urban growth and economic benefit (Stern & Seifert, 2010; Tien, 2010; Zhao, Watanabe, & Griffy-Brown, 2009), creativity and innovation (Gwee, 2009; Zhao, et al., 2009), knowledge creation and transfer (Maskell & Lorenzen, 2004; Watson, 2008). Furthermore, recent studies supported the evidence that clustering based on spatial proximity has positive impact on entrepreneurship (Rocha, 2004; Rocha & Sternberg, 2005) and promotes economic development (Garavaglia & Breschi, 2009; Scott, 2006).

### *2.3. The characteristics of cultural and creative industries (CCI)*

Unlike traditional industries - manufacturing, the main capital or resources of CCI are knowledge (know-how), creativity and talent (Potts & Cunningham, 2008). “Creative industries are grounded in personal ideas, talent, experience and work” (Hartley, 2005, p. 107). Social capital and networking play important roles in CCI. In CCI, various self-employed individuals or small businesses owners work together for the duration of a collaborative project. CCI have two distinctive characteristics: creative workers are mostly self employed (Carey & Naudin, 2006; Christopherson, 2004; Kong, 2011; Pratt, 2002) and creative works are project-based (Bettiol & Sedita, 2011; Manning & Sydow, 2007). Talented people and the interactions among them mainly highlight CCI. Creative workers do social exchange and the interplay among the main players, the supporters, and related personnel are inevitable in the production of creative work (KEA, 2006), hence emphasizing the importance of social capital. Clusters could endorse CCI development, but social interactions are essential for the existence of cluster. By the nature of business, creative workers act as bohemian entrepreneurs. Their entrepreneurial activities are not only guided by economic factors – agglomeration, but also social factors – network externalities (Minniti, 2005), foresight (Fuller & Warren, 2006), financing and political support (Chapain, Cooke, Proprius, MacNeill, & Mateos-Garcia, 2010) and social capital (Arefi, 2003; Ulhøi, 2005).

### *2.4. The role of social capital in CCI development*

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