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BIANCHINI GALUK, MARIANA; CARNEIRO ZEN, AURORA; ANICET BITTENCOURT,  
BRUNO; MATTOS, GUILHERME; CALLEGARO DE MENEZES, DANIELA

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# INNOVATION IN CREATIVE ECONOMY

## MICRO-ENTERPRISES: A MULTIPLE

## CASE STUDY

### MARIANA BIANCHINI GALUK

*Master's Degree in Business Administration from the School of Management  
at the Universidade Federal do Rio Grande do Sul (UFRGS).  
Master's Degree student in Business Administration from the School of Management  
at the Universidade Federal do Rio Grande do Sul.  
Rua Washington Luiz, 855, Centro Histórico, Porto Alegre – RS – Brasil – CEP 90010-460  
E-mail: marigaluk@gmail.com*

### AURORA CARNEIRO ZEN

*Doctor in Business Administration from the School of Management at the Universidade Federal do Rio Grande do Sul (UFRGS).  
Professor for the School of Management at the Universidade Federal do Rio Grande do Sul.  
Rua Washington Luiz, 855, Centro Histórico, Porto Alegre – RS – Brasil – CEP 90010-460  
E-mail: aurora.zen@ufrgs.br*

### BRUNO ANICET BITTENCOURT

*Master's Degree in Business Administration from the School of Management  
at the Universidade Federal do Rio Grande do Sul (UFRGS).  
Doctorate student in Business Administration from the School of Management  
at the Universidade Federal do Rio Grande do Sul.  
Rua Washington Luiz, 855, Centro Histórico, Porto Alegre – RS – Brasil – CEP 90010-460  
E-mail: brunoabittencourt@gmail.com*

### GUILHERME MATTOS

*Master's Degree in Business Administration from the School of Management  
at the Universidade Federal do Rio Grande do Sul (UFRGS).  
Master's Degree student in Business Administration from the School of Management  
at the Universidade Federal do Rio Grande do Sul.  
Rua Washington Luiz, 855, Centro Histórico, Porto Alegre – RS – Brasil – CEP 90010-460  
E-mail: escrevaparaguilherme@hotmail.com*

### DANIELA CALLEGARO DE MENEZES

*Doctor in Agrobusiness from the Agribusiness Postgraduate Program at the Universidade Federal do Rio Grande do Sul (UFRGS).  
Professor for the School of Management at the Universidade Federal do Rio Grande do Sul.  
Rua Washington Luiz, 855, Centro Histórico, Porto Alegre – RS – Brasil – CEP 90010-460  
E-mail: daniela.callegaro@ufrgs.br*

## ABSTRACT

**Purpose:** Research about how creative economy grew considerably in last years, mainly by the increase of representation that this sector has in the global economy. It is believed that creative economy's organizations have some characteristics that differentiate them for the traditional areas where creativity is relevant in the innovation process. Thus, this paper aims to analyse the process of innovation in the creative economy organizations.

**Originality/gap/relevance/implications:** Due to still early literature in the Brazilian context, we expect to contribute to it in the business studies field.

**Key methodological aspects:** We conducted an exploratory qualitative research study on four micro enterprises that are part of the creative industries. The theoretical approach was about innovation in creative organizations, so as it was possible to realize an analysis of innovation in the investigated business from three categories identified in the literature: organization, technology options and customers.

**Summary of key results:** It was found that these organizations have some characteristics that differ from traditional sectors of the economy, both in the type of innovation and in the way the innovation process is managed. However, it is questionable whether the flexibility that both aids in the flow of ideas and information would be a reality in larger companies.

**Key considerations/conclusions:** As contributions, this article raised a reflection on creativity and innovation in this segment and also on innovation in creative microenterprises.

## KEYWORDS

Innovation. Creative economy. Micro-enterprises. Innovation process. Creativity.

# 1 INTRODUCTION

The creative economy is a segment that is considerably increasing its importance in the current economy, being a reference for traditional sectors' organizations regarding the development of innovation models (Adina & Ramona, 2013). Around the world, there is an increasing number of studies that relate both creative and innovative economy (Bakhshi & McVittie, 2009; Zukauskaite, 2012). The novel form of organization proposed offers a new grouping mode and interpretation to economic activities which have existed throughout hundreds years. Activities such as crafts, architecture, media, music and so many others which have the intellectual capital as their primary production resource; a fact that characterizes them as belonging to the universe of creative economy (Müller, Rammer, & Trüby, 2009).

The organizations that comprise this segment are in a complex context, where the generation and management of ideas are essential tools for survival and creativity assumes a crucial role in the innovation process (Wilson & Stokes, 2005). Creativity and innovation are inextricably linked because one implies the generation of ideas, and the other involves the application of these concepts in a practical way. Since innovation is essential to competitively leverage companies and markets, influencing organizational survival, innovation management demonstrates its relevance for organizations (Figueiredo, 2009).

In Brazil, the mapping of the creative industries conducted by the Federation of Industries of Rio de Janeiro (Firjan) found a contingent of 243 thousand companies in the creative sectors in 2011. Throughout that year, roughly R\$ 110 billion were generated by organizations directly related to the creative economy. The same study also laid out that Brazil is among the largest producers of creativity (Federation of Industries of Rio de Janeiro, 2012), demonstrating the relevance of this sector to the national context. The following research question is proposed considering the presented facts: how does innovation occur in creative micro-firms?

This study seeks to understand how change occurs and what its characteristics are in the companies investigated, as these companies differ from traditional industry in various aspects (Bakhshi & McVittie, 2009). Thus, it is argued that the process of innovation will also present different characteristics from other industrial sectors. The relevance of this study lies in the peculiarities presented by these businesses; they are activities based on knowledge, creativity, and meaning, i.e., the human intellectual capital. The proposal is to make an analysis of innovation mechanisms used by selected organizations to understand the context in which innovation occurs in these businesses.

This paper was organized in four sections. The next section reviewed the literature on innovation management in the creative economy. Then, the methodological procedures adopted in this study were described, and case studies and comparative analysis were presented. Finally, the conclusions of the article were exposed.

## **2 INNOVATION IN THE CREATIVE ECONOMY**

This section is divided into two parts to understand the process of innovation: 1. the creative economy and 2. Innovation in the segments of Creative Economy.

### **2.1 CREATIVE ECONOMY**

The development of studies and policies for creative economy began in Australia through a speech by the country's Prime Minister called *Creative Nation*. The statement coined the term “creative industries”, defining industries that have human intellectual capital as its central resource (DCMS, 1998). However, the issue gained more prominence in 1997 in the UK, during Prime Minister Tony Blair's government (Florida, 2011; Howkins, 2002). Investments were directed to the creative economy, based on the understanding that this newfound organizations' strength could replace manufacturing, the central element of British traditional economy (Couto, 2010). The Department for Culture, Media and Sports (DCMS) has identified thirteen sectors that made up the creative industries: advertising; antiques; architecture; crafts; design; fashion; cinema; software, interactive software entertainment; music; performing arts; publishing industry; radio and TV. Not only does the creative industry include sectors directly related to art and culture, such as theater, movies, and music, but it also involves all businesses where creativity has a paramount role (United Nations Committee on Trade, Aid and Development, 2008). Thus, Innovation's management plays a relevant role in creative economy's new organizational context, which needs constant generation and exchange of ideas to sustain itself.

### **2.2 INNOVATION IN SEGMENTS OF THE CREATIVE ECONOMY**

Innovation is an essential factor in contemporary economies as is the engine of economic development (Schumpeter, 1982; Nelson & Winter, 2005). The entry of new competitors and new technologies in a market are inevitably based

on innovation. Innovation can be understood as a new idea or practice which is adopted regarding a process or an entire sector of an organization. The primary goal of innovation is to generate change which in turn can create value, either economic, strategic or other relevant to the firm (Zaltman, Duncan, & Holbek, 1973; Acs, Morck, & Yeung, 2001). In other words, innovation is the process that aims to transform new ideas into opportunities, by turning ideas into goods (Tidd, Bessant, & Pavitt, 2008).

According to Tidd *et al.* (2008), four elements are essential for achieving innovation: strategy, effective implementation mechanisms, supportive organizational context, and effective external relationships. Also, three strategic factors are important: company's position, that is, their products, processes and technologies; technological trajectories adopted; and organizational processes (Tidd *et al.*, 2008). At the same time, multidisciplinary teams are essential to generate new ideas, since the real success of a team lies in communication and information exchange, collaboration and joint reflection (Meira, 2013; Brown, 2010).

Organizational culture also describes a crucial point for the company to encourage people to be creative (Miranda, Aranha, & Zardo, 2009). However, to be useful in generating innovation, the organizational culture needs to be supported by a system of values intrinsic to the organization; the corporate culture should include the ability to know how to take risks, to tolerate mistakes and diversity to accomplish tasks and solve problems. Also, in order to manage strategically innovation, an internal alignment of the organization is necessary, with proper placement in the surrounding environment and long-term vision (Ferreira & Sousa, 2008). For an environment to generate innovation, the organizational interaction with the external environment must work well. The location which surrounds the organization can produce creative stimuli through culture, know-how, information flow, knowledge and government policies (Meira, 2013).

Another issue is creative work, which is not predictable, repetitive nor standardizable (Hsu, 2013). Considering the profile of creative professionals, the systematization of the innovation process in the company should take place to ensure flexibility and autonomy. Otherwise, it would negatively impact the creative process and might inhibit it, because the innovation process has a differentiated nature, entirely dependent on the performer, inspiration and idea generation (Howkins, 2002). There is no way to measure creativity, let alone systematize it, as it is "[...] in people's heads, you do not see the thing happening – and you cannot standardize what you cannot see. Finally, creative people tend to rebel against management attempts too systematic" (Florida, 2011, p. 133).

Miles and Green (2008) sought to find ways to measure innovation in the creative economy as innovation activities tend to be difficult to detect. On one hand, it is important to understand and follow the process of innovation.

On the other hand, there is no way to manage some operations efficiently through a structured process, since they happen in the human mind. This concept is named hidden innovation by the authors.

The traditional literature regards innovation as products and as linear processes, investigating formal activities of Research and Development (R&D). However, given the characteristics of companies in the creative industries and their products, it is necessary to take another look at this process. The creative industries have developed products aiming at causing interactions and experiences on their consumers (Franke & Schreier, 2008). In this case, there is reciprocity in the user interface to the product as consuming becomes a co-produced experience between producer and user. Thus, hidden innovation derives from the following factors: 1. no department or formal laboratory for innovation management in the company; 2. the innovation is based primarily on new business models and organizational forms, rather than scientific/technological novelty; 3. the innovation occurs with new combinations of technologies and processes, which results in new interactions with customers; finally, 4. small-scale innovations are not measured, making it impossible to check and replicate them (Miles & Green, 2008). The innovation process is clearly different in the creative industries (Bakhshi & McVittie, 2009), either in processes, technology or consumer experience (Miles & Green, 2008).

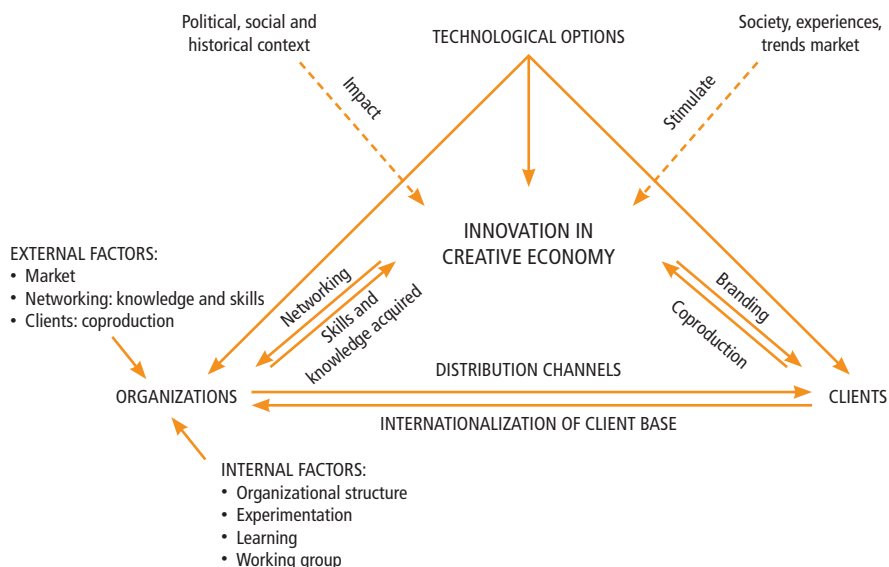
Jaw, Chen and Chen (2012) analyzed innovation management and strategies to support businesses related to cultural production. Based on their work, we proposed a model of innovation in the creative economy, which seeks to analyze the various interfaces and sources of incentives for innovation in companies. Figure 1 shows such proposed model, based on three main elements: technology options, customers, and organizations.

Therefore, it is possible to see that technological choices influence way of work of organizations, the distribution channels and the access to customers. Technology also affects the customer base and the interface with users because it allows the client to coproduce with the company generating new products and creative concepts. Also, organizations are impacted by the historical, social, political and cultural environments in which they operate and are encouraged by the company, market trends, and experiences of the people involved. All these factors influence organizational innovation.

Finally, influences from internal and external factors were verified, such as networking, through which it is possible to exchange ideas, experiences, information and knowledge with the organization's partners and internal stakeholders. In short, looking at the Figure 1, it is also possible to check how creativity is created. It arises from a social process regarding information and knowledge, which, in turn, generates innovation.

FIGURE I

## INNOVATION IN CREATIVE ECONOMY



Source: Adapted from Jaw *et al.* (2012).

## 3 METHODOLOGY

A qualitative study was carried out to analyze innovation in micro-enterprises of creative economy. Such approach makes it possible to observe the context studied in greater depth due to its explanatory character (Vieira & Zouain, 2005). The research method used was the multiple case study, a deeply in context empirical investigation of a contemporary phenomenon (Yin, 2001). This choice was taken to confront the firms' realities and to understand how organizational innovation is perceived and carried out, comparing the characteristics and peculiarities of each case. For this paper, four micro-enterprises were selected in the segments of cultural production, musical production, and architecture, located in Southern Brazil. As for data collection, the use of semi-structured interviews conducted with the help of a previously prepared script was defined. Secondary data sources were also used.

In order to determine compliance with the criteria validity and reliability, the following steps were performed in the procedure for collecting the surveyed cases: 1. micro-enterprises were chosen according to Serviço Brasileiro de Apoio



às Micro e Pequenas Empresas (2013) classification category for Creative Economy; 2. emails were sent to contact potential companies and explain the purpose of the research; 3. the meetings were scheduled indicating time and place; and 4. during the interview, the purpose of the research and how it would be carried out, as well as the profile of interviewers were explained. Then, the script was applied. The interviews were transcribed, and research information was stored, such as contact emails, recordings, transcriptions, and data for the study.

#### CHART 1

### SURVEYED ENTERPRISES

ENTERPRISE	SECTOR	FOUNDING YEAR
Enterprise A	Cultural Production	2003
Enterprise B	Technology	2005
Enterprise C	Musical Production	2007
Enterprise D	Architecture	2008

Source: Elaborated by the authors.

Data collection was based on primary and secondary data. The main data was collected from semi-structured interviews of personal character, pre-scheduled and with written authorization by the interviewees. The goal was to understand how the innovation process within the organization occurs and how it is managed. Data collection was conducted between May and June 2013. Secondary data was obtained from literature review and document analysis related to organizations, which were relevant to a better understanding of internal processes. In Chart 2, we listed the organizations and positions of respondents.

#### CHART 2

### INTERVIEWEES' PROFILE PER COMPANY

ENTERPRISE	POSITION
Enterprise A	Business Partner – commerce and strategy
Enterprise B	Business Partner – Commercial and project manager
Enterprise C	Owner
Enterprise D	Administrative and Marketing Coordinator

Source: Elaborated by the authors.

The data was analyzed through content analysis. The aim of this method is to create knowledge through the substance of information (Bardin, 2006). For data analysis, the criterion of analysis and compatibility of data was used. The information collected in the interviews was based on basic categories identified in the innovation literature related to creative economy businesses: organizational aspects, technological choices, and interaction with customers (Jaw *et al.*, 2012; Miles & Green, 2008).

Based on such categories, the script was organized into four-open-question blocks. The first block sought to raise general information about the company, such as the main activities and its performance history in the market. The second group of questions aimed to collect data on the organizational aspects of the innovation process. Next, the mechanisms of interaction with customers were addressed. The final questions dealt with the technological options considered by the company's management.

The selection of categories for analysis is justified due to the particularities of the businesses taken into consideration and their scope in the innovation process. The technological options considered make it possible to analyze the market and technology changes in the environment in which the company operates. Then, the organizational criterion aspects become necessary to examine the impact of external changes inside the enterprise, as well as in the innovation process; the interaction with customers was also considered.

## 4 RESULT ANALYSIS

In this next section, the four investigated companies and subsequently a comparative study are presented. Four micro-enterprises of cultural production segments (music production, technology, and architecture) were selected. Aspects related to the interface of the clients with the organizations, the organizations themselves and technology options were observed, as well as their impact on the organization innovation, as outlined in the analytical framework.

### 4.1 COMPANY A – CULTURAL PRODUCTIONS

Company A is a consolidated cultural producing firm and was founded in 2003. The company's scope is to design and implement cultural projects, plan space, and cultural policies, assist businesses and organizations in cultural marketing, law consulting to foster culture and show production. Furthermore, the company offers training courses related to the field of cultural production. Company A's primary market focus is to carry out projects through laws that

foster culture. Collaborators are the two partner directors, a project manager, an executive production manager and a secretary. Despite their main responsibilities, one with the administrative and the other with the project management, both share the execution of the tasks in all areas of company.

The organizational environment is not formal concerning the way to coordinate the projects' progress. Given that it is a very informal organization, partners are involved throughout the projects from designing to completion. According to the interviewee, since partners have been part of the cultural production market for a few decades, they have acquired a vast experience in the field. This experience is precisely what assists them in managing projects. Another internal organizational peculiarity is related to the working teams, as the business has only five employees and many projects they are involved require a greater number of people to be executed, so the company has to hire temporary employees.

According to the interviewee, a firm oriented to innovation management requires that those who are involved in the process be engaged. Furthermore, the organization is concerned with all participants' engagement in the project so that the result acquires the best possible quality, creative and thought-provoking. Thus, they seek to provide an open environment, with dialogue, exchange of ideas, recognition and, above all, flexibility.

We are very informal [...]. We also have a very open relationship with people who work with us. [...] It is important to value very much those who are working, we give credit for things. [...] And everyone is involved with each other, even in helping those who are overwhelmed. [...] We believe in a very personal commitment, because sometimes we have to work on weekends, at night, and people will not even blink, they will do it!

Thereafter, the organization encourages teams to get motivated and give their best according to Florida (2011) and Tidd *et al.* (2008), which highlight the importance of the work environment to innovation, given that organizations need to encourage new ideas, highlighting the individualities of people in the group. Moreover, the role of managers is crucial, because proceedings are helped through their technical and administrative experience.

The relevance of technological options is better noticed in the communication of project members. Through data sharing platforms, it is possible to exchange ideas, information, set agendas and perform certain tasks related to the projects. For the interviewee, technology is much more accessible than ever before for small businesses, which enables a wider range of tools to create and disseminate their work without high investments, and also facilitates access to clients from different locations.

Clients actively participate in various stages of projects, primarily assisting in the design. Thus, the customer is closer to the end product or service; for example, in theater plays the company or group which will take part in it is active and engaged throughout the process. Another customer relationship happens through courses related to cultural projects offered, having an appropriate environment for the exchange of experiences and the generation of new projects among students and the organization. Also, classes are fruitful regarding partnerships for future cultural projects.

The importance of government incentives could be easily verified. As it has already been pointed out by Reis (2011), government support for the activities related to culture is of great importance, since it is a sector in which incentives are critical to organizations. Regarding the company's case, most of the projects are made possible through incentives. The focus of executed projects lies on notice calls offered by the government. However, after the support is received, the company may need to ask for sponsorships. Thus, it is in those companies' hands the decision on which projects they will sponsor. The projects better suited to the sponsors' interests will be chosen, even though they may not be the best.

## 4.2 COMPANY B – TECHNOLOGY

The technology Company B is in the market since 2005. The company has three partners and five employees. Specialized in sensory and technological actions, it provides unusual experiences to people across multiple media and platforms. The company works with items from interactive dashboards to projections and 3D movies. Among the partners, one of them is an engineer and commercial projects manager; another one is a designer and project manager. Finally, the third partner is the creative and organizational manager. According to the respondent, the fusion between engineering and design is a competitive differential, as it provides innovative technological solutions and surprises the public.

There isn't a company in our industry that has it all. We created this idea; it arose out of necessity. We set up a computer graphics company, but at the time no one presented it in 3D, so we had to learn how to do it. Otherwise, everything that we studied on film could not be designed. Hence, the idea of gathering the two sides arose.

The relationship with customers is full; it involves points of sale, fairs and events; artistic and cultural market; the education market; production equipment, products, and applications. Also, the company works with projects related

to existing technologies with a new marketing look, such as the 3D film project, which deals with creation and installation of cinema and 3D movies for the education sector. There are videos of several disciplines to facilitate student learning. For Miles and Green (2008), organizations with high creative capital are creating new markets, largely due to the emergence of new technologies. “New products are being generated for new markets – for example, entertainment firms moving into educational markets with new types of games, or manufacturing companies becoming service providers” (Miles & Green, 2008, p. 6).

According to the respondent, experiences in sales points are imperative, because besides showing the work of organization, it provides a monthly financial return to the company. This context is a vital aspect of the sustainability of this business because larger projects can take months to generate a financial return, and therefore are a high-risk investment for companies. However, this is not viewed negatively, but rather as an exciting challenge, instead of a reason not to bet on a project. The government involvement in the market in which the company operates is through public announcements and incentives, such as the notice calls of Brazilian Development Bank (BNDES). However, it is necessary to invest time and personnel to prepare business plans, which could compromise the quality of ongoing projects at the expense of an uncertain investment, because the notice call will not necessarily be approved to receive governmental incentives.

The organizational culture is entirely focused on innovation, both regarding technology and in the way that technology interacts with people. With some flexibility and the interaction between all involved, it is believed that the environment fosters creativity and innovation. Another form of fostering that is highlighted is bonuses, as they make the team realize the results of their work and continue motivated. The organization works with strict deadlines on their projects, both for the customer and internally. Moreover, many projects relate to events, fairs, and product launches, meaning delays in the delivery of the final product are not acceptable and the control of deadlines is among the hardest jobs. However, this is due to well-executed planning and monitoring that the tasks are delivered successfully, and not through working under pressure. Florida (2011) suggests that creative inspiration is the result of a stimulating work environment and that too systematic management attempts are seen as very negative for the creative worker. Managing clients is also challenging because they are not fixed, but linked to specific projects, requiring the constant acquisition of new customers.

Technological options are of critical success to this organization because it works directly with new technologies and new ways of user interaction with existing technologies. Thus, investments in equipment that enable job creation, layout and collection of material are needed. By analyzing the client’s role in

the creative process, we noticed that when the results tend to be innovative and daring, customers cannot always contribute positively. Thus, the manager says there is only co-creation in the briefing stage. Finally, the employees gather work activities with leisure, which generates engagement and better results:

As we work with various markets [...] every day is a different thing, and we have to adapt ourselves, even geographically. [...] I am a specialist, in, I don't know, projection. But if you give me a problem in something else, I will try to solve it. So we rely on pro-activity and adaptation. We must not be limited by what we simply are, at least not in our market.

According to Florida (2011) and Brown (2010), the team is essential to contribute to the growth and development of the company, as well as the quality of the work. Thus, creative workers seek for organizations in which they find personal satisfaction and the feeling of producing concrete results in their activity, assisting in the organizational development.

#### 4.3 COMPANY C – MUSICAL PRODUCTIONS

Company C is an individual micro-enterprise of musical productions in the market since 2007 that produces projects primarily through partnerships. They focus mainly on classical music, as well as on developing projects to assist in the spread of culture, taking classical music, especially to poor communities. In addition to working with the development and implementation of cultural projects through incentive laws, notice calls and awards, they produce and organize shows and concerts, as well as music production for events and weddings.

Regarding the organizational level, the respondent believes that to boost creativity and innovation, an environment where people are in contact and exchanging ideas is needed. The constant contact with the individuals involved in the projects makes them stay engaged and motivated. Moreover, it is in this exchange, both in meetings and in informal moments, that new projects and solutions to certain issues are met. According to the respondent:

[...] we create the project according to what the artist wants, we give tips, create together. Now, there are also projects that are not centered on one artist, which is a trend that the notice calls are asking for you to contemplate diversity. Then, you have to think in a diversified programming; you may need the support of an artistic director to help you figure things out, a curator [...]

This statement reflects the UN report's idea (United Nations Committee on Trade, Aid and Development, 2008) that creativity is a social process related to factors, such as working environment and interaction with the staff. The innovation process is not managed in a systematic way; ideas for projects come in many different forms, both due to external demands, such as through public announcements and launched by the organization's insights.

[...] Innovation does not need to be connected to technology and electronics. [...] It is in the way you manage and the way to manage you can learn along the way, you can develop mechanisms, you can know every step of the work of a cultural project for particular notice call, for a special law and you will create steps and a framework that later on you're saving time, and this is a way to be creative, to reduce costs, because you cut the working hours and become more productive.

During project development, the manager is involved at all stages. Once the project is designed, the task meetings happen, and jobs are given to the people in charge. A challenge the company faces is fundraising. By working directly with announcement calls, which depend on private enterprises, the company needs to spend time and efforts to engage partners in their projects. Therefore, networking is essential; moreover, creativity is also important to attract partners. For example, a particular project had its costs reduced through a crowd-funding platform.

Customer interface uses incentive laws that encourage culture as an important part of their work. The Brazilian government occupies the leading market share in which the company operates. The importance of government in the development of the creative economy is essential; however, in specific sectors, such as culture, its relevance is greater. The government is the catalyst element for long-term changes (Reis, 2011).

#### 4.4 COMPANY D – ARCHITECTURE

Company D works in the architectural market, with niche businesses. The organization makes small building projects that provides a cosmopolitan, highly personalized design, to value the personality of the environment where it is located. This organization was founded in 2008 and has four employees, the rest of the staff is outsourced and allocated according to their needs and projects.

The group believes in an open and inspiring environment for work teams to create charming, contemporary and timeless projects: “[...] Our *raison d’être* is to develop living spaces with attitude, responsibility and character, straight from the architect’s drawings to the lives of our customers”. The search for new ideas



and creations is made through market trends analysis, idea exchanges among the team and applied research. Furthermore, many of the developments occur within partnerships. So the risks and ideas are shared. The organization seeks to structure multidisciplinary work teams, to stimulate the generation of solutions.

As for the creative process, they believe that the more involved they are, the more ideas and solutions can be applied. The way of working to foster creativity resembles an observation made by Florida (2011), that “creativity [...] is an act of synthesis. To create and synthesize, we need stimuli – a thing here and there that can be turned into a new and unusual way, existing references that can be deconstructed and transcended” (Florida, 2011, p. 186). So the search for creativity happens through various stimuli and references and their transformation into innovative architectural designs, according to the framework developed in this paper, which demonstrates how the interference of the media influences the way through which the organization will innovate.

As for their technological options, project monitoring is based on an online project management system, where you can check the person in charge for each task, the activities that are already completed or in progress, deadlines and costs. This system facilitates the exchange of information between all individuals involved.

Brazilian civil construction market is very bureaucratic. As a downside, it limits developments in many ways. As a result, organizations often choose not to innovate. Thus, the bureaucracies that exist in both public and private institutions affect and can even inhibit creativity. The Brazilian government needs to adapt itself and assist in the creation of an entrepreneurial and innovative culture. Therefore, it must act on three fronts, as Meira states (2013): educate people, create opportunities and stay out of the way.

## 4.5 COMPARATIVE ANALYSIS OF THE ENTERPRISES

The results were compared in Chart 3, which shows how different the analyzed businesses are in their work and management, their relations with the external environment and the effects of their organizational context on their work. Unlike traditional industries which work based on R&D research for innovation, creative industries take a distinct look at innovation, complying with one of the hidden innovation criteria which are the non-existence of a department or formal laboratory for managing innovation (Miles & Green, 2008). This differentiation happens mainly for products which have entirely different characteristics regarding meaning and user interface. Also, Miles and Green (2008) claim that the fact that innovation occurs through new combinations of technologies, and processes are a clear component of hidden innovation, which results in new



interactions with consumers. The development of new ideas is not formalized, making it difficult to check and replicate (Miles & Green, 2008).

The working environment of these organizations is composed of multidisciplinary teams where all levels exchange ideas and experiences, facilitating the flow of information and fostering the emergence of new ideas. Flexibility was emphasized by all organizations as a critical success factor for employee motivation and the achievement of positive results. Furthermore, the nature of creative work is not limited to the office or a particular place, as a creative worker may have insights at any moment. This situation is consistent with the framework presented here because innovation is a social process resulting in a series of relationships between internal and external actors in the business.

### CHART 3

#### RESULTS COMPARISON OF THE INVESTIGATED ENTERPRISES

ENTERPRISE	CUSTOMER INTERFACE	ORGANIZATIONAL ASPECTS	TECHNOLOGY OPTIONS
A	Clients actively participate, helping in the design and other parts of the project.	Informal coordination of creation and development of project process.	Data sharing platforms; ideas and information exchange; and project task execution.
B	Focuses on the client, even though there is no participation of customers in the creative process.	Culture is aimed at innovation, both conceptually and technologically interacting with people.	Critical success factors once they work with new technologies and new forms of user technology interaction.
C	Funding is acquired through incentive laws.	Necessary to have an environment where people can exchange ideas and keep in touch to foster creativity and innovation.	Process innovation and crowdfunding.
D	Creation of charming, contemporary and timeless projects along with organizational pillars: simple, modern and artistic, requirements of its customers.	Believes in an open and inspirational environment where working teams can create charming, contemporary and timeless projects.	Online project management system that facilitates information exchange.

Source: Elaborated by the authors.

In Chart 3, it can be noticed that innovation in this segment is related to the interface between three major areas: organizations, customers, and technological options, as described by Jaw *et al.* (2012). Technical options are used to assist in the proper progress of organizational actions, which are sharply focused on the interaction with customers and the members of the organization. The use of technology is essential for the development of creative projects. Moreover, external and incentive policies adopted by the government contribute to the sector's sustainability. Also, implementing projects by companies working with incentive laws proved to be difficult, because the segment still has some bureaucratic barriers.

These organizations concentrated their work on process innovations and products' creative content, instead of technological innovations products. This attitude is due to the fact that innovation is the result expected from these organizations, once the creative process merges with the innovation process (Miles & Green, 2008; Jaw *et al.*, 2012; Florida, 2011). Thus, a blurred line exists between creativity, innovation and innovation measuring, since the expected product should be no different from a novel and unique product (Jaw *et al.*, 2012).

All aspects analyzed correspond with the technical literature, which discusses that the companies investigated have an environment that fosters creativity in the work teams, resulting in original and novel results. But, as a rule, are outputs delivered to customers by innovative companies real innovations? Could there be a contingent of creative economy companies that innovate on products/services, while other companies innovate only regarding business models and processes?

## 5 CONCLUSION

Innovation is increasingly seen as a matter of survival for organizations. In the creative economy it is no different. However, companies in this sector already have creativity in their DNA, as a key factor in their processes, which is related to the generation of ideas. Thus, this study aimed to analyze how innovation occurs in creative micro-enterprises to verify the peculiarities of the segment.

This research was developed through a qualitative multiple case study approach. Four businesses located in Southern Brazil were selected, regarding technology, cultural productions, musical productions, and architecture, which belong to creative economy. The data collection technique used was of semi-structured interviews, conducted with a previously prepared script, as well as the use of secondary data sources. The analysis of organizations was based on three categories: organizational aspects, interaction with customers and technology options.

It was observed that technological options have direct influence in the work, the distribution channels, and the base customer access. Customers may even help develop content, products and creative services together with businesses. The organizational environment proved to be fundamental for the generation of ideas and exchange of experiences, helping people who are in that context to be more creative. However, it is questionable whether this feature will be present in larger companies with a greater number of people and organizational levels. Organizations are impacted by the historical, social, political and cultural environments in which they operate. Also, organizations receive social stimuli from market trends and the experiences of people involved. Finally, internal and external factors, such as networking, also influence innovation in these businesses.

The innovations are mostly organizational and in processes. Given that innovation occurs informally, the innovation generated in organizations are characterized as hidden innovations. They cannot be measured nor taken into consideration by the organization to be reproduced. These conclusions followed the research of Miles and Green (2008). Developing an approach that enables the capture and record of innovative processes, as well as adapting them to the organizational reality of micro and small creative companies is a much-needed factor. The business intelligence would benefit from metrics related to the innovation process implemented, so as not to lose the knowledge acquired.

We conclude that creativity is originated through a social process related to information and knowledge, which in turn generates innovation; creativity and innovation blend into Creative Economy. However, creativity is a necessary condition, but not sufficient for innovation occurrence. The act of innovation requires something more. It was noticed that the investigated micro-enterprises have different processes to foster new ideas, however, innovation consists of doing something new that generates value for the business and is economically viable. Thus, would be organizations of creative economy innovative or just a portion within this diverse and plural universe actually generates innovation? As a suggestion, studies to verify how innovative creative industries are and what types of innovation they create could be carried out.

This research has some methodological limitations because the multiple cases study was conducted with micro-enterprises, not allowing for a generalization concerning all companies in the segment. Since they are smaller and less bureaucratic companies, the knowledge and the generation of ideas probably flows smoothly. Thus, the creative culture may be related to the smaller number of people and organizational levels. The possibility of maintaining this culture as the organization develops and increases in size and organizational processes is questioned. Thus, another suggestion is that more research could be carried out within the creative economy business reality of medium and large companies.

Furthermore, the literature in the Brazilian context is still incipient, hampering the theoretical substance of the research. We expect to contribute to the research on the topic and the general debate under management studies. An extension of this study encompassing a greater number of creative economy organizations could be done, in order to confirm the innovation management practices in these companies.

## INOVAÇÃO EM MICROEMPRESAS DA ECONOMIA CRIATIVA: UM ESTUDO DE MÚLTIPLOS CASOS

### RESUMO

**Objetivo:** As pesquisas relacionadas à economia criativa vêm aumentando consideravelmente nos últimos anos, principalmente pelo aumento de sua representatividade na economia global. Acredita-se que as organizações da economia criativa possuem características organizacionais diversas dos setores econômicos tradicionais, em que a criatividade é relevante no processo de inovação. Assim, o objetivo deste trabalho é analisar a inovação em organizações da economia criativa.

**Originalidade/lacuna/relevância/implicações:** A literatura brasileira sobre inovação em negócios criativos ainda é incipiente, assim, espera-se contribuir para os estudos de administração.

**Principais aspectos metodológicos:** Pesquisa qualitativa exploratória, abrangendo quatro microempresas do segmento de economia criativa. A abordagem teórica foi sobre inovação em organizações criativas e a análise sobre a inovação nas empresas investigadas foi realizada a partir de três categorias identificadas na literatura: organização, opções tecnológicas e clientes.

**Síntese dos principais resultados:** Foram constatadas algumas características diversas dos segmentos tradicionais da economia, tanto no tipo de inovação quanto na forma como a inovação é gerenciada. Entretanto, é questionável se a flexibilidade que tanto auxilia no fluxo de ideias e informações seria uma realidade em empresas de maior porte.

**Principais considerações/conclusões:** Como contribuições, este artigo levantou uma reflexão sobre criatividade e inovação neste segmento e também sobre a inovação em microempresas criativas.

### PALAVRAS-CHAVE

Inovação. Economia criativa. Microempresas. Processo de inovação. Criatividade.

# INNOVACIÓN EN MICROEMPRESAS DE LA ECONOMÍA CREATIVA: UN ESTUDIO DE CASOS MÚLTIPLES

## RESUMEN

**Objetivo:** Investigaciones relacionadas con economía creativa se han incrementado considerablemente en los últimos años, fundamentalmente por su mayor representación en la economía global. Se cree que las organizaciones de economía creativa tienen diferentes características organizativas de los sectores tradicionales donde la creatividad es importante en el proceso de innovación. Así, el objetivo de este trabajo es analizar la innovación en organizaciones de economía creativa.

**Originalidad/laguna/relevancia/implicaciones:** La literatura brasileña de innovación en los negocios creativa es incipiente, por lo tanto, se espera contribuir en el ámbito de estudios de administración.

**Principales aspectos metodológicos:** Investigación cualitativa exploratoria mediante un estudio con cuatro microempresas que son parte de las industrias creativas. El enfoque teórico utilizado fue de la innovación en las organizaciones creativas y el análisis de la innovación en las empresas investigadas se llevó a cabo a partir de tres categorías identificadas en la literatura: organización, opciones tecnológicas y clientes.

**Síntesis de los principales resultados:** Se encontró que estas organizaciones tienen algunas características que difieren de los sectores tradicionales de la economía, tanto a nivel de innovación, como en la forma en el que el proceso de innovación se gestiona. Obstante, es cuestionable si la flexibilidad que tanto ayuda en la circulación de las ideas y la información sería una realidad en las empresas más grandes.

**Principales consideraciones/conclusiones:** Como contribuciones, este artículo alzó una reflexión sobre la creatividad y la innovación en este segmento y también de la innovación en microempresas creativas.

## PALABRAS CLAVE

Innovación. Economía creativa. Microempresas. Proceso de innovación. Creatividad.

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