

Entrepreneurial Ventures in the Creative Industries: a Case Study Approach

Aimilia Protogerou, Yannis Caloghirou and Foteini Markou

Laboratory of Industrial and Energy Economics, National Technical University of Athens

**Paper presented at the 27th Annual EAEPE Conference 2015
Scuola Politecnica of the University of Genova, Genova, Italy, September, 17-19**

Abstract

Creative industries are widely recognized as a highly dynamic part of many economies since it contributes to growth, job creation and internationalization and at the same time appears to be more resilient to economic recessions relevant to other sectors. Despite the fact that the creative industries have been attracting lots of attention among scholars in recent years, the existing theoretical and empirical studies on entrepreneurship are rather limited and many questions, have at best partial answers. In an attempt to provide some empirical evidence on the characteristics of the creative entrepreneurs and the specific challenges and obstacles they have to overcome in their entrepreneurial endeavours we have carried out 19 in-depth interviews with the founders of young firms in different creative sectors in Greece.

1. Introduction

During the last decades radical changes in the production and consumption patterns of goods and services, primarily driven by knowledge-based technological advances, have drawn attention to creative people, creative products and creative industries as essential components of the creative economy. The key element underlying these concepts is creativity which may be approached in various ways highlighting artistic, scientific, technological and economic dimensions or processes (UNCTAD, 2010). Irrespective of the way it is interpreted, creativity is considered to be closely related to the generation of new ideas, originality and innovation. As such, its role is crucial in many knowledge-intensive sectors of the economy. In this respect, creativity is conducive to defining the scope of creative industries (CIs) for which the research and policy interest is increasingly rising. Creativity and entrepreneurship are two concepts that have attracted much research interest due to their linkages and implications for employment, innovation and economic development. Relevant literatures have examined these notions either separately or jointly focusing on the way they are linked to each other (Nystrom, 1993; Lee et al., 2004; Okpara, 2007; Fritsch and Sorgner, 2013) as well as the way they may be combined in the context of

the creative entrepreneurship/entrepreneur (Ellmeier, 2003; Kirzner, 2009; Swedberg, 2006).

Contributing to growth, job creation and internationalization, creative industries are widely recognized as a highly dynamic part of many economies which seems to be more resilient to economic recessions relevant to other sectors (UNCTAD, 2010). Indeed, in times of financial and economic crisis, these industries become even more attractive as a source of potential employment and entrepreneurial endeavour (Henry and De Bruin, 2011). According to the latest data available in 2011, the creative industries of the economy in the EU-27 created a total value of EUR 558 billion euros, representing approximately 4.4% of total European GDP and 8.3 million full-time jobs (Terra Consultant, 2014). Indicative of the importance attributed to the creative industries in Europe are the initiatives aiming at the development of policies at the national and regional level to support and promote them. Despite the fact that CIs have been attracting lots of attention among scholars in recent years, the existing theoretical and empirical studies on entrepreneurship are rather limited and many questions, have at best partial answers. Where do creative industry entrepreneurs come from, do their motivations differ from those of 'ordinary' entrepreneurs? To what extent does the creative talent and human capital of employees contribute to the generation of new ideas, designs or innovative products? Do age, background, experience and entrepreneurial skills of founders impact on the likelihood of firm survival and growth? What factors hinder the growth of firms in the CIs?

In an attempt to provide some answers to the abovementioned questions we have carried out 19 in-depth interviews with the founders of young firms in the creative industries in Greece. These firms originated from different creative sectors and subsectors, such as branding, packaging design and communication design, fashion design, product design, architecture and video games development.

Some interesting research findings resulting from the case study work reveal the following: The creative entrepreneurs interviewed in Greece appear to be well educated and with significant prior working experience in the same industry. Their main motivation for starting up their own business seems to be their need to realize their own ideas and the main source of competitive advantage for their businesses appears to be their creative and technical expertise. All founders emphasized the need for entrepreneurial skills and the difficulty they faced in gaining those skills. Moreover, they expressed their dedication to expanding their companies while at the same time they stressed that their firms' growth has

to occur in a controllable and manageable way, as their main concern is to stay true to their creative identity and not jeopardize the quality of their work.

In addition, those firms that have founding teams combining entrepreneurial skills with creative and artistic skills and those enterprises with strong export orientation appear to have better growth prospects both in terms of sales and employees growth during the last three years. Government regulation that brings heavy taxation, bureaucracy, and limited support of newcomers combined with the harsh economic climate appear to be the most important factors that hinder these companies' growth.

The paper begins with a review of the relevant literature and focuses on the conceptual definition of creative entrepreneurs and the special challenges they come across in their entrepreneurial endeavours. The third section provides the context of the creative industries in Greece and a brief description of the methodology and the research design and section four presents the results of the case study analysis. Section 5 offers some concluding remarks.

2. Theoretical background

2.1 Defining the creative entrepreneur

As frequently noted in the entrepreneurship literature, despite the large volume of theoretical and empirical research, the definition of the 'entrepreneur' continues to be problematic (e.g. Henry, 2007, p. 200). Evidently, defining the entrepreneur in the creative sector which exhibits a high degree of heterogeneity in organizational and other aspects across its various segments is seen as an even more complicated task (HKU, 2010; De Bruin, 2007; Aggestam, 2007). More specifically, the creative sector comprises a large number of significantly heterogeneous sub-sectors and industries which also appear to exhibit diverse features in terms of organization, market structure, economic magnitude and government support across countries or even across regions of a country (HKU, 2010; Henry, 2007). In this regard, one should also expect great variation in the characteristics and challenges of entrepreneurs being engaged in different industries of different countries and regions. Moreover, while this past decade may have witnessed a degree of consensus on what constitutes a creative industry many questions remain open calling for further definitional and policy coherence (Flew and Cunningham, 2010). On the other hand, analyzing the concept of the 'cultural and creative entrepreneurship' entails the combination of elements from two different worlds, i.e. the world of culture and arts on the one side and the world of business on the other (e.g. Caves, 2000; Eikhof and Haunschild, 2007; Hagoort, 2007; HKU,

2010). These discrepancies in the entrepreneurial environment along with the definition difficulties mentioned above a) are the main reasons frequently used in the literature to explain the lack of a generally accepted definition of the creative entrepreneur and b) may constitute crucial factors for the limited availability of empirical evidence on creative entrepreneurship.

However, many relevant definitions have been proposed for the creative, the cultural or the art entrepreneur which even if they may be slightly different in the terminology, they eventually agree or complement each other. The creative entrepreneur in general can be perceived as the individual who 'excels in the sequential process of handling and balancing over time the often conflicting and counteracting tendencies inherent in the entrepreneurial act, sometimes broadening the scope by acquiring new knowledge or establishing new relationships and sometimes narrowing it by refining and concentrating existing technologies and networks' (Nystrom, 1993, pg. 238). According to Leadbeater and Oakley (1999), and Rae (2004) creative or cultural entrepreneurship refers to creating or identifying an opportunity to provide a cultural product, service or experience, and bringing together the resources which enable this to be exploited as an enterprise. Aggestam (2007) argues that art entrepreneurs should be considered as diversely creative, commercial exploiters of artistic knowledge who possess individual skills, competence, commitment and creativity-based mindsets.

Emphasizing also on both artistic and economic aspects, Swedberg (2006) considers cultural entrepreneurship as the process of carrying out a novel combination of artistic and economic items that results in something new and appreciated in the cultural sphere. More recently, the study of HKU (2010) describes cultural entrepreneurship as 'the concept of running a cultural or creative organization; driven by an explicit strategic cultural mission; taking risks in balancing creative and management values; and contributing to a vital infrastructure in its direct environment'. In essence, the creative entrepreneur is a creator of economical value (Sternberg, 2005).

Evidently, creative entrepreneurs share many of the entrepreneurial personality traits also identified in typical entrepreneurs such as locus of control, innovation and achievement motivation, high tolerance to ambiguity, perseverance, self-reliance, adaptability, autonomy, creativity and innovation. Accordingly, both types of entrepreneurs are characterized by the willingness to assume risks, the alertness of opportunity and the change perspective (Kooyman, 2012). Along these lines and following Schumpeter artists and (typical) entrepreneurs are dynamic, active, energetic with leadership qualities motivated by power

and joy in creation; they feel no inner resistance to change and put together new combinations making an intuitive choice among a multitude of new alternates (Swedberg, 2006).

On the other hand, some tensions underlie the term of the creative entrepreneur which have further implications regarding the way this type of entrepreneur differs from the conventional one. In fact the relevant term recognizes the latent entrepreneurial spirit of an artist on the one hand and the latent creative spirit of the entrepreneur on the other implying that the entrepreneurial act responds to two triggers, an extrinsic which is business driven, and an intrinsic that involves an aesthetic outcome and a sense of personal achievement (Aggestam, 2007). These tensions originate from the difference in motivations between creators of artistic/cultural work and typical entrepreneurs or, to be more specific, the way motivations are prioritized in each case. A creator of a cultural work may be characterized as creation-oriented prioritizing the cultural or artistic value of the creation over the motivation for generating economic value, while the typical entrepreneur, being growth-oriented, values the economic exploitation higher than the cultural value of her work (HKU, 2010; Eikhof and Haunschild, 2006).

Taking into account the above mentioned definitions and tensions, we can adopt a working definition perceiving creative entrepreneurs as those individuals who are equipped with entrepreneurial and creativity-based mindsets which enable them to transform creative and other basic inputs into marketable outputs with economic value. Thus, a creative entrepreneur is expected to be able to balance and integrate the artistic freedom with the entrepreneurial freedom (Hagoord, 2007) in organising and managing creative activity in a commercial manner (HKU, 2010).

To sum up, the literature suggests that creative entrepreneurs share many of the entrepreneurial personality traits with typical entrepreneurs. Yet, they differ in some fundamental aspects being part of a new and emerging social group, representing the valuable new knowledge workers and eventually beginning to form a new type of creative class. The following section attempts to provide further insight into the characteristics of entrepreneurs in the creative industries, emphasizing on the special challenges and obstacles they have to overcome in their entrepreneurial endeavours.

2.2. Characteristics of creative entrepreneurs and specific challenges they face

As already mentioned in the previous section creative entrepreneurs share common entrepreneurial traits with traditional entrepreneurs. In addition they also share common core characteristics within creative sectors such as risk propensity, inspiration, creativity and

entrepreneurship. For instance, dealing with risk factors is a core entrepreneurial attribute in the music industry as entrepreneurs usually take risks with newly composed songs, new interpretations or the novel integration of different music types (Rae, 2007).

Entrepreneurs in the CIs require a special set of skills as a consequence of the fact that they have to interact with different parts of the creative industries value chain (marketing, distribution, consumption) in order to sell their talent and products. For instance any cultural production, be it music, video, or computer games requires the engagement of diverse enterprises operating independently and in complex and specialized ways. Self-employed entrepreneurs that attempt to sell their ideas, talent and skills have to work and cooperate closely with production and distribution companies in a shared enterprise. Thus they are depended on a highly networked environment of workers and firms. Although the inputs of entrepreneurs in the creative industries value chain stem mainly from their inspiration and creative dynamic and are dissimilar to inputs pertaining to more ordinary economic incentives the combination of both types of inputs is required in order to add value in a particular activity (Rae, 2007, de Bruin, 2007).

The next subsections are intended to further identify, elaborate and highlight the main characteristics of the entrepreneurs and their ventures in CIs referring to key aspects of their entrepreneurial activity such as profitability and growth, employment forms, finance, access to market, education, skills and networks. Importantly, the relevant discussion also reveals and emphasizes the challenges and barriers these actors have to face in their entrepreneurial ventures.

2.2.1 Working relations and employment forms

Literature suggests that creative entrepreneurs are far more likely to be engaged in non-conventional employment based on part-time work, temporary contracts and freelancing, than the workforce in general. In this vein, Ellmeier (2003) emphasizes on the atypical forms of employment and the precarious working conditions in cultural and creative sector involving flexibility, mobility, project work, voluntary or very low-paid activities. Focusing on self-employment, CIs exhibit significantly higher rates compared to industries of non-creative sectors. Indicatively, it is reported that in the UK about 34% of the people working in CIs are self-employed while this percentage is only 15% for the economy as a whole (Leadbeater & Oakley, 1999). Baines and Robson (2001) also state that in the creative sectors people are three times as likely as the workforce in general to become self-employed, usually as solo businesses without employees. The rate of self-employment seems to be much higher in younger, newer sectors such as multimedia, design, computer

games, internet services, fashion and music and is lower in the subsidized and public cultural ones such as museums and galleries, which tend to have an older work force (Leadbeater & Oakley, 1999).

This shift towards atypical and precarious forms of employment in CIs has been accelerated during the last decades (Leadbeater & Oakley, 1999), wherein fundamental changes took place in the structure of EU labour markets and working relations driven by the 'marketisation' of culture on the one hand and the 'culturalization' of the market on the other. Under these new conditions the profile and the role of the employer and/or employee has radically changed within the creative the cultural sector giving rise to a new type of worker, referred as 'entrepreneurial individual' or 'entrepreneurial cultural worker' or 'cultural (micro-)entrepreneur'. These people are profiled as young, multi-skilled, flexible, psychological resilient, independent, single and unattached to a particular location, who do not follow prescribed standards and grasp whatever opportunity appears in the fields of art, music or media. (Ellmeier, 2003)

2.2.2 Education, skills and training

Creative entrepreneurs need to develop a mix of creative and business skills often at different stages of their careers (Leadbeater & Oakley, 1999). Their dual role as an artist and at the same time as an entrepreneur requires creativity skills related to imagination, divergent thinking and intuition as well as entrepreneurial skills and capacities on business planning, presentation, communication, management and marketing. While there is an inherent artistic creativity that cannot be taught, how to run a business can be (Phillips, 2010).

There is evidence that people working in CIs are well-educated. Indicatively, it is reported that 55% of US artists hold a college degree, which means that artists are twice as likely as the overall labour force in the US economy to have graduated from college (Phillips, 2010). Statistics from UK reveal a similar picture indicating that 43% of the workforce in the CIs has passed through higher education while the corresponding percentage for the whole economy is only 22%. The rates are even higher for younger people working in the cultural sector according to which 77% of those aged between 20 and 34 hold a degree.

However, despite the evidence of higher levels of formal education attained by entrepreneurs in CIs relative to non-creative sectors, there exists a general lack of key entrepreneurial skills within all sectors of CIs (HKU, 2010). The knowledge and skills shortages may vary across the different industries of the cultural sector. For example, Storey et al. (2000) provide empirical evidence from the media industry showing that media

freelancers focus on relationship management and personal marketing disregarding other important business skills and knowledge such as those referring to accounting. Along these lines, Baines and Robson (2001) focusing on media self-employed individuals as well emphasize on the marked lack of skills in negotiating and marketing.

Formal education and training usually are too inflexible and fail to provide individuals with creativity and entrepreneurial skills when actually needed (Leadbeater & Oakley, 1999; Phillips, 2010). Given that in general entrepreneurial educational programmes fitting the special needs of creative entrepreneurs are absent in national curricula, changes are required in the present structure of universities (Roodhouse, 2009; HKU, 2010). In fact, evidence shows that formal education and business training in their current form have minor or no contribution to employment and earning potentials for artists (e.g. Karhunen, P., 1996; Throsby, 1996) and entrepreneurs in CIs do not opt for such forms of learning (Raffo et al, 2000).

Regarding other ways of acquiring the necessary skills and knowledge, a number of studies consider the role of 'learning-on-the-job' as more significant than formal training (Phillips, 2010). HKU (2010) provide evidence showing that internships, hands on learning or learning by doing as well as personal relationships/networks are the most relevant determinants to accumulate entrepreneurial and business skills. The skills of cultural entrepreneurship can be learned but usually from practical experience and peers rather than in a classroom (Leadbeater & Oakley, 1999). Entrepreneurs in CIs learn by reflexive and reflective learning in an informal and grounded manner working out problems as they arise and by making mistakes (Phillips, 2010).

2.2.3 Access to finance

In general, creative entrepreneurs have limited access to external finance. This is mainly due to the fact that financial institutions (e.g. banks) or funding programmes fail to sufficiently recognize the economic value of intangible assets such as novelty, creativity, soft innovation or copyrights because they are normally not depicted in accounts (HKU, 2010). For example, banks and other financiers appear not to understand the music business and in consequence they are not sympathetic with their particular needs. Empirical evidence suggests that their dominant perception is that 'independents in the music industry are unprofessional organizations dominated by eccentric individual' (Wilson and Stokes, 2005, pg.375).

In addition, although banks are considered an important funding source for SMEs, due to the financial recession they have become more risk averse and thus more hesitant to finance cultural and creative endeavours as they are perceived as high risk investments

(HKU, 2010). Therefore, the original and unique features of cultural and creative products coupled with their perception as experience goods leads to increased risk and uncertainty regarding their commercialization potential. As a result, access to external funding sources becomes more difficult and the importance of risk-sharing increases (Turok, 2003). Creative entrepreneurs find it difficult to attract venture capital funds. This can be mainly attributed to the fact that venture capitalists have no experience in assessing artistic or experience projects/ventures (Sundbo, 2011). On the other hand, creative entrepreneurs are nervous about partnerships with investors fearing loss of control of their company and thus appear unwilling to share profits in return (HKU, 2010).

2.2.4 Access to market

A prerequisite for an artist aiming at developing entrepreneurial activity is to gain access to the appropriate market for her artistic or cultural product. In fact, as mentioned above, a key attribute common to both creative and typical entrepreneurs is the alertness of opportunity which refers to the detection and exploitation of market opportunities that have been overlooked or gone undiscovered by others (Kirzner, 1973). Focusing on the CIs, labour and product markets generally characterized by high uncertainties, risks and unpredictable demand conditions may raise additional obstacles for starting up a business within the cultural sector as compared to the non-cultural sector. What is more, limited knowledge of the markets and, especially, the external ones entails increased difficulty for many entrepreneurs in CIs in identifying and exploiting market opportunities (HKU, 2010).

On the other hand, technological developments and specifically the digitalization of the relevant markets bring about new market opportunities for producers of content, and generate significant growth prospects for the cultural and creative sector. This can be demonstrated by the emergence of a considerable number of new cultural professions including the information broker, online editor/author, music software expert, DJ service, website designer/computer graphics artist, multimedia designer and multimedia producer, video editor, audio engineer and digital moviemaker (Ellmeier, 2003). The increasing number of people participating in the arts through electronic and media is indicative of the potential that digital media can offer in terms of new market opportunities (HKU, 2010).

2.2.5 Profitability and growth

Within creative industries many people start and run enterprises of different kinds ranging from self-employed artists to owners of globally significant business organizations (Bjorkegren, 1996). This is reflected in relevant statistics according to which around 80% of enterprises in CIs are very small or 'micro-enterprises' (employing fewer than 10 people),

while the corresponding percentage of large-scale enterprises is marginal, at less than 1% (HKU, 2010). Notably, almost 60% of 'micro-enterprises' consists of very small micro-businesses with only 1 to 3 employees (HKU, 2010). These statistics reveal a noteworthy feature of CIs that is the absence of medium-sized enterprises which is often called the 'missing middle'.

The entrepreneurial incentives in CIs may have important implications related to business profitability, size and growth. The intention/motivation to set-up a creative venture may have various drivers such as personal-fulfillment, independence, self-reliance, etc., however, the generation of value is also an important reason. For a creative person the concept of value can have several underlying dimensions related to financial, social and emotional aspects (Kurz, 2010). Non-financial rewards constitute a significant benefit of value creation. For instance, empirical evidence, suggests that for young fashion designers who become entrepreneurs, the established business should be profitable, nevertheless they do not necessarily expect to make a fortune out of it as they put their emphasis on the creative side of the new venture (Kurz, 2010).

This is a significant aspect since it can have an impact on the company growth. If a firm founder prefers a small-scale firm then future growth is not a main issue. It is well articulated that the challenge of growth is a horizontal problem in entrepreneurship. Nevertheless it is manifested more obviously in creative entrepreneurial ventures not only because creative entrepreneurs are more occupied with their idea and less oriented towards business activities than archetypical entrepreneurs but also because they often have less experience with growth issues and less management skills (Sundbo, 2011). Empirical analysis also shows that although many artistic entrepreneurs survive they rarely grow even if they intend to as a result of intense competition conditions in local and global markets. In addition, many of them are unable to attract capital investment while at the same time they are less risky and they do not like to take credit (Sundbo, 2011; Kurz, 2010).

3. Research context and design

3.1 The context: an overview of the creative industries in Greece

Employment

Taking into consideration the special characteristics of employment in CIs (mentioned in the previous section) it can be easily understood that it is quite challenging to accurately estimate employment using the available official data sources. More specifically in the Greek creative sector, on the one hand, the NACE classification used by the Hellenic Statistical

Authority and then by Eurostat does not include a detailed 4-digit code analysis, on the other hand, a considerable number of people working in the creative sector either does not “officially declare” as its primary employment sector one of these industries (although he/she is actually employed in them) or works without social security (Avdikos, 2014). Another limitation of official statistical data is that they do not take into account voluntary (i.e. unpaid) or temporary employment (e.g. internships).

Therefore, the estimations about the employment in the creative industries can differ according to the available statistical data and their sources as well as on the selection process of the specific industries. A recent study based on Eurostat data estimated employment in 10 creative industries in Greece¹ for 2013 (Avdikos, 2014). It showed that the total number of employees in these sectors reaches 110,000 people and accounts for 3% of total employment in Greece. What is more, there is a tendency of overconcentration of the creative and cultural activities in Greece in certain regions and especially in the Attica region (Power, 2011).

According to Avdikos (2014) the employment in the 10 abovementioned sectors decreased between 2008 and 2013 from 156,000 to 110,000 employees (i.e. a decrease of 30%) while in the EU-27 the total number of people employed in these industries remained invariant. More specifically, it appears that in terms of employment the economic crisis had a significant impact on the CIs since five out of ten industries decreased their number of employees drastically and much more intensively than EU-27 in the period 2008-2013. Contrary to these sectors, design and software industries showed a considerable increase in employment, 62.2% and 26.9% respectively. These two industries were also the only ones which showed an increase in employment in EU-27 as well (33.5% and 15.5 respectively).

Sector sales and number of firms

In 2006, the total sales in 13 CIs² was 11.7 billion € while the total increase in sales between 2000 and 2006 was 69.1% (i.e. an average sales increase of 10% per year). Taking into consideration that the increase of the Greek GDP during the same time period was 23% it can be easily understood that creative industries in Greece grew at a much higher rate compared to the growth rate of the national economy for the same period. In 2006, the number of firms active in these 13 CIs was 71,291, i.e. it followed the increasing trend in sales and grew significantly (63.5%) since 2000. The most important sectors in terms of sales

¹ Namely, architecture, publishing, printing, software, film, video and music, advertising, arts and recreation, museums and libraries, design, TV and radio.

² The 13 CIs include all these sectors mentioned in footnote 1 plus software, photography and cultural commerce.

were advertising, publishing, television and radio and architecture, while the majority of young firms which began their operation between 2000 and 2006 were active in music, libraries-museums, cinema-video and software.

The growth of the creative and cultural sector in Greece has been greater compared to that of other sectors of the domestic economy while at the same time CIs turnover is much bigger than that of many traditional sectors. Therefore, creative industries can be considered as a quite significant part of the Greek economy. The economic crisis which practically affected the Greek Economy from 2009 onwards appears to be more evident in most creative industries only in 2010. According to Avdikos (2014) the Gross Added Value (GVA) in 8 basic creative sectors reached its highest point in 2009 (approx. 5.9 billion €) while in 2010 and 2011 decreased in 5.3 and 4.6 billion € respectively, a total decrease of about 27% (2009-2011). During the same time period the Greek GDP decreased by 10%. This practically suggests that although the impact of the crisis was visible in the CIs one year later, this impact was harsher than that on the whole Greek economy.

The GVA decrease and, in consequence, the decrease in sales can be mainly attributed to two facts. First, creative industries are essentially populated by small and very small firms, which are extremely vulnerable to demand fluctuations; can easily exhibit cash flow problems and have a less reliable access to bank financing. Second, many creative firms usually constitute the most innovative part of complex value chains, (for instance, connection of advertising-music and tv/radio), which practically means that they sell products or services as intermediate products to other sectors which may or may not belong to the CIs. As a result when the latter are facing a demand decline of their products, they begin decreasing, sometimes much more intensely, their own inflows (e.g. advertising). (Avdikos, 2014).

3.2 Methodology and data

Qualitative research is the most appropriate approach to study a particular topic in-depth. In addition, it is beneficial for the investigation of a phenomenon within its real-life context (Yin, 2009) and it is more suitable than quantitative research methods when there is limited work published of the topic in focus (Myers, 2008). Although the field of creative industries has been attracting an increasing amount of attention among scholars, the more specific area of the characteristics of the creative entrepreneurs and the barriers and challenges associated to entrepreneurship in these industries is relatively under-researched. Consequently, we have chosen a qualitative approach to our research methodology in this

paper and more specifically an exploratory case study research. Because of the exploratory nature of our work we don't employ theoretical propositions as such. In our study we set out to explore the characteristics of creative entrepreneurs and the challenges they face during their entrepreneurial activity found in the literature and in reality. Thus, literature review was used as a basic tool to orient us to certain critical processes in order to explore the issues at hand.

The case study work was carried out in Greece between May and July 2014 in four different creative sectors (Table 1). We have decided to include in our analysis both traditional sectors such as architectural design and advertising which appear to be less resilient under the conditions of the current financial crisis in Greece, and younger more promising ones, namely, specialized design activities and video games. For example, architecture, which traditionally has been a sector involving a lot of sole proprietorships and non typical partnerships is among the creative industries that have been hardly hit by the crisis in Greece. On the other hand, other sectors such as publishing of computer games, appears to be a promising field not having yet unveiled its full potential. There are only a few companies that are actively involved in the field generating revenues. However, in the last few years, the interest in the specific activity has been steadily increasing and the latest technological advancements have facilitated its growth at an international level.

Table 1: Distribution of interviewed firms per sector

Nace rev.2 code	Sector description	Specific activity	No of companies
74.40	Advertising agencies	Branding, packaging design, communication design	6
74.10	Specialized design activities	Fashion design	2
74.10	Specialized design activities	Product design	2
71.11	Architectural activities	Building design & drafting	5
58.21	Publishing of computer games	Development of video games & relevant frameworks	4

Data were collected through face-to-face interviews with the whole founding team or at least one of the founders using a semi-structured questionnaire with open-ended questions which focused on:

- a) general information about the firm
- b) creativity and skills of employees focusing on specific skills and expertise that are either held in-house or are acquired from external sources

- c) detailed information on the founder or the founding team such as founding motivations, educational background, professional experience and knowledge, entrepreneurial skills and ways of acquiring them, important steps and future prospects in the personal career of founders
- d) information on firm growth, clients and markets (national, regional, international) significant barriers to entry in the sector and factors that hinder subsequent growth, innovation performance and intellectual protection methods.

The average interview length was approximately 90 minutes. The collected interview material was transcribed and carefully synthesized to provide evidence in response to the following research questions:

- Where do creative industry entrepreneurs come from, do their motivations differ from those of ‘ordinary’ entrepreneurs?
- To what extent does the creative talent and human capital of employees contribute to the generation of new ideas, designs or innovative products?
- Do background, experience and entrepreneurial skills of founders impact on the likelihood of firm survival and growth?
- What factors hinder the growth of firms in the CIs?

4. Discussion of empirical results

An overview of the interviewed firms

Sector	Year of establishment	Number of founders
Branding, packaging design, communication design	2005-2012	2-3
Fashion & product design	2006-2012	2
Building design & drafting	2006-2008	2-4
Development of video games	2004-2011	2-3

All firms in our sample were established between 2004 and 2012, i.e. they are in their majority young firms. Most interestingly, approximately one third of them (6 out of 19) were established in 2011 and 2012 despite the financial crisis in Greece. Although there is always a risk in setting up a firm during a severe economic downturn, those firms that have decided to do so seem to be optimistic: *“we are very optimistic despite the fact that Greece has a*

long way to go compared to other counties as far as design is concerned. Our business activities have been certainly assisted by the general increase in the acceptance and trust of design, design seems to be more present nowadays and more marketed” (Roleplay)

In addition, some firms target exclusively at foreign markets (e.g. Ancient Greek Sandals, Zeus + Dione, AbZorba games) and therefore they are not directly impacted by the shrinking of the national market.

In their majority, these firms were founded by teams composed of 2 people (13 out of 19) while the remaining companies were established by 3 persons and only one firm had been founded by a team of 4. Our findings suggest that the companies under study are micro firms. In Firms in branding, packaging and communication design employ between 2 and 8 people, in fashion design between 7 and 15 people and in the video game development sector 4-12 employees. It is worth noting that more than half of the firms (10 out of 19) do not have other employees besides the founders. This is especially the case of companies active in architecture and product design. The absence of full-time employees is in some cases imposed by the current financial situation in Greece. However, it appears that the majority of these companies employ people on a project basis. Product design firms cooperate with craftsmen and different types of manufacturers in Greece and abroad to produce the objects they design. Fashion design firms also cooperate with external partners: *“there is a network of more than 40 people, mainly ladies which embroider, knit, and weave on traditional looms” (Zeus+Dione).*

Firms in packaging and communication design usually have a large network of external partners depending on the project such as photographers, content producers, graphic designers, illustrators, developers, architects and so on. *“We cooperate with 25 different external sources which can be either individual freelancers or small companies such as photographic studios or architectural offices” (Busybuilding).*

Some firms, especially architectural offices, also employ a small number of interns (usually 1 or 2) on a regular basis. Fashion design firms also have interns: *“We have now two girls doing internship for the summer, they are Greek students studying abroad. People apply for internships, however, we usually do not choose to have interns because we are very busy, we don’t pay attention to them and they get disappointed. On the other hand, while we used to seek interns from Greece (especially from private colleges) in the past we did not have any offers and we stopped asking” (Zeus+Dione).*

The contribution of the creative talent and human capital of employees into the generation of new ideas, designs and innovative products

The creative talent and human capital of employees, whether full-time or cooperating on a project basis is essential to the generation of new ideas, designs and innovative products and eventually the creation of competitive advantage for firms in the CIs. These professionals' creativity and innovative mindset has been usually shaped after years of academic education and/or professional experience. As already mentioned above the companies under study have only a small number of full-time employees and usually the entrepreneur(s) is also the creative talent of the company. However, most founders concluded that the interaction with their team of employees is an inspiring process through which they share their ideas and eventually see them materializing. In addition, they also reported that, in general, they encourage their employees to pursue their own projects. Innovative ideas, designs and products are born through this freedom for expression and creative thinking and employees are encouraged to bring their own ideas to the table and take relative initiatives.

The interviewed firms emphasized that they undertake their core activities in-house stressing therefore that their creative talent is mainly internal. In the branding and communication design sector, all companies under study undertake their design services almost completely in-house, relying to external sources only if needed, depending on the project and the customer. In fashion and product design companies, design services are also internal to the firm while external sources of expertise (usually freelancers and craftsmen) are used in less core activities/functions. For instance, *Zeus+Dione* reported that design is an exclusively internal function, while market relations are undertaken by an external firm. The material dedicated to the firm's promotion (collections' brochures) is developed through the cooperation of a photographer and a graphic designer while all written content is developed internally. Market research is also done internally. Similarly, in the game development sector, firms obtain critical technical skills from external sources only to a small percentage. For example, *Lazyland* obtain design services and creative and media content services from external sources if necessary, while they do 80% of the software development and engineering and applied services in-house.

In addition, all these firms rely a lot on their respective networks of freelancers/external collaborators who, even though they may not be full-time employees, make a significant contribution to the company's creative potential and final outcome. Their work is much more flexible than that of the full-time employees but is actually extremely necessary. For example, in the product and fashion design sector, which requires production of physical objects/items, the firms under study cooperate on a project basis with a network

of professionals, most of which come from Greece and are involved in the production process. For example Zeus+Dione are working only with Greek artisans: *“the network of artisans we work with are committed to us and to the brandthe unique artisan quality of silk produced by our silk producer in Soufli is definitely one of the things that makes our brand stand out in the best possible way”*. In the same vein Ancient Greek Sandals are manufactured by Greek craftsmen in a factory in Athens using traditional techniques: *“In this way we were able to offer handmade quality sandals that have a raw look and are not similar to other sandals in the market, and most importantly, with our ‘made in Greece’ sandals we were able to support our logo and philosophy right from the beginning and everyone liked that”*.

The motivations of creative entrepreneurs in setting up their business

In the product and fashion design sectors the founders of the companies under study had known each other for years and shared common interests and aesthetics, creating a favorable environment for their professional cooperation. They realized that there was a gap in the market for the products they intended to offer, however, at the beginning they were not sure whether their venture would be successful or not. Even though they started their businesses in times of economical turmoil in Greece, namely in the span of the last 5 years, they carefully distinguished themselves from their competitors both at a national and international level which ultimately led to their success. For example, for the founders of Zeus+Dione, a company that embodies the rich Hellenic heritage into today’s everyday items (from clothes, jewelry and footwear to small furniture) offering a collection of handmade, high quality products, the love for their country combined with their love for fashion led them to start their business. Although the professional careers of the two female founders were totally irrelevant with the fashion industry, they were friends that shared a common *“passion for fashion”*. In 2011, they decided to create a Greek brand that would offer premium handmade high quality products worldwide. In essence, they targeted at creating a luxury brand that they could be proud of, a brand that could offer unique items based on local refined craftsmanship. Having this initial idea in their minds they have started travelling all over Greece in order to identify craftsmen that could share their idea and dreams and could deliver such products. Right from the start, sector experts in Greece that the two founders have contacted seeking for advice have been very reluctant about this entrepreneurial endeavour, *“ they all thought we were crazy, however, after experimenting, researching and preparing for launching our business, we were convinced that we would succeed”* (Zeus+Dione). In any case, it is characteristic that the founders of these firms by

establishing their companies were not expecting to make money but rather to express their own ideas to use their creative and artistic skills and even support and reinforce the creative culture in their communities or regions: *“we have never expected to make money out of this story and now we have fully realized it however, we have been trying to introduce a new sense of “Greeknness” to contemporary product design, by mixing up some of the country’s spiciest ingredients: humor, irony, nonchalance and extravagance” (Greece is for Lovers).*

In the video games development sector, the founders were involved in the computer science fields long before their firms’ set up. For example, Total Eclipses’ founders began programming at a young age and while still at school they wanted to develop their own games. All founders stressed that at the time of their companies’ establishment a favorable climate for such initiatives was taking shape and social networking was starting to blossom. They initiated these ventures out of their need to realize their own ideas and express their artistic skills while they acknowledged that there was high demand for the products their firms would offer. In Greece, the sector was underdeveloped at the time, so they realized that they would not face fierce competition from other companies at least at a national level. In parallel, they targeted international markets and tried to establish themselves on a global scale. They were ambitious to create companies globally recognized that could become parts of larger corporations. Furthermore, all founders emphasized that they have a great deal of expertise in the area, both academic and professional, which led them to start their companies. However, some founders stated that they have pursued academic education in other fields not connected to game development. In these cases, they compensated for any lack of skills with learning by doing and appeared to be constantly evolving through their work in their firms. They also stressed that they did not become entrepreneurs in order to make money, and they were very cautious in the beginning as they did not know if their firms would eventually be profitable.

In branding and communication design, the founders came up with the idea that led to the establishment of their firm due to their inherent need for creation combined with their need for expressing themselves independently and bringing a more personal character to their work without having to deal with budget and timeline limitations. In the case of Pi6 Communication, this coincided with the 2004 Olympic Games, that Greece hosted, which led to a big local growth in the industry. The founders of *Kommigraphics* have stressed that they have not set up their company for financial reasons: *“We have both been working in companies before...It comes a time when the expertise and experience you gain by working at least 11 hours a day in the private sector either in design or marketing you want to*

express it through your own company, in something that you have created...We knew that perhaps at the end of the day the economic benefit could be much bigger, however we also recognized that by starting our own firm risks would be much greater and at the beginning our income would be much smaller”.

In the architectural design sector, all of the founders were active in their field prior to establishing their own firms. For example, the founders of AREA and deltARCHI reported that the awards they gained in architectural competitions led them to establish their own firms. LKMK were trying to deliver independent projects in addition to being full-time employed to other architectural offices, however when their independent work increased they have decided to quit their jobs and establish their own firm. All firms acknowledged a specific gap in the market that they could bridge offering their services. Observing both the public and private architectural sector in Greece, they were convinced they would be successful due to their innovative approach and quality of their work. In addition, realizing that there was high demand for the services they would offer, they wanted to reinforce the artistic and creative culture in their region, in the optimistic climate that followed the Olympic Games of 2004.

The impact of background, experience and entrepreneurial skills of founders on the likelihood of firm survival and growth

In the product and fashion design sectors, all founders hold bachelor’s degrees in product design, industrial and interior design, jewelry design, footwear design, engineering, marketing and economics. They have all studied in renowned universities mostly in the UK and the US and in their majority also hold master’s degrees in subjects closely related to their undergraduate studies. They all feel that there is a strong link between their studies and the establishment of their firms. Even in cases where the founders have studied economics or marketing (Zeus+Dione) acknowledge that their academic background has definitely helped them a lot especially in managing and organizing their firms.

While studying most of the founders have also gained work experience, either linked to their studies or not. After finishing their studies they have worked for several years mostly in the same sector of their current entrepreneurial activity. In the product design sector, the founders have acquired 1.5 to 10 years of professional experience freelancing or working in small firms, in their fields of academic education. The founders of firms in the fashion design sector have either worked in large firms, such as Louis Vuitton, Balenciaga and Deutsche Bank, or have founded their own companies (most them reported that they have decide to quit their previous entrepreneurial activity as they had to devote all of their time to their

new ventures). All in all, the interviewed founders believe that the knowledge and experience they have accumulated in the past have greatly affected the establishment of their firms and have helped them a lot later on in managing their companies.

In the video games sector, most of the founders are very well educated holding master's or PhD degrees. Some of them reported that they were interested in computer games development from a very young age and, in general, they acknowledged that their studies have helped them to attain the required technical expertise to establish their own companies later on. The interviewed founders have also stressed that during their studies they have gained valuable professional expertise working as researchers, establishing their own firms or working for other companies. For example, Total Eclipse's founders set up their first firm while still studying at the university and have gained expertise which would later prove to be their firms' competitive advantage. In addition, many of founders gained expertise through academic research in Greece and abroad. This experience was closely related to the projects they undertake in their firms and laid the foundations for their success in the sector. All in all, the interviewed entrepreneurs stated that the knowledge and experience they have accumulated in the past is strongly interrelated to the establishment of their firms and have greatly helped them in managing their companies and move on.

In the branding and communication design sector, all founders are well educated and many of them have studied abroad, especially in the UK but also in Germany. The founders' major field of studies focuses on various aspects of design and they have acquired master's degrees in graphic design, marketing, cultural policy and management, architecture and communication design. All of the founders see a strong connection between their studies and the establishment of their firms. During their studies, most of the founders acquired practical experience through internships, while one of them had already founded a firm and some did voluntary work in their fields. In any case, the subject of these first working experiences was closely related to their current activities in their firms. Their professional working experience prior to the establishment of their own companies ranges from three to seventeen years. In general, they have worked in the same business sectors as they currently do. All the founders recognize that the knowledge and experience they accumulated in the past have had a big impact on the establishment of their firms. Furthermore, they have realized that the management and organizational skills they have acquired in the meantime have helped them a great deal in managing their companies.

In the architectural design sector, all founders hold university degrees and most of them have also pursued postgraduate education. They have studied in USA, Greece and

other European countries, such the UK, the Netherlands and Italy. The major field of their studies is architecture, while some of them hold degrees in humanities, management, interior and industrial design. All founders see a clear connection between their studies and the establishment of their firms. Most of them had acquired working experience during their studies, for example by participating in exchange students programs. In their majority, the interviewed creative entrepreneurs mentioned that they have worked in other architectural agencies prior to establishing their own firms. Most interestingly, some of them have been employed abroad, namely in France, the Netherlands, USA, UK, Japan, Belgium, and Slovenia. Some of the founders in two companies also reported that also have an academic career in parallel to working in their firms. All founders mentioned that the knowledge and experience they have accumulated in the past had an important impact on their evolution at a professional level as they were able to add valuable practical experience to their theoretical academic education.

During the interviews it was found out that entrepreneurial skills appear to be important prerequisites for firm survival and growth. For example, in the product and fashion design sector, the entrepreneurs interviewed emphasized that the most relevant entrepreneurial/managerial skills for their industry are creative thinking and business plan vision combined with international export vision: *“we both have business backgrounds and we moved according our business and marketing plans with clearly defined targets... most fashion brands are created and run by artists and they miss that contact with real life”* (Zeus+Dione). Secondly, they feel that they need to possess entrepreneurial, marketing and administrative/finance skills in order for their firms to survive, but also they need to have readiness to take risk. Furthermore, they need communication and problem solving skills in order to manage their day-to-day activities effectively. Lastly, if they have many to many employees on project basis or they need to form partnerships with other companies, leadership skills are essential.

In addition, the majority of founders in branding and communication design considered that the next step to their professional development would be the ability to offer holistic solutions to their potential customers, not only focusing on the design part, but also being able to support the branding process from the first step to the last. In other words, they should be able to combine their creative expertise with project management, marketing and sales skills in order to meet all of their customers' needs. In this vein, founding teams with heterogeneous expertise are considered more capable to undertake entrepreneurial activity and may achieve better results in terms of survival and growth: “A

typical error in creative agencies founding team compositions is that they often started out as a team of two or three people which are graphic designers. However, as far as I know the majority of firms with such founding teams had to close down 5 or 6 years after their establishment because among their founders there were not professionals with backgrounds in economics and management..." (Busybuilding).

However, most of the founders have also stressed that although through their formal education they were able to develop certain creative, artistic or technical skills they have not acquired essential entrepreneurial skills: *"During our studies, both in Greece and abroad, besides creative thinking we have finally been able to acquire minimum entrepreneurial skills. Nobody has prepared us for the real business life and this is our permanent critique to the educational system. We have been trying to compensate our lack of skills through learning by doing or through informal networks i.e. constantly calling colleagues for advice..."* (Point Supreme Architects).

It is important to note that all founders have expressed their willingness to expand their companies: *"We would like to grow our projects' portfolio, increase our collaboration with other companies and clients and therefore grow as a studio. I think that growth is the next typical step for every new firm"* (StudioLav). There are also entrepreneurs, for example, the co-founder of AbZorba Games, which stated very clearly their intention to grow fast at an international level: *"We want our firm to grow and become one of the biggest firms internationally in social gaming. We can achieve that either by ourselves or by becoming part of a larger company which is a usual practice in the specific sector"*. However, in their majority the interviewed creative entrepreneurs also claimed that they wish to do so in a controllable and manageable way since they primarily wish to retain the quality of their work: *"It might sound peculiar to you; however, we do not want to become a huge company. We certainly aim to employ more people; nevertheless, it is important for us to have something smaller and more consistent that would produce better outcomes. So although we are interested in undertaking bigger and more challenging projects, first of all we want to continue doing a good job...the most important thing for us is quality"* (GDesign Studio), or their creative/company identity: *"Our brand is targeted to a very small niche market, we are currently selling in 40 countries but we are selling to the most prestigious stores in each country. We could triple our revenues if we decided to sell in other less renowned shops, however, our brand would die because we would have damaged its image"* (Ancient Greek Sandals). Therefore, while all founders want their firms to grow in terms of employees, sales, collaborators etc. they are also determined to do so in a controlled and attentive way in

order not to sacrifice their quality, their artistic flair and the identity/philosophy of their firms.

Factors hindering the growth of firms in the creative industries

The companies under study show signs of resilience under the conditions of the current economic crisis. Although some firms have reported a decline in growth especially in terms of sales, most of the firms reported that they have managed to keep their growth rates stable during the last three years while some of them have managed to grow even in international markets. For instance, despite the recession and an inability to get a bank loan Ancient Greek Sandals turned over more than €4 million in 2014. And while other companies are closing, Ancient Greek sandals, recently announced it was expanding production to two more factories in Athens. In some cases, international market players have either shown interest in acquiring or have already acquired a company. For example, AbZorba games has recently been acquired by a large Austrian company which is one of the largest companies in the field.

All interviewed founders reported that they are constantly looking for new markets ahead of competitors, whether these are new international or national markets, or new platforms through which they would distribute their products. It appears that being export oriented is essential to these companies, as it unties them from the difficulties the national market is facing. Taking into account that firms in architecture are facing many problems as they are mainly oriented to the Greek market which has declined dramatically during the last 5 years of the financial crisis, we can assume that export orientation may contribute to the survival and growth of firms. This is the case of the video games sector, which has seen growth - even in Greece - in recent years, due to the international orientation of the business model of the sectors' companies.

In product and fashion design, the interviewed founders reported that they have faced difficulties in accessing external finance, while at the same time they did not have enough revenues to reinvest in their business. The current economic climate also hindered their firm's growth, combined sometimes with too much competition and difficulty from the market to accept their ideas. However, government regulation and bureaucracy are obstacles the founders are familiar with and are trying to accept.

In the video games sector, all founders reported that the factor that hinders the most their firm's growth is the excessive competition in their markets. In order to survive, they need a lot of flexibility and ability to differentiate themselves from other competitors. Additionally, there are gaps in the skills of the workforce, as there is not relevant academic

education in Greece that offers the kind of expertise they are looking for. For example, even though one can easily find skilled programmers in the Greek labour market there is a lack of experienced professionals in game development and the companies are facing difficulties in finding illustrators. Lack of visibility is also considered an important impediment to growth, and some companies such as AbZorba Games have put a lot of effort in growing their visibility. They founded the Social Games Association in order to protect social games' users. In this way, they have enhanced their visibility by getting invited into conferences and being included in reports about the sector. Government regulation is another important factor and, for example, AbZorba Games had to establish another company in the USA to improve its reputation, attract foreign investors and be able to introduce its products to the American market. The companies face obstacles in accessing external finance and the current economic climate hinders them from growing. Lastly, some companies, e.g. Eyeland highlighted the need for better managerial skills in order to boost their company's growth.

In the branding and communication design sector, all founders mentioned that government regulation is perhaps the most important inhibitory factor to their companies' growth. They stressed that the government imposes a lot of taxes on their firms, which they are obliged to pay, regardless if they have been paid by their customers, not to mention the bureaucracy the company has to deal with. In addition, the current economic climate is an obstacle to their firms' growth, but the founders feel that this is slowly changing for the better. Some of the founders stated that they have a lot of difficulty in accessing external finance, while others highlighted that there are gaps in the skills of the workforce. Particularly, they either find it difficult to find skilled professionals, as the best ones have already been employed by the best/largest agencies in the sector, or the people they do find need a lot of guidance before they are able to deliver the necessary results. Additionally, the founders feel that there is too much bad competition in their sector, as their employment rights are vaguer than in other sectors. The founders also indicated that their companies do not make enough revenues to reinvest in growing their businesses. Last but not least, the Greek market is not ready for their ideas, as Greek customers are not familiar with the advantages of design services and are not willing to pay for them: "our clients need lots of consulting, they have not actually understood the value added of design services to other economic activities. However, there is a growing pool of young people mainly small producers who invest in the packaging design of their products in order to export them in Europe or the US. We have several clients coming from this pool" (GDesign Studio).

In the architectural design sector, the interviewed entrepreneurs reported that government regulation along with the current unfavourable economic climate are the most important obstacles to their firms' growth. More specifically, they mentioned that government regulation limits by far the quality of their work as they have to deal with bureaucracy and heavy taxation. On the other hand, they claimed that they could perhaps cope with government regulation in case their sector slowly recovered and more opportunities to undertake projects were present. During the last years, the firms face difficulties in accessing external finance and at the same time revenues to reinvest in company growth are almost nonexistent. In addition, excessive competition, lack of managerial skills and reluctance from the market to accept their ideas do not allow these firms to evolve and secure their position in the market.

5. Concluding remarks

All firms under study are micro firms while more than half of them (10 out of 19), especially those active in architecture and product design do not have full-time employees besides their founders. However, it appears that the majority of these companies employ people on a project basis. Our findings also suggest that the creative talent and human capital of employees, whether full-time or cooperating on a project basis is essential to the generation of new ideas, designs and innovative products and eventually to the creation of competitive advantage for the firms under study.

The creative entrepreneurs of our sample are aged between 35 and 45, are well-educated and in their grand majority have acquired professional experience directly relevant to their current entrepreneurial endeavours. At some point in their career, they have decided to set up their own firms mainly driven by their strong need to express themselves independently and have control over their work. In any case they were not expecting to make money but to realize their own ideas, use more effectively their creative and artistic skills and even support and reinforce the creative culture in their communities or regions.

As to the impact of their background, experience and skills on their firm's survival and growth it can be easily deduced that only experienced professionals with deep knowledge of their sector felt at ease to pursue their own entrepreneurial ventures. Having gained valuable expertise by working in various medium and large-sized companies, in Greece and abroad, they felt confident enough to assume the risk and establish firms with a certain dynamic and potential to grow. Through their formal education they have been able to develop certain creative, artistic and/or technical skills that have been decisive in the

creation and survival of their firms. However, it was also found out that many founders felt that they have not acquired essential entrepreneurial skills that could have supported their firms' growth. It is characteristic that in cases where founding teams had a business background and therefore concrete marketing and business plans were more prone to better growth performance both in terms of employees and sales. In addition, the entrepreneur's export vision appears to be crucial in rendering their firms resilient under the conditions of the current economic crisis as their firms are offering products and services to the international market and therefore are not limited to the shrinking Greek market.

Important barriers to growth involve government regulation that brings heavy taxation, bureaucracy, and limited support of newcomers combined with the harsh economic climate. The firms faced difficulties in accessing external finance and they did not have enough revenues to reinvest in growing their business. Intensive competition in their markets and, in some cases, lack of skilled employees are also considered as significant inhibitory factors to growth.

Acknowledgements

We gratefully acknowledge the funding from the European Community's Seventh Framework Programme under grant agreement CRE8TV.EU-320203 that has enabled us to undertake this research. Specifically, this paper has been derived from Task 3.1.2 and is directly related to Deliverables 3.1.1 and 3.1.2.

The authors would also like to express their gratitude to the founders of the firms of our sample for the ample time they devoted to our research and their valuable help during the interviews.

References

- Aggestam, M. (2007). Art-entrepreneurship in the Scandinavian music industry. In Henry, C. (ed.), *Entrepreneurship in the Creative Industries: An International Perspective*. Edward Elgar, 30-53.
- Avdikos V. (2014). *The Cultural and Creative Industries in Greece*. Epikentro Publications, Athens (in Greek).
- Baines, S., Robson, L. (2001). Being Self-employed or being Enterprising?: The Case of Creative Work for the Media Industries. *Journal of Small Business and Enterprise Development*, 8, 349-362.
- Bjorkegren, D. (1996). *The Culture Business: Management Strategies for the Arts Related Business*. Routledge, London.
- Caves, R. (2000). *Creative industries: Contracts between art and commerce*. Cambridge, MA: Harvard, University Press.

- De Bruin, A. (2007). Building the film industry in New Zealand: An entrepreneurship continuum. In Henry, C. (ed.), *Entrepreneurship in the Creative Industries: An International Perspective*. Edward Elgar, 87-103.
- Eikhof, D.R., Haunschild, A. (2007). For art's sake! Artistic and economic logics in creative production. *Journal of Organizational Behaviour*, 28, 523-538.
- Ellmeier, A. (2003). Cultural entrepreneurialism: on the changing relationship between the arts, culture and employment. *The International Journal of Cultural Policy*, 9, 3-16.
- Flew, T., Cunningham S. (2010). Creative industries and the first decade of debate. *Information Society*, 26, 1-11.
- Fritsch, M., Sorgner, A. (2013). Entrepreneurship and creative professions: A micro-level analysis. SOEP papers on Multidisciplinary Panel Data Research, No. 538.
- Hagoort, G. (2007). *Cultural Entrepreneurship. On the freedom to create art and the freedom of enterprise*. Utrecht: Utrecht University, the Netherlands.
- Henry, C. (ed.) (2007). *Entrepreneurship in the Creative Industries: An International Perspective*. Cheltenham, UK: Edward Elgar.
- Henry, C., and De Bruin, A. (Eds.), (2011). *Entrepreneurship and the Creative Economy: Process, Practice and Policy*. Cheltenham, UK: Edward Elgar.
- HKU (2010). *The Entrepreneurial Dimension of the Cultural and Creative Industries*. Hogeschool vor de Kunsten Utrecht, Utrecht.
- Karhunen, P. (1996). The Interaction Between Artist's Professional Training and Employment in the Field of Finnish Theatre. *Journal of Cultural Economics*, 20, 165-175
- Kirzner, I. M. (1973). *Competition and Entrepreneurship*. Chicago IL: University of Chicago Press.
- Kooyman, R. (2012). Creative Urban Renewal: Evaluating Cultural and Creative Entrepreneurial Development. In Hagoort, G., Thomassen, A., Kooyman, R. (eds). *Pioneering Minds Worldwide: On the Entrepreneurial Principles of the Cultural and Creative Industries: Actual Insights Into Cultural and Creative Entrepreneurship Research*. Eburon Uitgeverij B.V., 92-98.
- Kurz, E. (2010). Analysis on fashion design entrepreneurship: Challenges and supporting models. Master Thesis.
- Leadbeater, C., Oakley K. (1999). *The Independents. Britain's New Cultural Entrepreneurs, Demos*.
- Lee, S., Florida, R., Acs, Z. (2004). Creativity and entrepreneurship: A regional analysis of new firm formation. *Regional Studies*, 38(8), 879-891.
- Myers, M. D. (2008). *Qualitative research in business & management*, Sage Publications Limited.
- Nyström, H. (1993). Creativity and entrepreneurship. *Creativity and Innovation Management*, 2(4), 237-242.
- Okpara, F. (2007). The value of creativity and innovation in entrepreneurship. *Journal of Asia Entrepreneurship and Sustainability*, 3(2), 1-15.
- Phillips, R. J. (2010). Arts Entrepreneurship and Economic Development: Can Every City be "Austintatious"? *Foundations and Trends in Entrepreneurship*, 6(4), 239-313.

- Power, D. (2011). Priority Sector Report: Creative and Cultural Industries. The European Cluster Observatory, Luxembourg Publications Office of the European Union.
- Rae, D. (2004). Entrepreneurial learning: a practical model from the creative industries, *Education + Training*, 46, 492–500.
- Raffo, C., O’Connor, J., Lovatt, A., Banks, M. (2000). Attitudes to formal business training amongst entrepreneurs in the cultural industries: situated business learning through ‘doing with others’. *Journal of Education and Work*, 13, 215-30
- Roodhouse, S. (2009). Universities and the creative industries. Roodhouse, S. (2009). Universities and the creative industries. *Journal of Arts Management, Law Society* 39(3), 187–199.
- Sternberg, R. (2005). Determinants and effects of new business creation using global entrepreneurship monitor data. *Small Business Economics*, 24 (3), 193-203.
- Swedberg, R. (2006). The cultural entrepreneur and the creative industries: Beginning in Vienna. *Journal of Cultural Economics*, 30, 243–261.
- Sundbo, J. (2011). Creative Artists and Entrepreneurship. In K. Hindle and K. Klyver (eds) *Handbook of Research in New Venture Creation*, Cheltenham UK and Northampton MA, USA: Edward Elgar, 328- 343.
- TERA Consultant (2014). The economic contribution of the creative industries to EU GDP and employment.
- Turok, I. (2003). Cities, clusters and creative industries: the case of film and television in Scotland. *European Planning Studies*, 11(5), 549-565.
- UNCTAD (2010). *Creative Economy Report 2010*. Geneva: UNCTAD.
- Wilson, N. C., Stokes, D. (2005). Managing creativity and innovation: The challenge for cultural entrepreneurs. *Journal of Small Business and Enterprise Development*, 12, 366-378.
- Yin, R. K., 2009. *Case study research: Design and methods*, SAGE Publications, Incorporated.

Appendix 1: List of interviewed firms per sector

Branding, packaging design, communication design

1. GDesign Studio
2. pi6 communication design
3. Busybuilding
4. Kommigraphics
5. Roleplay
6. Matadog design

Fashion design

7. Zeus+Dione
8. Ancient Greek Sandals

Product design

9. Greece is for Lovers
10. StudioLav

Building design & drafting

11. Supreme Point Architects
 12. Area (Architecture Research Athens)
 13. LKMK Architects
-

14. deltArCHI

15. Switch Place Identity

Development of video games & relevant frameworks

16. AbZorba Games

17. Eyelead Software

18. Lazyland

19. Total Eclipse