

Integration of Music, Visual and Performing Arts Industry in Microregional Structure and its Value Chain – Case Study of Nitra Microregion

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Abstract

Creative and cultural industries are characterized as highly concentrated in space, while they tend to localize and concentrate in cities and urbanized regions. Paper presents a case study of music, visual and performing arts industry localized in the city of Nitra and its periphery, with main focus on the localization factors of the industry specific to the microregion as well as inter and intra-sectoral interconnections and relationships between the industry and relevant microregional entities. Results presented in the paper are based on structured interviews administered to entities which fall under the classification of the specified industry and indicate that music, visual and performing arts industry is highly integrated in the microregional structure. Strong and frequent interactions were identified between different segments of industry's regional value chain, particularly among producers of the creative content, their distribution channels, but also educational institutions and public institutions generating important spill-over processes. Within the defined value chain, we register a strong social capital between its segments and individual actors. Social capital is also one of the factors of its relatively high stage of development in addition to the long tradition of the industry in Nitra.

Key words: value chain, creative and cultural industries, localization factors

JEL Classification: Z11, L82, R10

1 Introduction

Components and properties of the space affect the localization of all economic activities including creative industries. Bille (2010), for example, distinguishes between localization factors of creative industries that produce reproducible goods and those that produce non-reproducible goods. For those industries that produce non-reproducible goods (such as theater, ballet a.o.), the proximity of market, i.e. potential consumers is an important localization factor. Their localization is therefore strongly conditioned by the concentration of population. For industries that produce reproducible goods (such as books, CDs a.o.), proximity to production factors market and intermediate products markets is more important.

Another reason for the concentration of creative industries is the existence of positive externalities (Raspe, Oort, 2008; Vang, 2007); knowledge transfer and spill-over effects in particular, which results in clustering of creative industries, or more precisely firms (Rehak, Chovanec, 2012). These facts not only result in different localization behavior of creative and cultural entities, but also in specific production process and organization of the industry.

Value creation and its validation into intangible assets that are capitalized in the process of dissemination in the culture sector have cyclical character. Cultural cycle is comprised of various phases of creation, production and dissemination (Preece, 2005). According to the author, these activities may or may not be institutionalized, and may or may not be managed by the state (considering that the cultural sector, especially in the post-socialist countries, although to some extent everywhere, used to be in domain of the public sector and certain products of cultural and creative sectors are still considered as public goods, A/N). Cultural cycle has spatial aspects as well. Some activities may be concentrated in one place, region or a country, others are spread worldwide (Pratt, 2008).

The purpose of this paper is to expand the findings and theoretical work of previous authors in terms of interactions between entities of creative and cultural industries, specifically of music, visual and performing arts industry and other entities operating on the given level of space, in order to determine how ties to the microregional structures contribute to value creation within the industry value chain and to define specific localization factors of the industry. The findings presented in the paper are based on primary research in the Nitra microregion (Nitra microregion encompasses 59 municipalities, with a total of 156,955 inhabitants (Slavík et al., 2005). City of Nitra is also central municipality, which is also the county seat with population of 80,947). Nitra microregion was selected as the most appropriate spatial unit, since previous research (Blahovec, Hudec, 2012) showed that in Nitra region, employment in cultural and creative industries is average or below average except for employment in performing arts, which is above average.

Database of Register of economic subjects of SR was used to identify key entities in the industry, which were interviewed and subsequently so called snowball sampling (referral sampling) was implemented, meaning that interviewed key actors in the microregion brokered contacts for other relevant entities in the industry, until we reached a critical number of respondents to obtain an objective view of the situation in the music, visual and performing arts industry in the region (total of 27 respondents were interviewed).

2 Structure of the Music, Visual and Performing Arts Industry in Nitra Microregion

To obtain a comprehensive overview of specific character of the industry in the microregion and to ensure the representativeness of the research sample, we examined its internal structure in terms of sectoral composition, the legal form and spatial distribution. In the Nitra microregion the requirements for representativeness defined above were met only partially due to the insufficient quality of information in the database.

Table 1 The structure of the music, visual and performing arts industry in the Nitra microregion and the research sample of subjects in terms of economic classification (2013)

Industry sub-sectors	Sub-sector population structure		Sample structure	
	Number of total	Share of total	Number of total	Share of total
Sound recording and music publishing activities	9	14,29%	2	7,41%
Cultural education	14	22,22%	5	18,52%
Performing arts and support activities to performing arts	18	28,57%	11	40,74%

Artistic creation	2	3,17%	5	18,52%
Operation of cultural facilities	20	31,75%	4	14,81%
Total	63	100,00%	27	100,00%

Source: own elaboration on the basis of RES SR database (2013)

Structure of the music, visual and performing arts industry in the Nitra microregion is dominated by cultural facilities, performing arts entities and educational institutions (Table 1). In terms of the legal form, physical persons and freelancers (30 of 63) predominate within the music, visual and performing arts industry in the Nitra microregion. Significant segment of the industry consists of entities with legal form of limited liability company - Ltd. (it is these subjects, which are listed under defined creative activities in the economic classification in the database, but the real focus of economic activities of substantial portion of them exempts them from the targeted industry sectors) as well as those affiliated with the budgets of the government sectors. These were not eliminated from the research sample due to the important role they play in the industry and despite the fact that part of their funding consists of public funds they regularly conduct business activities.

The music, visual and performing arts industry is highly concentrated in the central municipality of the microregion – in the city of Nitra, which is also county and regional seat. In the selection of the sample units, spatial distribution of the parent population was also taken into account.

3 Localization Factors of the Music, Visual and Performing Arts Industry in Nitra Microregion

Specified factors of quality of life were all rated as highly significant. All respondents considered the presence of people with similar values and interests, the diversity of cultural activities and tolerant environment for their creative activities as relatively significant quality of life factors. Urban amenities were identified as a factor of quality of life by the smallest portion of respondents.

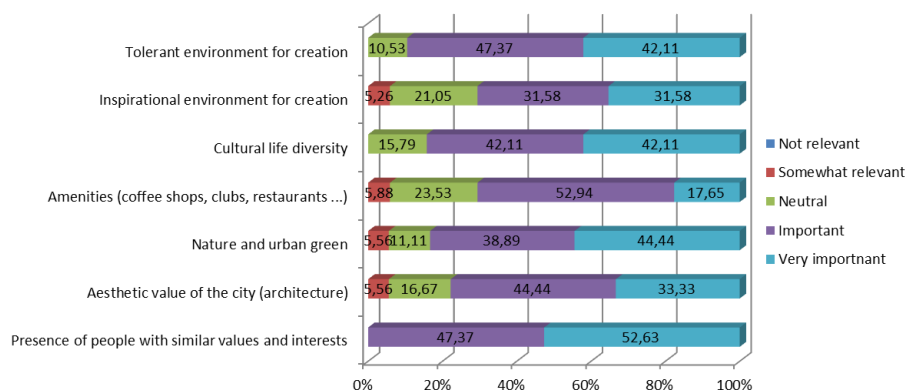


Fig. 1 Factors of quality of life according to creative entities and individuals and their localization decisions from the aspect of personal motives (% of respondents' answers)

Source: own elaboration based on the results of primary research

When analysing personal motives of respondents in relation to the choice of the place of residence as well as the attributes of said place in terms of quality of life, we found that respondents' views differ, notably so among respondents who are situated in the regional seat

Nitra and respondents residing in smaller municipalities (Fig. 1). Since the majority of respondents were also born in the city/town in which they currently live, it is not surprising that family background, friends etc. also influence their choices. For respondents who migrated from other regions or migrated within Nitra microregion, other than personal reasons job opportunities is also powerful motivator. City of Nitra was positively evaluated by respondents especially in terms of good level of cultural community, diversity of options for presentation of their work output, access to education, employment opportunities, community facilities and the status of Nitra as a place with long history and rich cultural heritage. On the other hand, respondents located in smaller municipalities positively rated nature, quite area with ample space and inspirational environment for creation, but also the proximity of the regional capital. We can not, therefore, validate the theoretical assumptions that creative workers prefer urban environment to rural, based on this case study; since findings in the case of the Nitra microregion suggest that these factors depend primarily on the individual requirements on the preferred place of residence.

Economic localization factor that the majority of respondents identified as significant is the presence of theaters, galleries and other infrastructure facilities for presentation of output of creative work activities, which is not surprising if we take into account the structure of individuals and companies in music, visual and performing arts industry, for which this infrastructure is an important distribution and sales channel. Other important economic factors of localization of the industry in the Nitra microregion are organization of large-scale events, public support and the size of the local market. Least important economic localization factors are presence of entities from related industries and availability of skilled labor. Availability of human resources of adequate quality is presumably less important for these respondents because of their size structure (i.e. number of employees) and their structure from the legal form aspect (a high proportion of self-employment and freelancers in the sample).

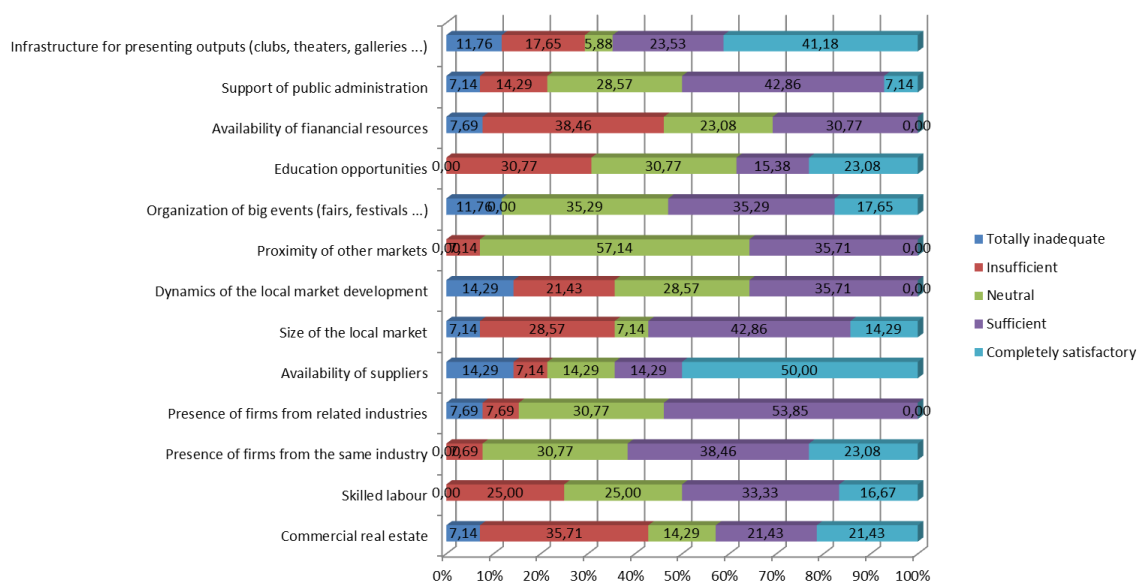


Fig. 2 Quality of economic localization factors of music, visual and performing arts industry in the Nitra microregion (% of respondents' answers)

Source: own elaboration based on the results of primary research

In terms of quality of defined economic localization factors (Fig. 2), most positively rated were infrastructure for output presentation, availability of suppliers and presence of entities from the same industry. This argues that the value chain of the sector and a network of firms

from relevant industries in the Nitra microregion are well developed. On the other hand, localization factors rated as "totally inadequate" and "insufficient" are commercial space, availability of funds and the size and dynamics of local market.

4 Integration of the Music, Visual and Performing Arts Industry in Microregional Structure of Nitra Microregion

The value chain depicted in Figure 3 is comprised of entities generating creative content, distribution channels, through which the creative content reaches the final consumer, educational institutions, public institutions, suppliers and consumers themselves. Among them, complex ties and interactions were identified, which generally work in either direction. Segment of the value chain that produces creative content is comprised of entities and individuals, most commonly self-employed or working as freelancers. These cooperate frequently and closely, whether on specific joint projects or on intermediate product market. It is, in some cases, difficult to differentiate entities that are focused exclusively on the production of creative content and entities that participate in other stages of the sectoral value chain. Indeed, a number of respondents in the sample is characterized by highly diversified activities. For example, gallery owner creates art himself, respondent, which works in sound recording and music publishing is a singer and a member of a band. Almost all the actors working in the Nitra microregion are employees of Andrej Bagar Theatre.

The interaction between producers of creative content and educational institutions is pronounced. High proportion of individuals generating creative content is also employed by educational institutions. Being employed by these institutions makes an advantage especially in terms of securing additional income, which is of particular importance considering the volatility of their income, typical for artists and significant share of other creative workers as well. In addition, schools provide other numerous benefits, such as facilities for setting up a studio, presentation possibilities for their work, and finally, they serve as an appropriate platform to establish cooperation and collaboration among creative workers.

This relationship is symbiotic in nature, since creative professionals working for the educational institutions have an impact on the functioning of these organizations as well, mainly by providing practical experience for students and facilitating their integration into the professional sphere. Creative content distribution channels (eg. galleries, theaters, publishers, leisure centers and the others – in Nitra most important are Andrej Bagar Theatre, Karol Spišák Old Theatre, Nitra Gallery, Nitra Museum) and market places of the creative content, produced by creative professionals, provide a platform for cooperation of creative workers. The cooperation usually takes the form of ad hoc projects. Subjects that distribute creative content have obvious economic benefits from such cooperation particularly building the reputation and attractiveness in relation to the customer – a gallery visitor, viewer. Generally, feedback of consumers of creative content towards its creator is realized through distribution channels as well.

Within the value chain of this sectors, public administration institutions are integrated to a greater extent than in other sectors of the national economy, which stems from the fact that the products of culture and thus partly products of sectors in question are considered as "semi-public" goods. Public institutions affect the value creation in the value chain of the industry primarily through the creation of legislation and support activities (e.g., financial support or provision of facilities for lower rent or rent-free). However, creative professionals and

relevant educational institutions also enter into these processes, for example during the creation of sectoral policies (industry professionals are members of the relevant committees within the public administration) or cooperation on joint projects. Public administration significantly affects the functioning of educational institutions, through the creation of legislative measures, as well as through the approval of curricula, thereby directly affecting the content of their activities, which are also largely financed from public budgets.

Segment of suppliers in the value chain crosses the borders of the analyzed area. The largest share of input suppliers were reported to be localized all over Slovakia, the second largest group are suppliers from the city of Nitra and its surroundings and Nitra region. Some respondents also listed suppliers from abroad, which is frequently the case of highly specialized inputs for which there is insufficient demand in Slovakia to be effectively manufactured and offered domestically. Sales market also has supra-regional dimension. Educational institutions, and to a lesser extent and via other mechanisms public administration institutions as well, also affect the final consumer, i.e. demand, predominantly by influencing consumer preferences. The annual international theatre festival Divadelna Nitra brings together all the mentioned segments of the value chain of this sector (excluding input suppliers). Almost all respondents in the research sample were somehow involved in this event. The impact of cultural industries on local economy manifests primarily through major events as the one mentioned, with the most pronounced effect on local accommodation services, entertainment services and restaurants as discovered by Džupka and Šebová (2014).

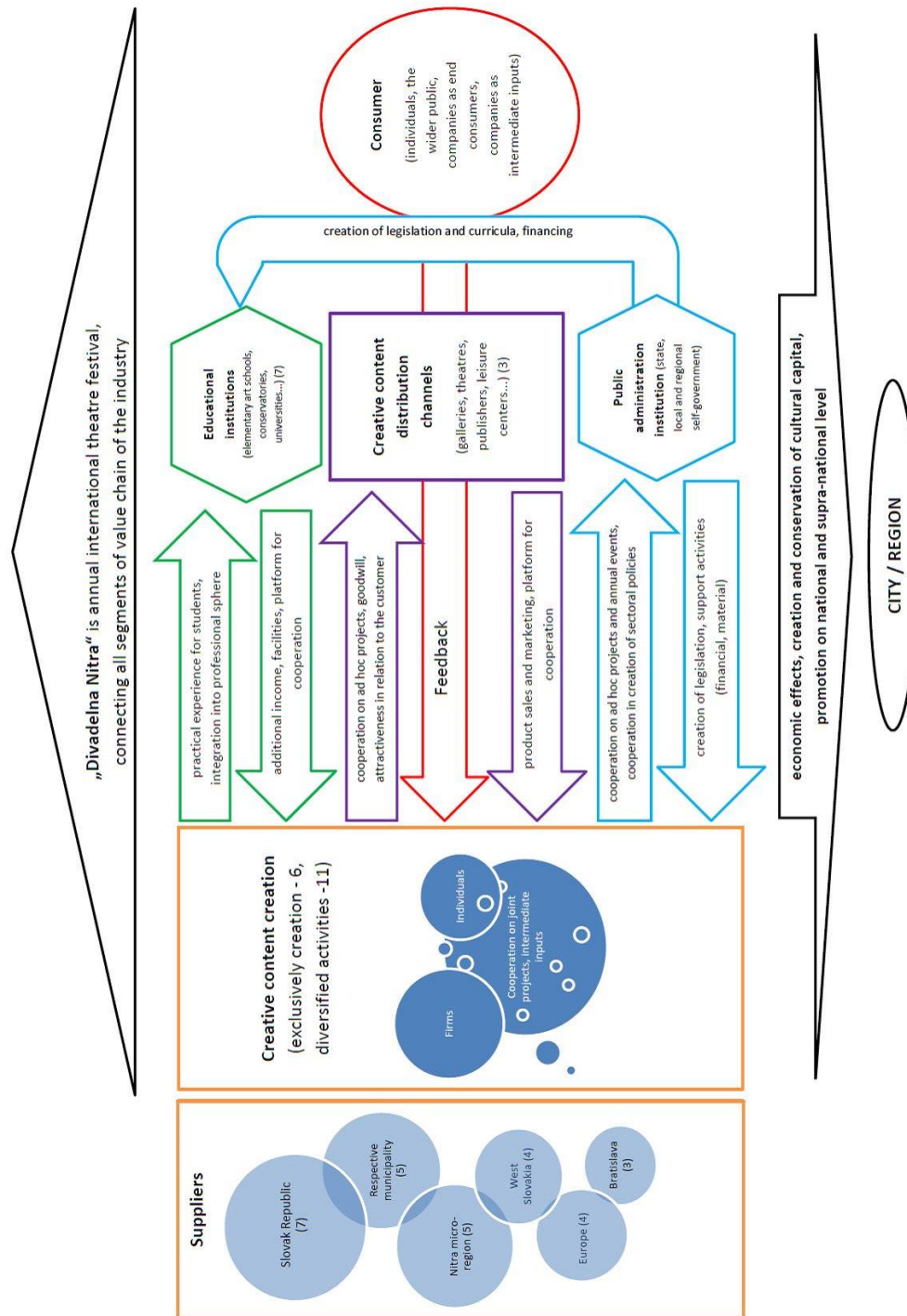


Fig. 3 The value chain of music, visual and performing arts industry in the Nitra microregion and its interconnections with the relevant microregional structures

Source: own elaboration based on the synthesis of the results of primary research

5 Position of Educational Institutions in Music, Visual and Performing Arts Industry

During the research into the value chain of music, visual and performing arts industry in Nitra microregion, educational institutions were recognized as one of the most important actors, considering the nature and intensity of cooperation between them and the private sector. Therefore, we further analyzed the role of key educational institutions situated in the Nitra microregion. In order to fulfill this task, we adapted the methodology of interview designed for firms and individuals and interviewed 5 most important institutions: two private conservatories and three departments of Constantine the Philosopher University in Nitra. Most of the institutions are located in the regional seat.

Educators working within these institutions usually create in their respective fields and thus form already mentioned introduction to the actual professional sphere for the students. In addition to the teachers, students themselves often participate in events organized by either an educational institution or in cooperation with other institutions, organizations and companies. Each of these institutions reports active cooperation with governmental institutions (mostly in the microregion, but also beyond its borders) and cultural institutions (from abroad as well). Entities with which cooperate most often (as a department or through specific teachers and students) are the city of Nitra, organizing cultural and social events, regional self-government, Andrej Bagar Theatre, Karol Spisak Old Theatre, Slovak Philharmonic Orchestra, Slovak National Theatre, Nitra Community Foundation, Nitra Gallery, Regional Cultural Centre, shopping malls, television and radio stations, civic associations. Bilateral cooperation is developed between interviewed educational institutions themselves, as graduates of the Department of Art Education and the Department of Music Education often find employment teaching at art schools of lower level of education. Cooperation in this direction is an important source of inspiration for innovating and developing the content of curricula and the learning process through the confrontation with the needs of the labour market. All interviewed educational institutions state that they are actively involved in the preparation and realization of international theatre festival Divadelna Nitra every year.

The only insignificant localization factor for educational institutions is the existence of entities of the same or related specialization. Most of the interviewees benefit from the "scarcity value" and their distinctive specialization within the network of educational institutions, or within the microregion.

7 Conclusions

The complex integration of entities belonging to the sector of music, visual and performing arts in the relevant structures of Nitra microregion is the key finding presented in the paper. Between individual segments of the industry value chain there are strong and frequent interactions, especially between producers of creative content, distribution channels, as well as educational and public institutions, generating intensive "spill-over" processes. Very significant is the interaction between producers of creative content and relevant educational institutions.

A strong social capital was identified among various segments and individual entities of the value chain. The social capital appears to be one of the most important development factors of the

sector. Another strong factor is long local and regional tradition of this creative industry and strong demand for the products of the music, visual and performing sector arts in the Nitra microregion. Despite the potential for the establishment of creative cluster in the sector, its development is hampered by unfavourable economic situation and level of development of the region in general.

The impact of the industry on the economy of the region is manifested mainly via demand, which has a trans-regional dimension and because of the nature of the product it offers (in most cases, but not always) its consumption is predominantly realized in the place of its creation. This is beneficial in terms of attracting customers from other regions, thereby increasing the demand for other industries, mainly services, e.g. restaurants, accommodation and so on. In addition, the sector of the music, visual and performing arts contributes significantly to the generation and preservation of cultural capital in the region.

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