A Theory of Why Arts Entrepreneurship Matters

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Abstract

Although consensus on a definition of Arts Entrepreneurship (AE) is helpful, formal theories are needed to help AE researchers and educators explain what the general AE process is and why it matters. As discussed in this article, such theories can help us understand the relationship between art innovation, art market creation and art value exchange in Artworlds. Such theories can also help AE educators in particular clarify distinctions and similarities between the systematic practice of AE and business entrepreneurship, challenge past and present assumptions about AE and may encourage AE educators to pivot towards new pedagogical directions.

Introduction

Research by Callander and Cummings suggests that although Arts Entrepreneurship (AE) is recognized in the broader entrepreneurship literature as an emerging field of scholarly inquiry, “its boundaries and scope are still being negotiated.”1 To help clarify AE’s boundaries and scope, the academic AE field needs to move beyond a search for definitional consensus toward the development of explanatory theories that are evidenced by direct observations of practice. In doing so, a defining portfolio of AE practices might emerge that distinguishes AE from other types of entrepreneurship.2 Perhaps more importantly, through theorizing, a grounded theory may emerge that explains why AE matters to Artworld members. To address this gap in the broader entrepreneurship and specialized AE literature, the author builds on prior theory development efforts, references examples, cites direct observations and positions the systematic practice of art innovation, art market creation, and art value exchange as the core practices for a new concept of AE.3

In this article, *entrepreneurship* is broadly defined as the systematic practice of innovation, market creation, and value exchange. The practice of innovation helps entrepreneurs introduce, diffuse and facilitate the adoption of innovative methods, processes, products or services that meet an unmet need or solve a problem for individuals, groups, businesses or organizations. The practice of market creation helps entrepreneurs cultivate tastes and preferences for new products and services. In addition, market creation helps entrepreneurs create new customers for innovations through the use of entrepreneurial marketing strategies, often by exposing people to the innovation, and by helping those people learn more about what the innovation can do to or for them. Finally, the practice of value exchange helps entrepreneurs deliver the value (i.e., perception of benefit) of the innovation to consumers in exchange for something desired in return. Although there are additional entrepreneurship practices recognized in the entrepreneurship literature, people that have successfully engaged in a combination of these three related systematic practices (i.e., innovation, market creation, value exchange) have generally been recognized as entrepreneurs in modern societies.

While some people still define entrepreneurship as the creation of a for-profit business, most scholars have moved beyond this narrow interpretation toward the adoption of entrepreneurship as a multidisciplinary concept. Largely due to the emergence of new concepts of entrepreneurship by scholars outside of the field of economics, a plurality of linguistic prefixes (e.g., commercial, social, small business, not-for-profit, digital, agricultural, cultural, ecological, technological, educational, organizational, etc.) now function as venture orientations that point researchers toward the intention of entrepreneurs and the distinct environments in which entrepreneurs are venturing. For example, in business entrepreneurship, entrepreneurs venture into specific industries to create new customers for an innovation in those industries. In educational entrepreneurship, entrepreneurs venture into specific educational systems to create new customers for an innovation in those systems. In social entrepreneurship, entrepreneurs venture into specific social sectors to create new customers for an innovation in those sectors.

Successful entrepreneurship practice is often celebrated and treated as a significant accomplishment in society. This is because, as research suggests, the systematic practice of entrepreneurship across all venture orientations can be challenging, largely due to social, economic and political barriers. For example, entrepreneurship (as previously defined) has historically been more challenging for women, immigrants and minority entrepreneurs in part because many of them have experienced discrimination and market exclusion while venturing. Based on these understandings,
success and failure across venture orientations appear to be highly dependent upon the social and economic capital the entrepreneur possesses, how they utilize that capital and the socio-economic and political conditions surrounding the venture when compared with other common predictors of entrepreneurial aptitude, such as the entrepreneur’s personality traits or creative ability.

Historically, there has been little to no consensus among scholars on the definition of an entrepreneur.\textsuperscript{11} To aid with consensus building, entrepreneurship scholar William Gartner famously proposed a shift from the traits and characteristics approach to a behavioral approach, suggesting that entrepreneurs are best defined by what they do.\textsuperscript{12} However, criticism of Gartner’s behavioral approach has led some entrepreneurship scholars to call for a shift to the individual (i.e., who the entrepreneur is) as the primary unit of analysis.\textsuperscript{13} As there are multiple interpretations of the concept of an entrepreneur; to aid with clarification of concept, it is necessary for researchers, educators and theorists to continuously define both who the entrepreneur is and what they do.

In this article, entrepreneurs are broadly defined as individuals who search for innovative products and services, create new markets for innovative products and services and then exchange the value of those products and services for mutual benefit. Peter Drucker supports this perspective when he states “the entrepreneur always searches for change, responds to it, and then exploits it as an opportunity.”\textsuperscript{14} While innovation and entrepreneurship (I&E) are not the same practice, history has shown that when I&E are practiced together, the synergy helps entrepreneurs to identify innovations, diffuse innovations, facilitate the adoption of innovations, create new markets for innovations and exchange the value of innovations.

With that understanding, this article is about a specific concept of entrepreneurship the author refers to as Arts Entrepreneurship (AE). Although there is little to no consensus in the academic literature on a definition of AE, this orientation is not to be confused with the broader concept of entrepreneurship in the arts, which tends to refer to a wide variety of venture orientations (e.g., small business, social, creative, organizational, educational, cultural, etc.) that take place in visual, literary and performing arts fields.\textsuperscript{15} Additionally, the AE concept discussed in this article should not be confused with the concept of self-employment in the arts, which tends to refer to how artists create and sustain portfolio careers across commercial, nonprofit and community environments.\textsuperscript{16} To clarify these important differences, key definitions will be helpful.


\textsuperscript{12} William B. Gartner, “‘Who is an Entrepreneur?’ is the Wrong Question,” \textit{American Journal of Small Business} 12, no. 4 (1988): 11–32.

\textsuperscript{13} Brian Mckenzie, Steve B. Ugbah, and Norman Smothers, “‘Who is an Entrepreneur?’ Is it Still the Wrong Question?,” \textit{Academy of Entrepreneurship Journal} 13, no. 1 (2007): 22.


Key Definitions

In this article, *Arts Entrepreneurship* (AE) is defined as the systematic practice of art innovation, art market creation and art value exchange. By *art innovation*, the author refers to the introduction, diffusion and widespread endorsement of a new form of art in an Artworld. By *Artworld*, the author refers to a social system made up of all the people who work together to co-produce and co-present art in a given society; or in the classical view of Sociologist Howard Becker, “the network of people whose cooperative activity, organized via their joint knowledge of conventional means of doing things, produces the kind of art works that art world is noted for.” 17 By *conventions*, the author refers to endorsed social norms, rules of order, sacred aesthetic beliefs and standards of quality that guide the co-production and co-presentation of art in a given Artworld. 18 By *art market creation*, the author refers to cultivating and shaping customers’ tastes, desires and preferences for a new form of art. By *art value exchange*, the author refers to the transaction that takes place when a customer buys (or buys access to) one or more objects or experiences associated with an endorsed form of art. By *art*, the author references both the aesthetically-encoded psychological product (art as object) and the social arts-based experience (art as experience). 20 By aesthetically encoded, the author refers to the artist’s intention to make, conceal and reveal meaning in a non-explicit way. As psychologist Ellen Winner reminds us, “artists intentionally set out to confuse us about the definition of art, to make us question our definition, and to make us expand our definition.” 21 As such, aspiring arts entrepreneurs may need to develop an aesthetic consciousness in order to reveal the encoded meaning(s) of specific artworks and recognize their market value potential.

Importantly, the market value of art is not objectively determined, but socially constructed and shaped by discourse on *the work of art* or what art does to or for the consumer. As philosopher Alva Noë has noted, “art makes us think about ourselves, and art makes us think about art, what it is and what it is doing to us, and how it is doing this to us.” 22 For example, there is a difference between observing a painting of the earth (the art object) and being led by the combined elements (e.g., colors, style, shapes, strokes, figures, symbols) within that painting to see the earth in a new way (art as experience). The latter is an example of what art does; it alters our perception of reality. There is a difference between the written play (the art object) and what the written play provokes audiences to think about as they watch a live production of it (art as experience). The latter is an example of what art does; it stimulates our imagination, draws us into a new context and encourages us to think.

22 Ibid., 26.
Art is created and developed through collective action and diverse artistic practices. These practices are guided by conventions that “dictate the form in which materials and abstractions will be combined,” help to establish labor relations in an Artworld and help consumers make sense of arts-based products.23 These same conventions also help visual, literary and performing artists (also known as practitioners of art) do different things to and for consumers of art.24 Consider the practice of poetry, which through aesthetic conventions (e.g., repetition of sounds or patterns, use of figurative language, etc.) helps artists create poems (art as object) that express human thoughts and emotions through written and spoken language. Consider Haiku poetry (a sub-genre of poetry), which through aesthetic conventions (e.g., three lines, 17 syllables in total, non-rhyming, etc.) helps artists create a sense of sudden enlightenment (art as experience). Consider the practice of dance, which through aesthetic conventions (e.g., non-normative expressive movement, improvised and choreographed movement, non-verbal communication, re-attention to space, etc.) helps artists express and convey human thoughts, feelings and emotions through their bodies. Consider the practice of modern dance, which through aesthetic conventions (e.g., re-attention to gravity, bare feet, non-elaborate neutral costuming, etc.) helps artists express basic human moods through movement like passion, rage, boredom and ecstasy. By recognizing the guiding aesthetic conventions, art is decoded; what art does is revealed. Additionally, how art works is revealed as well. Thus, as Martin Heidegger references in his essay *The Origin of the Work of Art,* embedded in an artwork “truth is set to work” and “the revelation that occurs through an encounter with an artwork, not the art object itself, is *the work of art.*”25 This is why engaging encounters with art often trigger psychological and biological changes in our bodies and can sometimes function as a catalyst for social and cultural change in a society.26

Empirical research suggests that the co-production and co-presentation of art enables public benefits to society, supplies creative industries with products for trade and contributes to the sustainability of economies of culture.30 Members of Artworlds make the (co)production and (co)presentation of art possible through endorsed conventions. As Becker notes, in an Artworld, “conventions make collective activity simpler and less costly in time, energy, and other resources.”31 While these conventions enable easy and efficient coordination and activity, they also impose rules of order and dictate what art is and is not in a given Artworld.

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31 Becker, *Artworlds,* 35.
The Role of the Art Innovator

While there are different types of conventions guiding the work of Artworld members, one of the most influential types are aesthetic conventions, which help Artworld members develop works that will be easily recognized as art in a given Artworld. However, because aesthetic conventions dictate the materials to be combined and impose rules for coordination, they can stifle innovation and discourage Artworld members from co-producing new forms of art. Feeling stifled by aesthetic conventions, the aspiring art innovator engages in art innovation practice. For clarity, this is a coordinated attempt to introduce, diffuse and facilitate social and institutional endorsement of a new form of art in an Artworld. Success could result in changes in the way that an endorsed form of art is co-produced and co-presented by Artworld members, institutional support for a new artistic practice and/or widespread recognition of a whole new genre or sub-genre of art in a given Artworld.

Based on Becker’s observations of change in Artworlds, not everyone will be supportive of art innovation. For example, while some Artworld members will become early endorsers, others will resist because art innovation can provoke conventional changes, and conventional changes are disruptive to routine patterns of cooperation. For example, if the art innovator successfully changes the way that ballet is practiced and presented in the Ballet World, the ballet dancer now has to (re)learn how to practice ballet and the arts administrator now has to (re)learn how to present ballet. Thus, art innovation may be perceived by some Artworld members as an organizational attack in an Artworld, a useful concept that helps us to recognize that conventional changes in Artworlds are the direct results of social innovations led by one or more innovators. As Becker notes, “the history of art deals with innovators and innovations that won organizational victories, succeeding in creating around themselves the apparatus of an artworld, mobilizing enough people to cooperate in regular ways that sustained and furthered their idea.” In theory, to facilitate art innovation, the aspiring art innovator identifies a form of art endorsed by Artworld members, experiments with and adds unconventional elements to the form, presents the resulting work publicly and provokes discourse in the hopes of convincing opinion leaders in the Artworld to publicly endorse the resulting work as a new form of art. As more and more opinion leaders engage in the discourse, knowledge and awareness of the resulting work increases in that Artworld, and some Artworld members begin to recognize the resulting work’s unique possibilities for artistic expression. With sustained discourse, curiosity amongst Artworld members increases, provoking some to become early endorsers by being amongst the first to imitate the art innovator’s creative process, or by signaling social or institutional endorsement.

36 Becker, *Art Worlds*, 301.
The Role of the Arts Entrepreneur

A key difference between innovation and entrepreneurship is that innovation results in the widespread adoption of a new method, process, product or service, while entrepreneurship results in the creation of a new customer or consumer group for an innovation. Notably, the recognition of a newly-endorsed form of art in an Artworld presents the aspiring arts entrepreneur with an opportunity to exploit change as a profit-making opportunity. Given that a newly-endorsed form of art now exists in an Artworld, the arts entrepreneur works to capitalize by creating demand for objects and experiences associated with the new form of art. The arts entrepreneur’s endgame is to sell those objects and access to those experiences to customers and consumers while also establishing brand loyalty and majority ownership of market share. To be clear, the aspiring arts entrepreneur’s problem here is not business creation, but art market creation—or understanding how, in the absence of an existing market for objects and experiences associated with a new form of art, a new market comes into existence. Without art market creation, a newly-endorsed form of art may satisfy Artworld members’ creative impulses and desires, but there will be no market demand for the associated objects and experiences.

Art Market Creation

As entrepreneurship scholar Mukti Khaire notes, “any new, unconventional product or product category that does not conform to prevailing cultural norms is unlikely to be understood, let alone perceived as desirable.” Pragmatically speaking, the goal of art market creation is to change public perceptions of a new form of art from unfamiliar to familiar, from undesirable to desirable, from useless to useful and from meaningless to meaningful. If successful, objects and experiences associated with the new form of art will become valuable to the general public. One approach is to lead members of the general public to the art innovator’s demonstrations, provoke public discourse on those demonstrations and organize opportunities to aid the public with interpretation. This is a form of supply-side market creation where the general public is the customer. Success in this approach requires the arts entrepreneur to present a compelling value proposition to the public to convince some of them to become new consumers. Success may also require the arts entrepreneur to work with cultural intermediaries in the Artworld that the general public already know and trust to help start and sustain the discourse. As Khaire notes on the topic, “a single source of commentary that proposes and supports a new idea, definition, or set of evaluation criteria or standards of quality will likely not be impactful unless that discourse is disseminated widely and reinforced in the general commentary.” Thus, it is important that the art innovator’s demonstrations be widely publicized in order for the discourse to become so widespread that it changes the general public’s perceptions and beliefs about the value of objects and experiences associated with the new form of art.

43 Mukti Khaire, Culture and Commerce: The Value of Entrepreneurship in Creative Industries (Stanford, CA: Stanford University Press, 2017), chapter 1, section 6, para 1, Kindle.
44 Khaire, Culture and Commerce: The Value of Entrepreneurship in Creative Industries, chapter 2, section 3, para 7.
Another approach to art market creation is to identify arts presenting organizations with a history of declining attendance rates and convince the organization’s leaders to present the art innovator’s demonstrations to their existing consumer base. This is a form of demand-side market creation in which the presenting arts organization is the customer. Success in this approach will require the arts entrepreneur to present a compelling value proposition that convinces the leaders of the organization to risk their organization’s brand reputation in exchange for the possibility of satisfying emerging aesthetic tastes and cultural preferences of their existing consumer base. In doing so, the arts entrepreneur may be able to change leaders’ perceptions and beliefs about the value of objects and experiences associated with the new form of art, and the leaders may be able to increase their organization’s attendance rates, improve their brand reputation and convince authorizers of public value that their organization is worthy of public funding.

**Venture Failure and Success**

Regardless of the approach to art market creation, a critical mass of resistance from the customer group will indicate a rejection of the arts entrepreneur’s value proposition. For the arts entrepreneur, this rejection will be perceived as venture failure because the arts entrepreneur could not convince customers that objects and experiences associated with the new form of art were of value. Alternatively, if the value proposition is accepted, the customer becomes a consumer and the arts entrepreneur can trade the now-known value of objects and experiences associated with the new form of art in exchange for either public funding or payment. Multiple options for art value delivery and exchange exist, including but not limited to licensing deals, theatre festivals, museum exhibitions, commercial gallery openings, commercial (visual) art auctions, retail brick and mortar, pop-up art shows, season subscriptions, public and private commissions, the provision of fee-based services, social media watch parties, virtual reality, paid access to live-streamed or on-demand digital content, arranging the purchase of tickets for sale and structuring trade arrangements between artists.45 Upon evidence of recurrent art value exchange, the venture will be considered complete and the arts entrepreneur will either transition into arts management to sustain these exchanges or seek to identify another newly endorsed form of art in an Artworld.46

**Economic Development**

If the arts entrepreneur begins to exchange the now-known market value of objects and experiences associated with the new form of art over time, then sooner or later competitors will take notice and begin competing for market share.47 If consumers begin to buy competitors’ product variations, then a new economy may start to develop.48 To sustain this new economy, members of the Artworld will develop and adopt new conventions to make (re)production and (re)presentation simpler and less costly in time, energy and other resources. Thus, as this theory explains, the systematic practice of arts entrepreneurship


(i.e., art innovation, art market creation, art value exchange) matters because success can stimulate and foster economic development in Artworlds.

Implications

While consensus on a definition of AE is helpful for field building, consensus on a general definition is not enough to advance a new academic field. For example, to get research funding, AE researchers need to be able to clearly explain why their research matters. In the research field, this is commonly known and recognized as the “So what?” question. Likewise, to get funding for AE education, AE educators need to be able to clearly explain to educational administrators and students why AE education matters. For those who have a problem answering the “So what” question, the author urges you to consider this explanatory theory as both a grounded defense and guiding lens. By recognizing this unique portfolio of entrepreneurship practices (i.e., art innovation, art market creation, art value exchange), the author proposes that a distinct type of entrepreneurship is revealed (i.e., AE) and the study of AE becomes much more relevant to artists, arts administrators and cultural policymakers who want to stimulate and foster economic development in Artworlds.

For example, according to findings from the 2017 survey of public participation by the National Endowment for the Arts (NEA), in 2002 only 3.9% of the U.S. adult population attended a ballet performance.49 In 2017 (the most recently published dataset), only 3.1% of the U.S. adult population attended a ballet performance.50 A trend analysis available on the NEA website suggests that there hasn’t been much change in ballet attendance rates among U.S. adults from 2002-2017.51 This theory explains how AE practitioners might work with cultural policymakers to improve ballet attendance rates and stimulate the national ballet economy. In theory, funding AE practice could also be used as a cultural policy strategy to stimulate the national opera economy. In 2017, only 2.2% of the U.S. adult population attended an opera performance.52 This collaboration between AE practitioners and cultural policymakers might also help stimulate international economies of culture which have long been experiencing declines in popularity, public funding and revenue, such as the Chinese opera industry.53 Clearly, there is a need for AE practice (as defined and explained in this article) and for AE practitioners (i.e., arts entrepreneurs) within existing arts and cultural industries and economies of culture.

Should this theory be advanced by AE researchers, it might inspire them to consider new and interesting research questions. For example: (a) What genres and sub-genres of art are emerging in diverse Artworlds?; (b) How have arts entrepreneurs helped introduce these newly-endorsed art forms to

50 Ibid.
the general public?; (c) How is the known market value of these new forms of art being delivered and exchanged to consumers?; (d) What lessons can we learn from both successful and failed AE ventures?

To summarize, in cases where this explanatory theory helps the broader entrepreneurship field to recognize AE as a unique form of entrepreneurship practice, the author posits that the AE field can use this theory to clarify practice-based distinctions between AE and business entrepreneurship, AE and self-employment and AE and social entrepreneurship.\(^{54}\) Should this theory be advanced across the growing field of AE education, it may help AE educators to challenge past assumptions about the purpose and role of AE education, and it may motivate the growing AE education field to pivot towards new pedagogical directions.\(^{55}\) For example, rather than teaching arts students business skills or how to start their own small businesses, this theory might encourage AE educators to teach arts students how to create new customers for objects and experiences associated with new art forms.\(^{56}\) As all endorsed forms of art were at one point in time considered by Artworld members to be new, case studies of arts entrepreneurship practice in art history, theatre history, music history and dance history can be used to further evidence this particular venture orientation and further advance this explanatory theory.

Bibliography


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