

Title: Balancing the creative business model

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Keywords: “creative industries”; “creative entrepreneurship”; “entrepreneurship”; “business models”; “institutional theory”; “creative biotope”; “organisational tensions”; “institutional pluralism”; “sustainability”

Abstract

Entrepreneurship within the creative industries is said to adhere to specific circumstances, rules and norms. This article takes on an exploration into the specific context of these industries as it investigates how the environment surrounding a creative organisation can create opposing demands on the organisation, leading to issues in long-term sustainability. The specific environment is operationalised by the creative biotope, which is composed of four spheres that influence a sustainable artistic practice, with each domain containing its own norms for legitimacy. Correspondingly, each domain exudes its own influences and pressures on the creative organisation on how to behave. This article postulates that the business model, defined as the active operationalisation of an organisation’s strategy, can be used as a balancing mechanism to mitigate these tensions. This leads to eight theoretically derived propositions on the relationship between the business model and tensions resulting from the creative environment.

Introduction

Because of its large influence in our private life, the creative industries have traditionally been under great public interest. The creative industries are considered to be those industries in which creative intangible inputs represent the major contribution factors in the value chain (Hearn et al., 2007), encompassing artistic (performing arts, visual arts), media and entertainment (audio-visual media, gaming, literature, music) as well as applied creative (architecture, design, fashion) sectors. With an ever-increasing focus on innovation and creativity in – at least – the Western world, many look towards these industries for inspiration from their output, and increasingly so also from their organisational practices. In a time of age where the world is increasingly giving importance to the personalisation of an individual consumer’s experience (Prahalad and Krishnan, 2008) and where the lines between producer and consumer, as well as between owner and user are increasingly blurred (Richter et al., 2015), the creative industries are exemplary of industries where unique personalised co-created content is delivered (Hearn et al., 2007). Due to the specific context, many scholars are convinced that entrepreneurship within the creative industries adhere to different circumstances, regularities, and thought processes (Van Anandel et al., 2011). Hearn, Roodhouse, and Blakey (2007) therefore suggest that it

would be unwise to adopt uncritically models derived from other industry sectors without considering the particular dynamics of the creative industries. A better knowledge of entrepreneurship within the creative industries can therefore prove to be valuable.

This article focuses on the group that is often times referred to as ‘core creatives’ within these industries: the organisations or individuals that provide the main creative input within the value chain of the sector (e.g. architects, designers, artists, composers, etc.). Entrepreneurship and entrepreneurial strategy of these organisations and self-employed individuals – grouped together and denoted as ‘creative organisations’ in this study – have often been described in terms of the tension that occurs between an emphasis on artistic practices on the one side, and commerce on the other (see e.g. Caves, 2002). Balancing this tension is frequently declared to be the major hurdle for success and innovation, both in creative and in commercial terms. However, this article postulates that the specific context in which these particular organisations operate is more complex and holds more conflicts than just the single tension between art and commerce. Creative organisations operate in an environment which is prone to a multitude of (external) conflicting pressures. Often times, this context results in contradictory demands, leading to opposing tensions that these organisations have to deal with. This article posits that managing these tensions is a key element in achieving long-term sustainable entrepreneurship in these industries. In this regard, long-term sustainability refers not only to economic survival, but moreover and importantly, a *sustainable* business or career in creative industries, is one that is also continuously able to nurture its creative needs and replenish its artistic and creative output (Lampel et al., 2000), satisfy its emotional well-being (Werthes et al., 2018), and maintain its relevance in the public debate.

Therefore, this article attempts to further investigate this specific, complex context, its resulting organisational tensions, and the organisations’ manners of incorporating these tensions in their organisational configuration. Specifically, it conceptually investigates the following research question: what role do business models play in dealing with opposing tensions resulting from the specific environment of creative organisations? This investigation leads to the development of eight theoretically derived propositions on the relationship between the business model of creative enterprises and tensions resulting from the creative environment.

Contextual influence

Institutional theory states that in order to understand individual and organisational behaviour, it must be located in a social and institutional context, and this institutional context both regularises behaviour and provides opportunity for agency and change (Kraatz and Block, 2008). According to this theory, organisations thrive if they can follow the ‘logics’ of their sector, and thereby establish their legitimacy (i.e. accepted as doing the right thing) in the eyes of outside stakeholders (customers, shareholders, investors, government, etc.). These ‘institutional logics’ are “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999: 804). They can therefore be regarded as the norms to which actors within a certain context behave and are formed through a natural evolution in a particular industry.

Taking on this viewpoint has several implications regarding thoughts on entrepreneurial actions (Messeghem et al., 2014). As stated, organisations gain legitimacy from their environment and are inclined to align their organisational structure, practices and their value set with institutional norms and expectations, while determining their organisational strategy through an exchange with their environment. Moreover, it is often claimed that highly successful organisations – that thus have acquired a large share of legitimacy – are mimicked, resulting in isomorphism between organisations within one industry. Manners to become successful, therefore, are in part determined by the normative framework residing in the environment. Gaining success is presided by achieving the norm, which is the perception of what constitutes ‘good’ behaviour within the industry. Considering this theory as a background, this paper examines the influence of the specific context in which creative organisations are embedded (regarded from the viewpoint of the creative biotope), and the effect this context has on business model development.

The creative biotope

In his investigations on artists (2009) and artistic and creative organisations (2010), Gielen states that the global art system can be seen as a meshwork of differentiated networks and sub-networks in which different value regimes are at play. In these analyses, Gielen (2009; 2010) identifies two distinctions that provide insight into the value regimes that are at play within the creative industries. Taken together, these separate value regimes make up the subjectively formed internal and external environment that surrounds the living and working place of creatives: the so-called ‘creative biotope’. For this paper, the concept of the creative biotope has been applied to the ‘meso’ organisational level. As such, the creative biotope will act as a framework for identifying and classifying institutional pressures that act upon a creative organisation. This framework is chosen as it firstly offers a high-level structure that can be applied to the whole spectrum of different sectors within the creative industries, it secondly has been proven to be empirically valid (Van Winkel et al., 2012), and it thirdly leaves considerable flexibility for individual organisational interpretations of their own specific context.

The foundation of the creative biotope lies on two distinctions. First, a division can be made between a focus on the one hand on more development-oriented and on the other hand more production-oriented set of practices. A focus on development-oriented activities allows the creative person or organisation to pursue new creative expressions, designs, etc. These activities follow an investigative, explorative approach and are reflexive. Vision-development about the resulting (portfolio of) products / services and (long-term) position and role within the wider field is often an important part. On the other end, production-focused activities place their emphasis on performativity by pursuing the goal of showing and trading/selling of the completed creative works. Within these processes, finished creative expressions find external connections and are consumed, exchanged, discussed, and judged by audiences in different forms ranging from individual buyers to the broad civic society. In this distinction between development and production, it is important to note that these binary opposites are not mutually exclusive in the sense that the processes of reflexivity and showing of visible products often go hand in hand.

The second distinction focuses on the degree of artistic and social embeddedness. Following the perspective of Actor-Network theory (see e.g. Latour, 1996), this distinction highlights the importance of networks and ‘networking’, as it is often

emphasised that a good professional network can provide possibilities for growth, expansion, etc. In the creative industries, an elaborate network can help both in development – by finding a stimulating artistic or intellectual context, with room for artistic mentoring and opportunities for meaningful, substantive discussions – as in exploitation – by means of connected galleries, curators, and publishers for instance. However, it is important to highlight that not every process within creative organisations need to be executed in highly-networked environments, as processes that are focused on self-transformation and reflexivity also need small, more intimate settings in which thoughts and ideas can incubate.

<< Insert Figure 1 here >>

By juxtaposing both distinctions, four ‘domains’ can be formed in which Gielen (2009) claims artistic practices can be located (Figure 1). First, development of and (self-) reflection on vision, ideas and products can take shape inside an internal, safe environment without much connection outside of the private surrounding. This ‘*domestic domain*’ is a development-orientated space where people do their own work in a self-reflexive way in private (Sjöholm, 2013). Many creative organisations are inherently intertwined with this domestic domain. Often times, these organisations start from projects between intimate friends and are therefore directly connected to the personal lives of all involved. The organisational activities frequently take place in their private homes, and their domestic life (e.g. children, private relationships) has a direct influence on, and is directly influenced by their professional life and their creativity. From an organisational perspective, this domestic domain also refers to a safe, intimate environment within the personal bounds of the organisation in which members of the organisation reflect individually and in group on the organisational values, mission and its (organisational) outcomes and where they work on exploring possibilities for new creative products and services, and as such constitutes the internal dynamics within an organisation. This can be manifested both on the organisational level, in the form of intragroup dynamics, as on the individual level of each of the members of the organisation in which personal aspects of their work, career, and private life are balanced. As Caves (2002) indicated, creative workers exhibit a great amount of care about their product, and are as such very much personally involved with what they produce. See for instance Peltoniemi (2009) for an interesting description of how entrepreneurship and new product development in the gaming industry entails an elaborate social and interactive process. Together, these organisational members form the internal anchor that provides an evaluative mirror towards all actions performed by the organisation.

Second, development and reflection can take place in a more externally connected manner, where the discussion takes place with a select group of knowledgeable experts: ‘*the domain of the peers*’. Within the domain of peers, exploration, experiment and development are also central but take place in critical social interaction with other actors and organisations from their specific field. This exchange of ideas is important for any creative practice as it stimulates not only internal but also external reflexivity and creates a research-oriented climate (Gielen, 2010). Communicating within the domain of the peers encourages creative development on a high level, which often may not yet be comprehensible, accessible or even desirable for the general public (Gielen, 2009). Moreover, not only ideas and limits are tested within the close community, but it is often the total organisation that is under scrutiny. This domain is highly valued within professional circles, where it enjoys the

legitimacy it needs and can – as Boltanski and Thévenot (2006) put it – lead to ‘grandeur’. The domain of the peers can consist of both informal meetings between professionals in which aspects of the sector and an organisation’s place within it are discussed, and more formal expressions in the form of specialised sector publications, industry-specific conferences, and particular awards and recognitions endowed by colleagues.

Within the more production-oriented practices, there are also two domains that can be distinguished, both with an emphasis on practices that have the aim of exploiting and/or showcasing developed creative works. In the ‘*market domain*’, the one-way selling of creative products is central. In this domain, the visible, completed product or service is transferred to the acquiring party in a one-on-one transaction. Usually there is little or no space for interaction or discussion with the creative professional (the exception being client-generated assignments in which the creative organisation delivers a one-off service against a specific client brief). Besides monetary gains, the market domain is also important in other senses: “Perhaps the art world needs this broad, heterogeneous recognition to a certain degree in order to legitimate or at least gain acceptance for its autonomous artistic, experimental and sometimes quite idiosyncratic place within a wider social context” as stated by Gielen (2009: 192). In other words, by proving success in exploitation, the creatives can justify their other, more development-oriented explorative behaviours that are often not understood by the larger society. It is important to note that the market should not only be referred to as the private market, as public institutions (i.e. governments) can also be involved when it functions as the customer (e.g. through commissioned work), or in many forms of subsidies in which the creative organisations are in competition with each other for attaining the resource.

Finally, in a more connected sense, the showcasing of developed ideas also takes place within a larger frame. Creative products and works of art impact the broader civic environment, which goes beyond those who commission and/or purchase them. As organisations from the creative industries are often in the public eye as the subject of intense public fascination, which is nurtured and reinforced by extensive media coverage (Lampel et al., 2000), their ideas, actions, and products not only influence their direct customers but also the wider public. For instance, when a new architectural building is constructed in a city, this changes the direct living habitat for many people that are indirectly involved to the building (e.g. neighbours, commuters that need to pass the building site, etc.). This can lead to public debates on different topics, including ecology/environment, social equality (for who is the new construction intended, take for instance the debate on gentrification), etc. Moreover, these influences not only exhibit itself in the physical habitat of society, but also on an emotional level as new creative works often trigger a wide range of emotions. This so-called ‘*civic domain*’, consequently can be seen as the place for public debate in which creatives communicate their thoughts and vision with the broad society and can find justification for their ideas and actions in public. The civic domain plays an important role in the ‘economy of ideas’ where people have to constantly communicate and substantiate their ideas and test them in public. In this way, the civic domain functions for ascertaining social embeddedness and in certain cases social acceptance of the creative work. Public debate and legitimation are therefore crucial. Organisations repeatedly need to justify their actions in this open space, with success often relying much on emotional, sometimes sentimental and rarely scientifically verifiable arguments (Gielen, 2010).

These four domains together form the subjectively defined living and working areas of creatives, as all creative organisations have activities in each of the four areas of the biotope. Each domain has its own constituents, norms, and logic, and consequently each domain also exudes its own influences and pressures on the creative organisation on how to behave. This ‘creative biotope’ therefore defines the environment in which these organisations exist, create, exploit and find broader justification for their work as it connects to all creative practices. In such, the biotope is a relevant construct on an organisational level: the ‘creative biotope’ can be seen as a framework that can be utilised to further understand creative organisational and entrepreneurial actions in relationship to its internal and external environment. Furthermore, as is evident from the description of the different domains, often times these pressures will oppose each other. Since institutional theory states that the specific context defines the rules to behave – and therefore the manners to achieve legitimacy – arguably a *sustainable* creative practice can only be guaranteed by achieving a balance between the four domains. As a business model is often seen as a reflection or the operationalisation of an organisation’s strategy (Casadesus-Masanell and Ricart, 2010), connecting internal organisational capabilities with the external organisational environment (Zott and Amit, 2008), and since there is growing support among scholars that a business model can be regarded as an important and distinct unit of analysis (Zott et al., 2011), it can serve as a research focus to examine strategic behaviour. This paper argues that the business model can be used as the balancing mechanism necessary to incorporate the often-differing legitimacy claims that can result from the complex (external) environment.

Business models

For many entrepreneurs, especially those that must solve coordination problems in a world of novelty and systemic change, designing the business model is a salient and continuous issue, and can be seen as one of their most important undertakings. “One of the central design tasks of entrepreneurs is to delineate the ways in which their new businesses transact with suppliers, customers, and partners” (Zott and Amit, 2007). Since the turn of the century, the term business model has surged into management vocabulary (Shafer et al., 2004). Indeed, it is more widely used and researched nowadays than almost any other concept in strategy (Baden-Fuller and Morgan, 2010). On a basic, practical level, there is general agreement on the definition of a business model: it is simply a description of how a firm does business (Richardson, 2008), and clearly, the notion refers in the first instance to a conceptual, rather than a financial, model of a business (Teece, 2010). Corollary, Chesbrough and Rosenbloom (2002) find that the meaning of the concept is regularly assumed to be implicit, and even though the term business model is often used these days, it is seldom defined explicitly. Since its first appearance in academic literature, many different definitions of the business model concept have been proposed, with the commonality that most authors view the concept, directly or indirectly, as the core ‘logic’ or ‘architecture’ behind value creation (Linder and Cantrell, 2000; Magretta, 2002; Petrovic et al., 2001; Shafer et al., 2004; Teece, 2010; Timmers, 1998).

Still, over the years, many different perspectives have been developed in literature on how to approach the concept, leading to yet still problems of concept clarity (Foss and Saebi, 2017). This is exemplified by Zott, Amit and Massa (2011: 1022), who state that “at a general level, the business model has been referred to as a *statement* (Stewart and Zhao, 2000), a *description* (Applegate, 2000; Weill and Vitale, 2001), a

representation (Morris et al., 2005; Shafer et al., 2004), an *architecture* (Dubosson-Torbay et al., 2002; Timmers, 1998), a *conceptual tool or model* (George and Bock, 2011; Osterwalder, 2004; Osterwalder et al., 2005), a *structural template* (Amit and Zott, 2001), a *method* (Afuah and Tucci, 2001), a *framework* (Afuah, 2004), a *pattern* (Brousseau and Penard, 2006), and a *set* (Seelos and Mair, 2007).”

Early research focused mainly on defining the concept and determining business model building blocks, culminating in a surge of practical business model tools that help (aspiring) entrepreneurs untangle their business model in subcomponents (such as the widely known business model canvas by Osterwalder and Pigneur (2010)). Academically, more recent attention has shifted towards the manner in which business models actually work. Particularly, two aspects of the inner workings of business models have been gaining ground in literature. Firstly, Demil and Lecocq (2010) highlight the dynamic nature that is inherent in the development of a business model, indicating the intricate reciprocity between the resources and competencies, organisational structure, and propositions for value delivery. Secondly, an ‘activity-centred’ approach has been developed, in which the business model has been defined as the bundle of specific interdependent activities that are conducted to satisfy perceived external needs, including the specification of the parties that conduct these activities, and how these activities are linked to each other (Zott and Amit, 2010). The activity system enables the firm, in concert with its environment, to create value and also to appropriate a share of that value. Interdependencies among activities and among involved firms and individuals are central to the concept of an activity system and provide insights into the processes that enable the evolution of a focal firm’s activity system over time as its competitive environment changes. These interdependencies are purposefully created and shaped by entrepreneurs by designing and adjusting not only the organisational activities, but also the links that bind these activities together into an overall system, or business model (Zott and Amit, 2010). This paper follows both perspectives as they highlight the fundamental inner workings that underlie businesses in creative industries: how an organisation identifies and creates value for public/consumers/themselves within an interlinked network of partners (which is highly analogous to the inner working of many creative organisations), in a dynamic (often project-based) manner combining a multitude of activities in a single (logical) system. Furthermore, the activity-centred approach highlights a system of total value creation for all parties involved, making the effects of a business model transcend firm boundaries leading to an emphasis of value distribution on multiple layers. This also highlights emphasises the importance of social action and interaction as the micro-foundation of business, which again is highly relevant when considering the open way in which many creative organisations conduct their operations. It is often suggested that the main purpose for artists is value creation, rather than value capture (Fuller et al., 2010), and that the exploitation of the created value is often neglected under peer pressure (Thelwall, 2007). Zott and Amit’s (2010) description highlights the importance of the combination of both value creation and value capture in a sound business model.

Markides (2013) states that a key issue being addressed in the growing literature on business model innovation is how to compete with multiple (conflicting) interests simultaneously, as is the case within the context of the creative biotope. Harnessing multiple tensions within a single business models is challenging because each of the opposing domains may require a different and often incompatible activity set. This, according to Markides (2013), can be framed as the ambidexterity challenge of

business models. Therefore, ideas and theoretical concepts from ambidexterity literature can be used to explore issues pertinent to business model configurations dealing with a multitude of different tensions or domains.

Propositions

Combining the theories on the organisational context – interpreted from the viewpoint of the creative biotope – and business models in creative industries leads to a set of eight propositions that further define their interrelationship. These propositions are clustered into three themes that reflect current literature streams on business models: 1) defining and positioning the concept of the business model, 2) explaining and interpreting heterogeneity among business models, and 3) explaining (the need for) business model innovation.

Positioning the business model

Since organisations – according to institutional theory – act reactive to their environment with a goal of seeking legitimacy, and since the business model can be seen in terms of specific activities that are conducted to satisfy perceived (external) needs, the business model can arguably be regarded as the coping mechanism to deal with potentially opposing tensions from the environment. Thereby, it seems that the business model can play a central role in mitigating influences resulting from the external context within which an organisation is embedded. In the case of creative organisations, the business model can be used to absorb differing requirements and demands for legitimacy that result from the different domains that make up each organisation's individual creative biotope. As each domain exudes its own influences onto the creative organisation, contradictions can occur when these influences are not mutually aligned. Especially in a turbulent environment as is often the case in the creative industries, contradictions can add to the fragility of many organisations, diminishing the potential for long-term sustainability. A strong business model defines which combination of legitimacy claims will receive attention through specific entrepreneurial actions, and which legitimacy claims will not – ensuring that these entrepreneurial actions together form a 'logical story' (Magretta, 2002) in which each of the different claims that is deemed important finds its place and the actions chosen to confront these claims reinforce each other. Such a strong business model consequently can act as a balancing mechanism that allows these multiple alignments to co-exist, by making active choices on which legitimacy claims to receive attention, actively resolving existing and upcoming contradictions, and thereby increases the likelihood for long-term survival. As such, the business model holds a central position within the creative biotope. Figure 2 illustrates how a potential business model configuration within the creative biotope can place particular emphasis on legitimacy claims from domestic and civil spheres.

Proposition 1. A business model that tolerates the contradictions of multiple alignments and actively resolves the tensions that ensue, increases the organisation's likelihood of long-term survival.

<< Insert Figure 2 here >>

Heterogeneity among business models

Consequently, the requirement of a balance between all different influence spheres for long-term sustainability does not imply that the organisation should place an emphasis

on all spheres equally, as has been illustrated in Figure 2. A balance can also be achieved while the subjectively perceived pressures resulting from one of the spheres greatly exceeds that of the others. Such an (temporary) emphasis by the organisation on a particular sphere occurs often and can lead to important choices in its business model. For instance, young organisations and organisations that are in a process of reinvention often have a temporal focus on the domestic sphere in which internal reflection on products and organisational foundations is of main importance. On the other hand, creatives that are for instance in search of an increase of status within the in-crowd of their sector, are also known to focus on conceptual pieces to show and discuss their vision and abilities with a select group of their peers. A focus on exploitation often occurs as well, when finished ideas are taken to market and emphasis lies on recuperation of the invested resources such as time, reputation and creativity. Finally, organisations can have a (temporal) focus on their public environment, such as when they are searching for their social positioning, or a broader social acceptance of their outputs. In all of these cases, a viable business model can be constructed that momentarily brings balance to all the contrasting impetus from the creative biotope. The balancing act therefore refers to the reduction, elimination or incorporation of incompatible or paradoxical institutional pressures into daily operations. Different focus combinations consequently lead to different, yet still possibly viable business models.

Proposition 2. A different focus combination of the four spheres will lead to different, possibly viable business model configurations

There are differing reasons behind organisations' decisions to focus on a particular sphere of the biotope. As an organisation's biotope is subjectively perceived, each organisation will experience and therefore define these external and internal forces in its own manner. Already in the 1980s, Daft and Weick (1984) defined organisations as interpretation systems: organisations all interact with the environment, but it is the interpretation of the information of the external world that defines the consequential choices to be made. Isomorphism, often declared as an important effect of institutional forces, will hence not necessarily occur sector wide, as multiple realities of individual creative biotopes will exist within a single sector. Consequently, a multitude of different business model configurations will co-exist within a single creative sector. For example, while many architectural firms are organised according to a market logic in which the company is organised to best respond to design competitions, a trend is also growing in which architectural firms practice so-called 'unsolicited architecture', indicating that they free themselves from determinations such as "client, program, budget and site" and work completely according to civil needs (Puglisi and Guido, 2009: 85).

Proposition 3. As the creative biotope is subjectively perceived, a multitude of different business model configurations will co-exist within a single creative sector.

Moreover, not only the subjective perception of one's own biotope leads to different possibilities in terms of strategic answers through the business model, so does the degree and number of inter-institutional incompatibilities between the differing demands of the separate spheres. The situation faced by an organisation that operates within multiple institutional spheres is also referred to as institutional pluralism. "If institutions are broadly understood as 'the rules of the game' that direct and

circumscribe organisational behaviour, then the organisation confronting institutional pluralism plays in two or more games at the same time. [...] It is a participant in multiple discourses and/or a member of more than one institutional category” (Kraatz and Block, 2008: 243). Following Ocasio and Radoynovska (2016), it can be stated that the larger this pluralism, the more frames and logics are available for the construction of alternative models. This therefore increases the number of available solutions that are to be conceived to deal with these incompatibilities. For instance, when it is the norm in your segment of the fashion industry to participate in haute couture shows during the Paris fashion week biannually (a norm that can emanate from the peers’ as well as the market spheres), this can cause incompatibilities with the domestic sphere, as the constant (time) pressure can lead to creative and physical strain within the organisation. The greater this degree of incompatibility is subjectively perceived, the larger the realm of possibilities for different strategic solutions, ranging from internal organisational changes (e.g. different teams for different seasons) to product and market adjustments.

Proposition 4. The greater the pluralism due to the degree of incompatibility between the demands from the four spheres, the greater the possibility of heterogeneity in business model solutions.

Business model innovation

As per Proposition 1, finding a business model that balances the four spheres of the biotope is important for long-term sustainability. However, this does not imply that a business model should remain the same throughout an organisation’s life. Business model innovation is an important, yet often underutilised source of future value creation. The need for innovation can come from external sources, such as when contradictions due to the pluralism between the four spheres become too large to manage through the current business model. Especially in a turbulent environment, such as often experienced in the creative industries, changes in the institutional environment – the creative biotope – occur often, leading to different realities frequently. Consider for example the case of symphonic orchestras as illustrated by Glynn and Lounsbury (2005) that under increasing resource constraints due to declining patronage, government support, and attendance are increasingly drawn to more ‘mainstream’ or ‘pop’ interpretations of classical music. By many actors within this industry, such as many music critics as well as musicians, this trend is perceived as creating a cultural threat to the ‘pure’ canon of ‘highbrow’ music associated with the symphony, leading to ever increasing tensions between ‘aesthetic’ (coming from domestic and/or peers’ spheres) and ‘market’ logics. As is evidenced by this example, the continuous growth of misaligned interests therefore increases the necessity as well as the opportunities for business model innovation, and this type of innovation is often times of crucial importance to maintain the necessary balance within the business model.

Proposition 5. Business model innovation can be triggered by situations in which pluralism between the four spheres of the biotope becomes too large to handle within the current business model.

However, this need for innovation can also occur in situations in which the environment remains relatively the same. As the organisation develops, its perception on the biotope, on the current importance of each of the separate spheres, and on the subjectively perceived legitimacy claims resulting from each of these domains will

also evolve. In this manner, a previous business model configuration that holds particular emphases therefore can become out-dated due to changes in organisational preferences and perceptions. For instance, if for too long no attention is placed on the domestic sphere, much needed internal reflection on the organisation, its values and mission and its products/services is missing, possibly leading to internal questioning of the organisation's vision. When the focus is held too long on the domestic sphere on the other hand, the organisation runs in danger of not externally validating its ideas, which might lead to financial problems, or rejection of the non-validated ideas within the sector or the broader public. When emphasis is not placed on the peers for an extended time, an external high-level reflection on the organisation and its work is missing, leaving the organisation open for non-acceptance within its sector. Too much, or too long a focus on the peers might make an organisation out of touch with its internal core, and/or with the broader external environment. A lack of focus on the market sphere can lead to financial problems, while too much focus on the market can have a lasting negative effect in terms of the image of the creative organisation (e.g. giving the organisation an image of being too commercial, sell-outs). Finally, neglecting the civic sphere for too long can lead to social rejection of the organisation and an image of egocentrism, while too much focus on this sphere can lead to a risk of lacking activities that further enhances the creative development of the organisation such as in the domestic or peers sphere, moreover leaving the organisation also exposed to possible financial issues due to decreased emphasis on the market. As it seems, the spheres depend on each other in an almost cyclical manner, and the importance of each sphere increases the longer no attention is spent on it. An *active* balancing is therefore required, that makes sure that the business model can be adjusted to reflect both changes in the institutional environment, as well as evolving perceptions of importance within the organisation.

Proposition 6. A focus for an extended time on a single domain can decrease the likelihood of long-term sustainability and increase the need for business model innovation.

Besides making more permanent adjustments to the business model, creative organisations often use other tactics for shifting attention temporary to other spheres. Activities of these organisations commonly revolve around entrepreneurial, innovative and often unorthodox collaborations, whereby numerous large, small and micro-businesses come together for the duration of a single project, then disband and form new partnerships for the next project (DeFillippi et al., 2007). This project-based nature of many undertakings in the creative industries give opportunities to keep a main focus on a stable configuration of the business model, while using projects to temporarily focus on other spheres that run the risk of getting neglected. For instance, an architecture firm that focusses on commercial assignments might occasionally develop a conceptual work exemplary of the firm's vision that is being admitted in sector-specific award shows in order to give sufficient attention to the peers' sphere and claim their legitimacy in that area. As such, by using specific short-term projects, a creative organisation can simulate temporal focus on a different configuration of legitimacy claims from the four spheres, while not losing their more permanent business model configuration.

Proposition 7. Project-based activities can be used to temporarily relieve the organisation from legitimacy claims outside of their current focus.

Finally, besides using project-based activities geared toward different configurations of the biotope, institutional theory provides an additional solution to relieve an organisation from legitimacy claims that lay outside of their focus: decoupling. This refers to the practice when organisations only superficially abide by institutional pressure by making a disconnect between organisational practice and structure (Boxenbaum and Jonsson, 2008). In that case, what the organisations claim to do is not the same as what do in reality. As such, organisations bank on gaining legitimacy without actually adapting towards what is prescribed based on institutional pressures, trusting that people will believe that the organisation actually does what it says it does. Meyer and Rowan (1977) state that this is a pragmatic response to conflicting pressures to ensure both legitimacy and practical efficiency. Decoupling can however also prove to be a very dangerous tactic, as close inspection of the actual practices can expose an organisation as being deceptive in their claims (Boxenbaum and Jonsson, 2008). As stated, the public often has a large fascination with organisations from the creative industries, leading to them regularly being in the public eye (Lampel et al., 2000). Therefore, their activities are often under scrutiny, making decoupling an even more risky endeavour for these companies, with large public consequences at risk (e.g. consider the large public backlash against fashion companies using underpaid and under-protected labour). The practice of decoupling can consequently jeopardise long-term sustainability as public scrutiny of actions by creative organisations is often significant.

Proposition 8. The action of decoupling in order to claim legitimacy without actually adapting to the pressure jeopardises the organisation's likelihood of long-term sustainability.

Concluding remarks

As all creative organisations deal with the existence of competing demands to some degree, tensions are at minimum present in latent form. At one point in time, these might surface, become salient and require an organisational response in one form or another in which case they can be considered both as a call for and a source of creativity (Gaim, 2017). Traditionally, approaches to deal with pluralistic influence has been to either try to eliminate pluralism by focusing on a single 'logic' and its resulting legitimacy claims, to perform a spatial or temporal separation in which organisational activities that adhere to specific logics are strictly separated from each other, or to balance disparate demands by finding more deeply internal and external cooperative solutions (Kraatz and Block, 2008). This paper further explores this last solution, as it is postulated that a major role a business model can play in a creative organisation is to act as a balancing mechanism that can absorb possible tensions. Moreover, it has theorised this relationship by considering the business model processes of organisations from the creative industries, using the creative biotope as a framework for conceptualising the specific context in which these creative organisations act.

Classical accounts of institutional theory state that the institutional environment exerts considerable pressure on organisations to conform to taken-for-granted rules and practices, leading to isomorphism (see for example the discourse started by DiMaggio and Powell, 1983). However, an increasing hybridisation of activities and blurring of sector boundaries (Bromley and Meyer, 2017) – as is often observed in the creative industries – makes it less logical to find singular 'industry recipes' leading to more idiosyncrasy and less isomorphism. Furthermore, as is contested in this article,

legitimacy is often multidimensional and case specific, leading to organisation-contingent readings of the environment. As per contingency theory, it's the organisation's task to utilise this context-specific situation to find alignment among key variables such as industry conditions and organisational processes in order to obtain optimal performance. The greater the number of diverging influences that approach an organisation, the wider the spectrum of available choices. It is important to note here that there is not one 'best' configuration in any particular situation – multiple organisational configurations can be equally effective in achieving high performance as is stressed in the concept of equifinality (Fiss, 2007) – and that choices can be taken in both a reactive as in a proactive, anticipatory manner.

This paper aims to make two important contributions. First, this study aims to conceptually increase the current thinking on organisational structures of creative industries. As creativity and innovation are increasingly becoming key differentiators for all organisations in the Western economies, knowledge on the internal mechanisms at work in the creative industries can prove invaluable as these creative organisations are inherently combining business and creativity. These organisations are therefore often regarded as exemplary for the 'new economy' and more insights in the pathways for 'success' within these sectors can prove valuable for entrepreneurs within as well as far beyond the creative industries. Furthermore, this paper also aims to make a contribution in the growing business model literature, by theorising that the business model is crucial in the interplay between the organisation and the environment through the ability to balance conflicting interests. As such, the business model has a role beyond merely value creation and capture, as is often described, coming closer to the system-level holistic function that has often been touted. This focus on the evolving dynamics between the business model and the institutional context adds different theoretical possibilities to the often statically viewed business model concept.

In this paper, finding pathways for long-term sustainability is the main purpose. However, it is important to note that organisational sustainability in terms of economic performance is not only determined by the firm's own actions and its corresponding business model configuration, but also by other factors such as its competitors and other external circumstances (e.g. changes in tastes, technologies, fashion, etc.). Nevertheless, this paper does claim that using smart business model configuration and innovation, a system can be created that ensures sustainability on multiple levels. By continuously and purposively rebalancing the business model in order to take into account the changing institutional environment, as well as the changing needs and perceptions from an organisational point of view, an intentional cycle can be established that takes account of all four spheres of the creative biotope establishing the circumstances for sustainable creativity.

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Figures

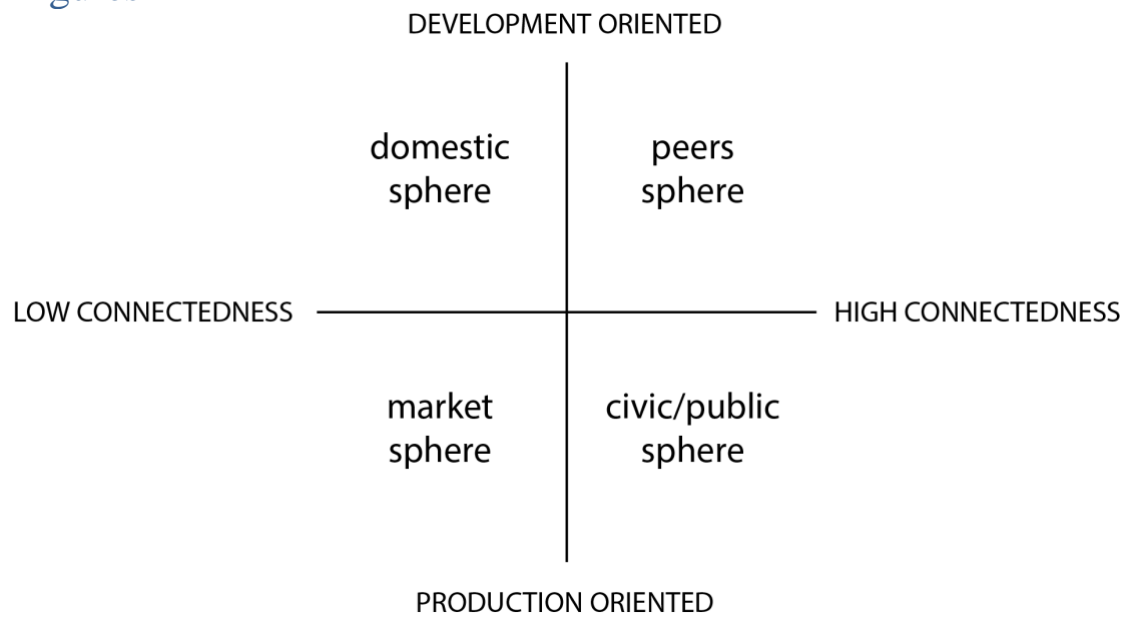


Figure 1 The creative biotope (Gielen, 2010)

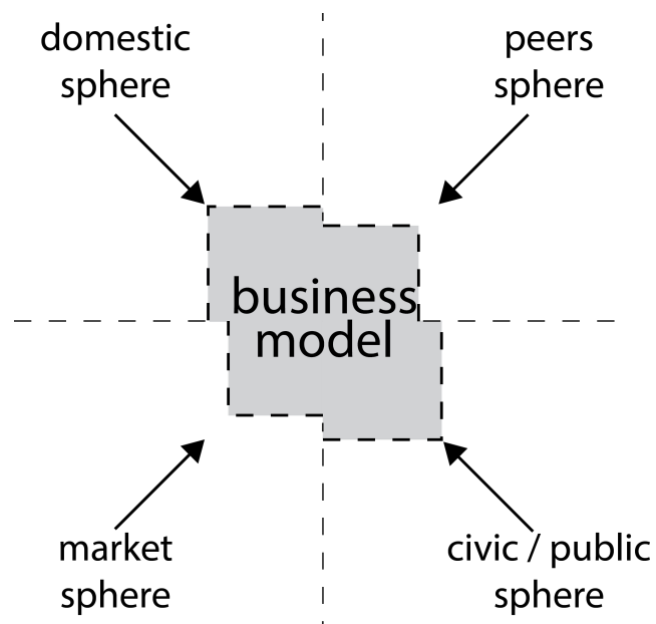


Figure 2 The placement of the business model in mitigating external pressures