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## Between markets, firms and networks: constituting the cultural economy

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### Introduction

Cultural and creative sectors have come to represent key areas of growth within a number of regional and national economies, and figure prominently within arguments regarding the increasingly ‘cultural’ character of economic processes and the restructuring of market forms. An emergent cultural economy is also of critical interest for institutional analysis, and for a number of reasons. Firstly, such an analysis addresses very clearly the need to take culture seriously within the study of economic organisation – not simply in terms of seeing culture as a kind of ‘padding’ for economic activity, but as a sector of production, distribution and consumption involving distinctive organisational forms, market relations and competitive logics. Secondly, within the cultural field market actors, market segments and market commodities are constituted in innovative and often unstable ways. Thirdly, contemporary cultural industries are subject to a highly variable mix of markets, firms and networks as means of shaping economic processes and exchanges.

The discussion that follows traces key aspects of this governance mix for the constitution of a cultural economy, as the contingent nature of cultural products, cultural markets and cultural work puts into question certain established frames for analysing economic organisation.

Cultural industries make slippery analytic objects:<sup>1</sup> sectoral boundaries can be hard to define; ‘firms’ can be only loosely integrated, hidden, short-lived or very mobile (and often are all of these); product design, labour processes and work practices can change very rapidly, running ahead of the unwieldy analytic categories that lumber in their wake (see McRobbie, 2001). It is difficult to capture the range of products, the forms of knowledge and expertise, the business types and economic actors that constitute the cultural economy in different places and across different sub-sectors.<sup>2</sup> My concern here is to develop a number of conceptual and critical points relating to the analysis of cultural economies that may have extended relevance to the study of contemporary market relations, competitive processes and economic organisation.

The discussion begins with the problematic notion of ‘cultural industries’. Such a category mimics the convention of defining industries on the basis of

distinct outputs – indicating here a set of industries producing broadly ‘cultural’ products – in a context where more and more economic goods might be said to involve cultural or aesthetic content. In thinking about what is distinctly ‘cultural’ about the cultural economy, then, the discussion turns to the role of specialised knowledge in framing goods for cultural markets, and in constituting market segments themselves. The skilled deployment of technical expertise in tandem with economic nous and cultural knowledge appears as particularly crucial in a setting where demand for products and for labour can shift very rapidly. This has critical implications for the nature and the role of the firm. As the discussion goes on to suggest, the status of the firm as a site of organisational culture and collective knowledge is precarious in sectors where products, ideas and know-how quickly become dated, and as cultural workers adopt (by choice or necessity) a more ‘detached’ relation to employers. Increasing reliance on cultural–economic networks for the exchange of knowledge, for work, and for the promotion of shared work cultures can be seen as a kind of *hollowing-out* of the firm as an economic organisation, as its typical knowledge and cultural functions are taken up across an extended field of market or network ‘non-organisations’.

### **Culture and economy – framing the cultural industries**

The classification of distinct industrial sectors is an imperfect art, and the case of the cultural industries appears more problematical than many. In a context where the language of ‘culture’ has come to infect economic analysis, the notion of relatively coherent cultural industries can be seen as much as an effect of economic policy, academic discourses and market rhetoric as it is a reflection of institutional realities. Precisely what is to be considered ‘cultural’ in relation to economic activity is rather open to question. Since the 1980s, economic development strategies in a number of national contexts have placed increasing emphasis on the role of cultural goods and services in labour market growth, urban and regional regeneration, and foreign trade. Here, ‘culture’ is taken to refer to a specific domain of aesthetic and expressive production that is susceptible to commodification in economic terms<sup>3</sup> (see McAnany and Wilkinson, 1995; DCMS, 2001). Over the same period, theoretical accounts within economic sociology have focused not only on cultural production as an economic sector, but on the increasingly cultural content of wider production processes, of economic goods and services, and of economic life more generally (see Lash and Urry, 1994; du Gay, 1997; Ray and Sayer, 1999). Such arguments look to the symbolic and aesthetic practices, images and goods that enter processes of production, distribution and consumption in complex ways. In the most obvious sense, an enhanced role for design within manufacturing, product differentiation and marketing foregrounds the aesthetic content of goods that might not otherwise be seen as expressly *cultural* products. Consumption choices, meanwhile, are played out (within all the usual constraints of scarcity) via the informed calculation

of cultural codes and symbolic associations. It follows that an enlarged field of cultural production and consumption gathers in an array of items – from foodstuffs or bedlinen to branded clothing and designer refrigerators – whose symbolic character is at least as important for market differentiation as are the functional claims that might be made for them.

On such an account, cultural industries are only a subset – if rather exemplary – of an extended range of economic processes that have an integrally cultural character. This complicates what it might mean to think about a discrete cultural economy, analytically separate both from a more general enculturation of economic life and from other sectors of economic activity. By convention, industrial sectors are defined on the basis of what they produce, or by the primary factors involved in production – such a convention renders different sectors quantifiable, comparable and, by extension, governable. Under that definition cultural industries are those engaged in the production or distribution of goods and services broadly deemed ‘cultural’, ‘aesthetic’ or ‘expressive’, further divisible into a number of sub-sectors based on different types of cultural output (see Pratt, 1997).<sup>4</sup> Of course such distinctions – within cultural industries as elsewhere – are artificial: there tends to be a significant degree of crossover between sub-sectors, and a high degree of diversity within them. A music venue, for instance, looks more like a theatre – in terms not only of its product, but also its organisational structure, labour process, skills’ profile, market orientation and internal culture – than it does a musical instrument manufacturer’s premises, even though both would be classed as members of a ‘music’ sub-sector. It depends on how you slice it. While the various outputs of art galleries, film production companies, graphics firms or costume designers may all be cultural products, the range of goods and services brought under the heading of ‘the cultural industries’ – from paintings to club nights to web-pages – and the kinds of labour processes involved – from craft production to performance to software programming – are extremely diverse.

The notion of coherent cultural industries in that sense sets a frame around an set of unstable processes, products and actors. As the art critic Adam Gopnik (1993, p. 166) has written:

Only someone who has never actually seen an industry can imagine that the art world – with its small-scale, speculative, boom-and-bust economy, its discoveries and outrages – is one. An industry produces a standardised product for a more or less reliable mass market of consumers. The art world is not an industry. It isn’t even a business. It is a carnival with a casino attached.

Gopnik was writing specifically (and ironically) against the notion of an ‘art industry’, but the remark resonates across the cultural industries more generally. If a ‘carnival’ air animates a great deal of political rhetoric and market boosterism about the creative economy, the latter’s casino-like aspects have been only too evident in the variable fortunes of the first publicly floated Internet companies and the rapid burn-rates of others. But there is a further and

more serious point to be taken here. Gopnik's conceit works by contrasting the volatile art market with *real* industries, defined in terms of standard outputs and the 'more or less reliable' markets for them. In these terms it is questionable, indeed, how far a set of distinct industries can be said to produce 'culture' in the same way that others produce automobiles or tobacco.

### Markets and cultural knowledge

What are broadly grouped together within 'the cultural industries', then, consists of a range of institutions with a common orientation to a creative field of products and practices. However, different firms are involved in producing material and non-material outputs, operate in different markets, and take in a range of skills, services and corporate structures. One suggestive alternative to an output-based definition is to consider the knowledge capacities and organisational routines enfolded in different types of economic activity. 'Firms are in an industry', as Metcalfe (1998, p. 19) contends, 'by virtue of certain things that they know in common.' Such an approach places greater emphasis on labour processes and organisational cultures in constituting industrial sectors – and particularly on the forms of knowledge and skill that are reproduced therein – than it does on the nature of common outputs.

A process-based definition, foregrounding the role of economic actors and the knowledge exchanges between them, seems especially appropriate to the analysis of cultural industries. This has to do not only with questions of technical or creative expertise, but with a wider investment in forms of cultural knowledge. What brings multimedia companies, fashion wholesalers, record labels and set designers together under the umbrella of 'the cultural industries' is in part an orientation to cultural modes of knowledge, practice and distinction that shape the organisations themselves, that steer design and production, and that are closely linked to issues of marketing and consumption. While it may sound clumsy to say that certain industries 'produce' culture as others produce cars, the metaphor can be reworked to indicate how specific agents (individuals and firms) create or mediate cultural products and services for nascent markets. To think about culture as an economic product, here, is to consider how cultural goods, images and concepts are translated into marketable commodities by economic agents. The effect of such a 'production of culture', what is more, is not simply to re-frame certain ideas, expressive forms and aesthetic goods in commodity terms, but also to frame potential markets for them (cf. Callon, 1998). In the context of new media, Pratt (2000, p. 427) suggests that business start-ups are concerned not simply to find a niche in some broadly identifiable market, but simultaneously to 'imagine a market, a niche, and a product'. Supply and demand are 'co-constructed' (Callon, 2002) through the qualification and 'singularisation' of goods, and the positioning of potential consumers for them. Markets, market segments, and marketable products are mutually emergent within speculative processes of *market making*.

Knowledge has a critical role to play in these market processes. While the cultural economy is not unusual in placing a premium on knowledge, it is distinctive in drawing together forms of economic and cultural expertise in such an integrated manner. The competence of cultural workers as ‘knowledge workers’ bears not only on the conception and design of products and services, but also on the way these agents must work to anticipate trends, appraise tastes and inculcate preferences. Marketing and distributive functions therefore are not easily set apart, especially at the start-up stage, from technical or creative functions. These competences can be hard to distinguish not only because an emergent cultural economy includes numerous smaller businesses unable to support a pronounced division of labour, but because such a division of labour is meaningless in relation to the ways in which many goods and services are conceived, produced and marketed. A significant degree of crossover between technical, creative and marketing functions in new cultural sectors is given partly by the size of firms, but also by the unstable, short-lived or volatile nature of both the products and the markets for them. The tasks of designing cultural products and directing them to specific market niches form a process combining creative talent, technical skill, economic calculation and cultural knowledge. Knowledge and competences are deployed across processes of production and distribution, and are exchanged between actors and technical capital in a form of what Callon (2002) calls ‘distributed cognition’.

Part of this knowledge work, furthermore, is done by consumers – as Metcalfe (1998, p. 29) points out, ‘intelligent consumers are as much a part of the innovation process as intelligent suppliers’. Hodgson’s call (1999b, p. 251) within institutional economics for a more serious engagement with culture focuses on the ways cultural factors shape economic preferences, as well as aiming to bring the culture of organisations into the purview of institutional analysis. In emergent cultural markets, these two dimensions are closely linked. The culture of the firm, as well as the content of its product, can help shape the preferences of its consumers. Organisational cultures – forms of representation and self-presentation, and values, language and symbolic codes – are not simply ‘embedded’ in the routines of organisations (especially of those which have not been around long enough to have developed any durable routines), but also are qualities to be strategically cultivated, marketed and de-coded by consumers.<sup>5</sup> In that respect new cultural sectors are exemplary of what has been termed an ‘economy of qualities’ – oriented towards the positioning and qualification of mutable products in highly protean consumer markets, and in which competition is driven by the hyper-differentiation of producers and of consumers, as well as of products (Callon, 2002; see also Metcalfe, 1998, p. 11; Scott, 1999, p. 808).

### **Firms and ‘disentangled’ labour**

The labile character of cultural products and markets is reflected in the way that cultural enterprises do not necessarily or immediately constitute

themselves as firms in a coherent or stable sense. It follows that a conventional business model is not always appropriate to the ways economic actors organise their activities in these sectors. It can be difficult, for example, to analyse business size in terms of employee numbers, or to capture the distinct functions of different workers, given the elastic employment practices of cultural enterprises, including the high degree of multi-tasking and doubling-up within smaller and newer businesses. Highly variable recruitment practices are dictated by specific labour processes as well as by the nature of products and markets, as businesses take on staff for given projects and events – for one night in certain music venues, for instance, to three- or six-month contracts in film and video production (Skills Observatory, 2000, pp. 5, 10). This is not exactly the same as freelance employment or ‘consultancy’ – at times it is closer to the seasonal work model typical of tourist or agricultural industries. In other contexts, workers are far more able to set their own employment terms, with contract and freelance work acting as a marker of labour market power rather than one of insecurity. That is most likely to be the case in fields such as multimedia and software programming where companies have difficulty in recruiting specialist staff, and confront high rates of turnover and dynamic, often international, labour markets (Skills Observatory, 2000, p. 5).

The labour market effects of this kind of skills’ shortage are compounded by a strong freelance ethos in growth sectors where working outside a company’s structure is seen as preferable – in both a financial and a cultural sense – to working inside one (see Pratt, 2000, p. 421). In certain fields of cultural production, at least, the language of flexibility does not appear simply to put a spin on processes of casualisation and insecurity. Rather, the market position of skilled workers in new media and related sectors is enhanced by the temporary nature of contracts and consultancies, in a field where products, ideas, technical solutions and forms of expertise can date very rapidly.<sup>6</sup> One should be wary, of course, of confusing adaptation with progress, of taking accommodation for innovation. As Richard Sennett (1998, p. 25) notes, when corporate wisdom cautions against becoming ‘entangled’ in long-term employment contracts, ‘detachment and superficial co-operativeness are better armor for dealing with current realities than behavior based on values of loyalty and service’.

Such ‘disentangled’ labour sits at the top end of a labour market marked by varieties of casualisation. As such, it raises in high relief certain critical questions about the nature and role of the firm in emerging economic sectors. Ronald Coase’s 1937 classic account turned on a contrast between the organised structure of the firm and a market of self-employed producers, each contracting freely with others under competitive conditions. One advantage of the firm over an ideal-type market lay in its ability to minimise the costs of transacting with any number of free agents, replacing the latter with employees whose productive activity was directed inside the firm itself. It is open to question how far cultural labour markets can be seen as markets of self-employed producers – as a real-world example, that is, of Coase’s ideal-type. However, it is certainly the case that for a significant minority of

skilled workers the contract for services has come to replace the employment contract *per se* (see Hodgson, 1999a). Such individuals contract with firms to provide given services, or enter into (more or less stable) relational contracts with other individuals via networks. Either way, the formal architecture of the firm is eroded or bypassed.

The cost to business of this kind of transacting is evident in the price some freelance workers are able to command for their services in cultural labour markets, and in the problems of uncertainty faced by firms lacking the in-house expertise to deliver on specific projects. What is less clear is how far working outside a firm structure allows ‘disentangled’ workers to retain control over the labour process. Both factors of course are relevant to the coordinating role of the firm: the ability to economise on transaction costs, and the ability to direct labour processes in line with its own ends. The contract for services in this way becomes a key instrument for regulating cultural work, but the degree of specification is problematical – as is the nature of ownership – when the ‘products’ involved are innovative, speculative or highly creative (see Lury, 1993). This adds something to Callon’s notion of ‘distributed cognition’ across design, production and marketing functions, as concepts and goods are subject to forms of qualification and re-qualification that alter the terms under which contracts for services are entered. Here, an ethos of creativity can be a means of managing flexible labour processes, the open-ended nature of creative work and the unstable nature of creative products lending themselves to the ‘reflexive’ re-specification of original briefs. Long or erratic working hours, nail-biting deadlines, confused, poorly conceived and constantly changing briefs, all can be explained away as aspects of the mercurial nature of ‘creativity’ (see McRobbie, 2001). A creative ethos, in that sense, represents a cultural strategy for handling the social costs of transacting with workers who are expected to be flexible, if not exactly free, agents.

Other institutional economists (including Coase in his later work) expanded the social costs’ account of the firm by emphasising the latter’s role in capturing information and promoting knowledge. In its weakest version, such an argument points to firms’ attempts to lock-in knowledge and information in the form of individual workers’ expertise. A stronger version holds that the firm itself – *as an institution* – is the key locus of knowledge. It is firms, rather than the individuals within them, that really are knowledgeable – after all, ‘it is firms, not the people who work for firms, that know how to make gasoline, automobiles and computers’ (Sidney G. Winter, quoted in Hodgson, 1999a, at p. 199). This extended account sees the firm as more than a technical solution to transaction costs and problems of imperfect information. As a durable institution the firm is not merely constituted via contract, but reproduced via an organisational culture involving forms of knowledge and modes of learning. As Hodgson would have it: ‘The advantage of the modern capitalist firm over market- or exchange-based alternatives may lie in its capacity to develop an integrated corporate culture to facilitate learning and the acquisition of specialist skills’ (1999b, p. 246).

It follows that the shift to contracting in the cultural economy raises serious questions about the ability of firms to capture and promote knowledge. In a context where the increased complexity of production (especially in software and new media) places a premium on specialised skills, firms are at a disadvantage when forced to buy-in knowledge and expertise on a one-off or time-limited basis. The ‘market problem’, here, remains primarily ‘an information problem’ (Metcalf, 1998, p. 12). Of course, this cuts in two ways: firms also can rapidly update knowledge by ‘updating’ knowledge workers in flexible labour markets. Either way, this kind of transacting for knowledge in markets has interesting implications for the nature of the firm. Long before the vogue for human capital in socioeconomic analysis, Veblen (1990) highlighted the value of institutions as sites of knowledge even over their value as sites of capital (see also the discussion in Hodgson 1999a, pp. 193–7). Technical, tacit and processual knowledge is reproduced within institutions as part of an organisational culture of rules, routines and norms. Institutions such as firms, moreover, are sites of collective knowledge as much as they serve to foster individual knowledge: the things that a firm knows are emergent from the individuals working within it over time, but ultimately are not reducible to them *as* individuals. It is this collective nature of institutional knowledge that a great deal of human capital theory downplays, emphasising the education and training of individuals over the role of corporate cultures. At the same time, the collective nature of institutional knowledge – the fact that it is firms rather than individuals that know how to make cars, or (to use Adam Smith’s classic example) know how to make pins – comes under question in sectors where it is individuals rather than firms who know how to make new software applications.

Recent theories of the ‘weightless economy’ place heavy emphasis on intangible assets – knowledge, information, expertise and ideas that can be capitalised in various ways (see Quah, 1996; Cameron, 1998; Coyle, 1999; Leadbeater and Oakley, 1999; cf. Pratt, 2000). The value of such cognitive assets is especially salient for those ‘weightless’ firms that do not hold much in the way of the tangible – the spectre here is the failed dot.com, whose intangible assets turn out to be neither fungible nor exclusive (or, of course, are simply over-valued), and whose passing leaves nothing but a roomful of computers, a few potplants, and dizzying losses. Economic knowledge, however – if frequently more portable than some other economic assets – is rarely exactly ‘weightless’. An institutional perspective, for one thing, points to the way that knowledge is embedded in organisations, often in highly material ways. Institutional knowledge is embodied in labour processes and practices, is reproduced through the organisation of spaces and facilities, and is distributed across technical components. Neither does the disentangling of workers from the institutional setting represent a decisive move towards weightlessness. The status of certain cultural workers as self-employed producers is given not only by their possession of intangible assets in the form of knowledge or skill, but often by

ownership of their means of production (software, specialised equipment, etc.) – where in contracting for certain services, that is, firms are hiring-in both labour *and* capital. Labour processes in cultural growth sectors typically combine intensive human input with specialised technologies (Scott, 2000, p. 11). Indeed, it can be difficult in new media sectors to make a distinction between capital and labour, between technology and expertise, between tangible and intangible assets. In that context cultural workers might be thought of in terms of what Jean Gadrey (2000) calls ‘socio-technical capacity’ – a combination, as it were, of human with technical capital (see also Callon, 2002).

### Network cultures

The contract for services, especially where this involves the purchase of ‘socio-technical capacity’, sits within a wider framework of network transactions that are characteristic of the cultural economy. Cultural economies tend to be organised around dense networks of small–medium enterprises, producing high degrees of interdependence, with larger firms networked in at certain points (see Lash and Urry, 1994, pp. 114–20; Scott, 2000, pp. 11–13). Contracts for services remain, it should be stressed, a form of market exchange, but one based on network relations that are both more and less formal than transacting in markets: more formal, in that relational contracts develop institutional and durable features that spill over the boundaries of the firm; less formal, in that social ties are an explicit and even necessary component of these arrangements. There is a pronounced overlap between labour markets and social networks within cultural economies; also between supplier markets and social ties (Pratt, 2000; Scott, 2000; Skills Observatory, 2000; McRobbie, 2001).<sup>7</sup> Of course, there are questions to be asked about the strength of these particular weak ties. The rather different and sometimes conflicting desires for ‘disentanglement’ on the part of cultural workers and employers means that social ties can be distinctly attenuated, provisional or instrumental in character.

How then to square these competing logics of economic culture? The disentangled knowledge worker cultivating ‘detachment and superficial cooperativeness’ in insecure labour markets (Sennett, 1998, p. 25), against the capacity of the firm to ‘facilitate learning and the acquisition of specialist skills’ through an organisational culture (Hodgson, 1999b, p. 246). There clearly is a case to be made that economic networks reproduce some of the innovative and informational virtues of markets. Given the rate of change in those cultural sectors most dependent on new communications technologies (film and new media, music and interactive software), networks can be more effective in the exchange and upgrade of information than firms, more subject to lock-in by contract, sunken capital investment and routine. In enhancing information and promoting innovation, relational ties between firms and individuals can be a critical part of the competitive process – ‘collaboration’, as Metcalfe

(1998, p. 14) has it, is a familiar ‘corollary of competitive activity’, but its effects are not simply or always anti-competitive.

It also can be argued that networks replicate the somewhat different informational and knowledge capacities typically attributed to the firm (see especially Scott, 1999, 2000). This argument works on the assumption that networks are capable of reproducing the kind of integrated knowledge culture that has been one of the firm’s strong suits – even if neither networks nor firms are currently much given to promoting ‘values of loyalty and service’ as an economic good (Sennett, 1998, p. 25). For Scott, such an effect depends on particular kinds of economic agglomeration, based on the concentration of cultural industries in key sites. This is a version of the network as cluster, where cultural linkage is a function of spatial proximity (see also Pratt, 2000). Scott invokes Alfred Marshall’s notion of an ‘industrial atmosphere’ to describe the shared forms of knowledge, skill and work practice generated and reproduced within cultural–economic districts. It is a perspective that has affinities with Veblen’s even more expansive claims (1914) for the cultural nature of work, distinctive not only of different ‘industrial arts’ but of the industrial character of nations: ‘a set of relevant habits, acquired over a long time, widely dispersed through the employable workforce, reflective of its culture and deeply embedded in its practices’ (cited in Hodgson, 1993, at p. 133). Industrial atmosphere, it should be noted, is not simply a question of ambience, but finds its material expression in routines, in practices and in norms of social exchange. Highly spatialised network relations in this sense mirror the role of the firm as milieu, providing a context for the development of collective as well as individual knowledge, competences, routines and norms. This indicates how networks can evince certain organisational qualities while remaining relatively ‘informal’, but also gestures to the point at which economic networks ‘harden’ into more durable institutional forms. It is at this point that networks become objects of economic governance.

### Questions of governance

In Scott’s account, success in the cultural economy – given the role of networking, the degree of interdependence between firms, and the tendency towards agglomeration – is a collective rather than simply an individual matter. He therefore sees a key part for certain ‘agents of collective order’ (Scott, 2000, p. 27) in promoting economic efficiency and growth. The state, in other words – and in its various extended guises – encourages both competition and agglomeration on a number of levels. At the most basic, policy measures determine the competitive environment within which firms and individuals operate, most obviously in instituting a legal framework for competition. Moreover, governance agencies steer competitive processes in stewarding innovation in research and technology. Business support and start-up initiatives, meanwhile, foster the entry of new market competitors. In respect

of agglomeration, on the other hand, the development of dedicated infrastructure, locational planning, training and labour market strategies, and the institutional support of industry networks all promote the clustering of cultural industries. If network relations between individuals and firms are particularly salient for the organisation of cultural–economic activity, governance agents play a strategic role in brokering sector networks, and in providing institutional leverage such that informational, technical and financial resources can be mobilised via these networks. Public and quasi-public actors, it follows, possess various means for hardening and embedding cultural–economic networks into a fairly stable institutional landscape.

This array of measures offers something of a wish-list for the effective governance of cultural sectors as an economy of networks. As it stands, cultural industries – however enthusiastic the governmental designs upon them – are broken up by different logics of accumulation, co-ordination and regulation. Forms of cultural production cut across state, market and non-profit sectors in often complicated ways. Given the extent to which recent thinking about the creative economy has been bound up with images of entrepreneurial or risk-taking behaviour (see Leadbeater and Oakley, 1999) – from the mix of self-promotion and private sponsorship that produced the Young British Artists in the 1990s, to the virtual economic bubbles of an expanding Internet economy – it is worth noting how much cultural activity remains located in the public and non-profit sectors (see Boorsma *et al.*, 1998; Salamon *et al.*, 1998). This only compounds the difficulty of mapping the cultural economy – and of quantifying, for the purposes of national accounting, its overall contribution to national wealth. It is not always clear which (part of what) organisation should be counted, or the extent to which overlapping public subsidies and private contracts distort the measure of economic outputs (although see DCMS 2001 for an attempt to stabilise such a measure). The cultural economy in this way represents a laboratory of mixed economic governance, with a dense cross-cutting of public subsidy, market activity, private contract, grant funding and volunteer labour – all of them liable to shrinkage and shift.<sup>8</sup>

### **Conclusion: beyond the firm?**

It is not especially novel to suggest that the distinctions between markets, firms and networks, viewed as different technologies of economic co-ordination, are breaking down (see, most notably, Williamson, 1985; Hodgson, 1999b). This is partly a reflection of the ‘growing networks and increasing intermediate relations between firms’ that extend across different economic sectors (Hodgson, 1999b, p. 242), and which characterise the cultural economy in particular. On another level this blurring reflects the growth of network theory within socioeconomic analysis, such that firms and markets can come to look to the analytic eye simply like different versions of a network. There is a danger here of collapsing the categories of ‘market’ and ‘firm’ into a general theory of networks (see Thompson *et al.*, 1991, pp. 14, 18; Callon,

1998) – blunting the analytic edge of each term, that of ‘networks’ especially. However, in the context of the cultural economy it seems questionable, given the spread of relational contracts and the disentanglement of labour, how far a definition of the firm that understands this as ‘an organised enclave, apart from the market’ can be sustained (Hodgson, 1999b, p. 237).

In examining how cultural–economic activity is organised in broad terms, or in tracing more closely the path of a cultural product from conception to consumption (see Callon, 2002), one is continually *led out* of the firm via different networks and, at certain moments, into markets of various kinds. For Scott (1999, p. 808),

modern cultural–economic systems almost always take the form of complex networks of workers *within* firms, linked together by tightly wrought networks of transactions *between* firms, in which many different hands are brought to bear on products as they go through the process of conception, fabrication and final embellishment.

There are particular implications here for how we might think about the nature and the role of the firm. Accounts of economic organisation within institutional analysis, suggests Hodgson (1999b, pp. 232–3), typically have centred on the classical form of the capitalist firm, based on private property and the wage relation. This model is put into question as the contract for services comes to replace the wage relation for a significant minority of workers, especially those who combine creative expertise with technical capital (whether we want to describe them as ‘self-employed producers’ or as a sort of ‘socio-technical capacity’). Such a shift has highly variable implications for different cultural workers in respect of income, working conditions and employment security; these changes also have marked effects on the culture of organisations, particularly in respect of their ability to capture, hold and reproduce knowledge.<sup>9</sup>

As a laboratory of mixed economic governance, the cultural economy does not lend itself always or easily to the ordering categories of market, firm and network. Hodgson attempts to open out the conventional analysis of these three categories as distinct (and exhaustive) terms, by locating them within a more general model of ‘organisations and “non-organisations”’. In this account economic activity is co-ordinated via more or less organised means, and the capitalist firm is just one – if rather dominant – mode of organisation among others (including the mutual or public enterprise, for example). Network relations, crucially, can be seen to cut across the boundaries of organisations and non-organisations, at certain times evincing the innovative capacities of markets, at others taking on more stable, durable and institutional features that replicate the capacities of the firm. Within the cultural economy this produces a kind of hollowing-out of the firm, as collective knowledge, conventions of work practice and cultural norms come to be mediated by relational ties. This is not to say that networks can or do simply displace firms as modes of economic co-ordination – the path of even the

most freestyle cultural producer, as McRobbie (2001) puts it, tends to remain one from ‘clubs to companies’. At the same time, where demand for labour as for products is insecure, networks can promote disentanglement as much as they secure economic embeddedness. Being both inside and outside a firm represents something of an each-way bet. The point is that there are exchanges at the margins between organisations and ‘non-organisations’, as actors and products move in and out of the market ‘frame’, as networks harden at certain points, and as the boundaries of firms become more porous, their internal organisation less orderly, what they ‘know’ more provisional, their lives shorter.

## Notes

- 1 The arguments developed in this chapter have emerged from research into cultural industries in London – carried out as part of a larger project in partnership with colleagues at the University of East London and Greenwich University (see Skills Observatory, 2000). The project strand which informs the current discussion was based on interviews with seventy-five organisations, fifteen each in the cultural industries sub-sectors of audio-visual, design and publishing, music, performing arts and visual arts.
- 2 These analytic problems are in part the effect of an emergent cultural economy itself, and in part they reproduce the more general problems of researching the small and medium-sized enterprises that are typical of much of that sector. The focus of the London research was on the small–medium enterprises that characterise the cultural economy in east and south-east London. Firms interviewed ranged in size from micro-businesses with fewer than ten permanent employees to medium-sized firms employing up to 400 people. However, casual, contract and freelance employment meant that the ‘size’ of businesses varied widely on a project or an event basis – for example, one music venue had a handful of permanent employees, but could employ several hundred for particular events. The seventy-five firms were selected so as to ensure: a geographical spread across the study area; a spread of business type; and a spread of business size within the small–medium range. The single exception in the sample was a large newspaper publisher employing 6,100 people.
- 3 In Britain in 2001, the creative industries were calculated to account for 5 per cent of GDP (at £112.5 billion, including £10.3 billion in export earnings), and to provide over 1 million jobs. See DCMS (2001).
- 4 The definition of ‘cultural industries’ used in the London Skills Observatory study was conventional in focusing on outputs, based on five sub-sectors: audio-visual, design and publishing, music, performing arts and visual arts. Britain’s Department of Culture, Media and Sport defines the creative industries in terms of the following sectors: advertising, architecture, art and antiques, crafts, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, television and radio – although these categories at times are extended to take in the broader domains of sport and leisure, tourism, and facilities such as parks and libraries. Such categories are hardly exhaustive, and are given to extension and expansion as the cultural economy undergoes rapid change. McRobbie (2001) contrasts the usual suspects from

- the policy field with a range of self-styled job titles among new cultural entrepreneurs, ranging from ‘cultural strategist’ to ‘incubator’ and ‘music portal’.
- 5 The strategic or acquired nature of organisational ‘culture’ is evident in the comparison between different informants in the London study: people working in a printer’s, using design software to produce fine art postcards and selling over the Internet, appeared less clearly identified with the ‘cultural economy’ – in spite of their creative and technical skills, in spite of the nature of the product, in spite of their use of new media – than did those doing clerical work in a medium-sized advertising agency. Believe, in other words, the hype.
  - 6 In other fields displays of loyalty and commitment appear more evident as labour market strategies. The Skills Observatory 2000 study found that visual and performing arts organisations, in particular, tended to a greater use of volunteer and placement staff, especially but not exclusively in the public and non-profit sectors. Voluntary work or work for low pay in those contexts was a way of demonstrating commitment to an organisation and to a creative field, as well as a means of gaining relevant skills and knowledge. A comparison between firms within the design and publishing sector sheds further insight on the variable nature of cultural labour markets. One advertising agency reported being swamped by unsolicited applications from graduates, while a number of printers reported difficulty in recruiting graduate and female workers – in spite of salaries competitive for the sub-sector, the skilled nature of the work and the opportunities these firms provided for in-work training. One informant reflected that printing simply wasn’t ‘trendy’ – it remained stubbornly ‘old economy’ in spite of its nominal categorisation within the cultural industries.
  - 7 Indeed the London study suggested, somewhat contrary to conventional analysis of cultural industries, that social ties were of more immediate relevance to supplier markets than to labour markets (Skills Observatory, 2000). This may, however, be skewed by the interview study being based on employers rather than on employees. More generally, where a firm buys-in human and technical capital in the form of ‘socio-technical capacity’ – a freelance designer using her own equipment, say – the distinction between labour and supplier markets is a difficult one to sustain.
  - 8 Moreover, different kinds of ‘governance mix’ characterise different cultural sub-sectors. The London study found that businesses in visual and performing arts tended to be more closely tied to forms of public and civic support than those in the audio-visual, software, design and publishing fields (see Skills Observatory, 2000).
  - 9 See McRobbie (2001) for an account that considers the effects of such economic arrangements both for individual workers and for wider organisational and professional cultures, especially in terms of de-politicisation.

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