

Resilience of companies in the creative industry (part 2/3): Measuring is knowing¹

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Resilience, the ability of organizations to adapt to changing circumstances, is crucial for the survival of companies. It is therefore important that entrepreneurs have insight into the resilience of their company: this translates into higher returns, more innovative capacity and therefore a greater chance of survival. Breda University of Applied Sciences (BUas) has therefore developed an instrument to measure the resilience of companies in the creative industry.

The creative industry produces products that can be described as “experience products”. This often involves extreme “economies -of- scale”: developing the first copy is very expensive, distributing this first copy via often digital platforms costs a fraction of this. In addition, many subsectors of the creative industries are characterized by a “hits and misses”/“winner-takes- it - all” characteristic. Moreover, consumer demand is uncertain (success of a product cannot be predicted nor easily explained afterwards) and many sectors of the creative industry face a constant oversupply of creative labor (there are many more creators than there is room is on the market). These characteristics make the creative industry resilience even more important than many less dynamic sectors. Breda University of Applied Sciences has therefore developed a measuring instrument tailored to this industry.

The background

In its knowledge and innovation agenda for 2020-2023, CLICKNL states : *“The creative industry is an indispensable link in providing answers to major social issues and providing meaningful meaning to new technological possibilities .”* To take on this challenging role and advance it, a resilient sector is needed, a sector that is ambitious and at the same time realistic about its contribution, a sector that is driven by knowledge and supported by methods. For this reason, the knowledge and innovation agenda has been given the title “ **Resilience** ”.

According to the “Value- Creation ” roadmap of this agenda, the following competencies are increasingly required of the creative professional:

1. The competence to recognize, name and prove the value of creativity.
2. The competence to demonstrate mental flexibility.
3. The competence to integrate new technologies into design solutions in a humane way.
4. The competence to embrace new business models as a creative professional.

The last three competencies refer to the adaptive capacity of entrepreneurs: the ability to adapt to changing circumstances. PWC states therefore : *“Rather, we believe that enterprise resilience is the most important capability in business today. And resilience is becoming better understood, to a point where it can now be measured – and managed.”*¹

Much research has been done into (successful) entrepreneurship, SME skills and factors that influence growth opportunities for SMEs. Much more recent in nature and less developed is research into factors that influence business continuity in changing circumstances (organizational resilience). Moreover, to date, research on resilience has mainly focused on large companies. For the creative industry,

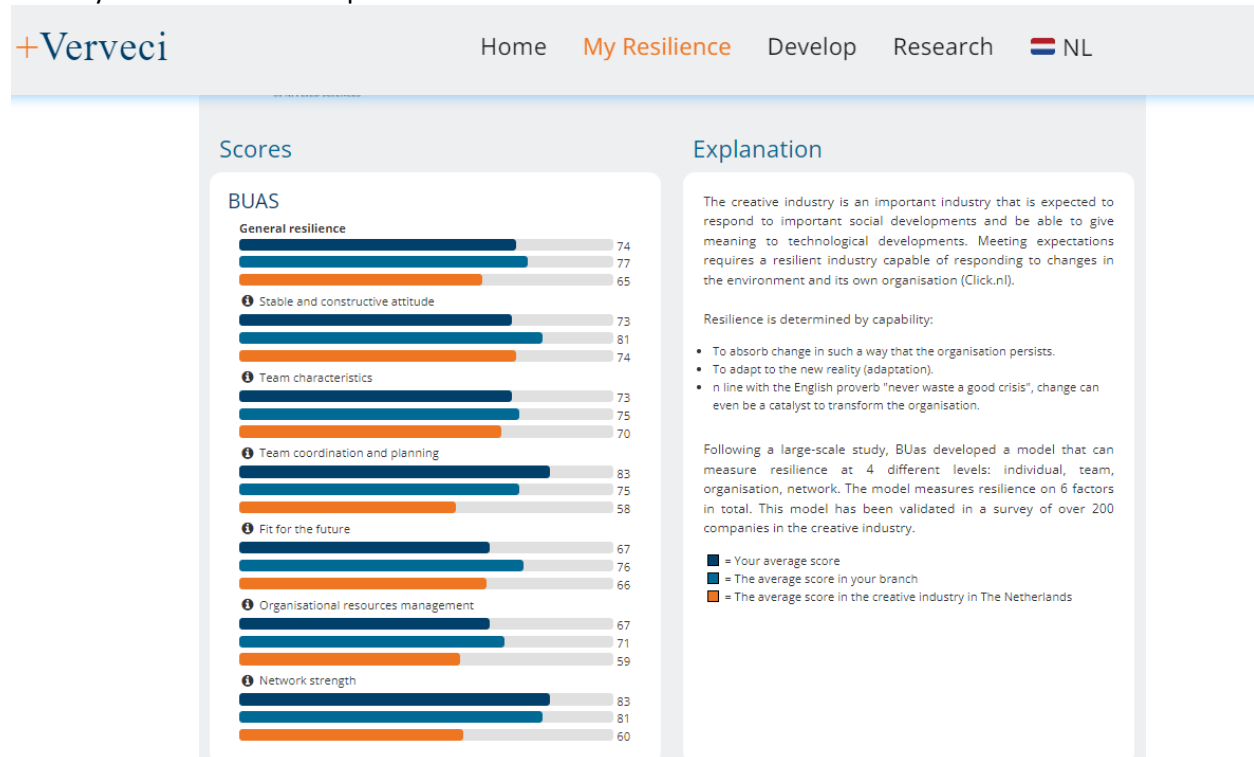
¹ PWC. (2015). *Resilience: The emerging capability every business needs*. PWC.

characterized by a large share of SMEs that operate in networks, project-based production processes and a high degree of uncertainty about the success of projects, this knowledge is still lacking.

The approach

Four steps were taken to develop the measuring instrument. Firstly, a literature review has been conducted into the state-of-the-art of management science in this field (article 1 in this series). On this basis, an initial model with explanatory variables for resilience has been drawn up. This model has been adapted to the specific characteristics of the creative business community through focus group discussions. This model has been translated into a questionnaire that was distributed to a large number of companies in the creative industry. The results have been statistically analyzed and validated. A factor analysis was used to determine which answers to questions were strongly related. These questions have been combined into so-called factors. It has been determined whether these factors influence (correlate with) indicators for resilience such as returns and innovative capacity. The factors that highly correlate with the resilience indicators are then given a name. These are included in the measuring instrument that can be found [here](#). It consists of a questionnaire regarding the factors mentioned above. On this website you can complete an online measuring instrument. Completing the form takes approximately 10-15 minutes. After completion, the results become immediately visible. The score is compared in the results with organizations from your own industry (for example: game development) and a national average of the creative industry. Finally, advice is also given on development options based on various factors. The instrument is available in both Dutch and English.

Below you can see an example of a resilience test result:



Factors that explain resilience

As you can see above, BUAs has found six factors for resilience. These have been combined into a general resilience indicator at the top of the results overview. The factors relate to four levels:

At an *individual level*, resilience is mainly determined by the extent to which an employee can use his skills in his work, the freedom experienced to carry out tasks at his own discretion, the extent to which room is given for personal growth, a sense of humor (as perspective) and an optimistic attitude. In addition, openness, the feeling that a contribution is being made to the company, the social environment within the organization and constructive feedback contribute to increasing the perceived resilience. A final important contribution is made by the manager: if he or she is able to always find the right strategy during major changes, this contributes to resilience. We have labeled these elements as “*Positive attitude and behavior*”. This factor addresses both internal personal characteristics and external characteristics.

At *team level* we find two factors, which we have labeled *team characteristics* and *team coordination and planning*. By *team characteristics* we mean things such as a personal bond, the ability to find creative solutions, the extent to which unity is experienced, a shared vision is present, but also the extent to which the atmosphere is good and people enjoy it together. A positive team attitude, a team that inspires each other, being able to ask for help and a sense of collectivity also contribute to the resilience of the organization. By *team coordination and planning* we mean the presence of checklists, manuals and debriefings, formalized task divisions and quality control systems and adequate training. A striking result is that *divisions of labor and quality control systems* have a negative relationship with resilience, especially the element of innovative capacity. From this we can conclude that tightly organized organizations are often less innovative.

At the *organizational level* we also found two factors, which we labeled “*Medium Management*” and “*Fit for the Future*”. By *resource management* we mean matters such as compliance with laws and regulations, control of fixed costs, professionalism of decision-making, the extent to which new market opportunities are recognized and the ability to attract talent. In addition, risk spreading, ingenuity, flexibility in spending resources and a sense of responsibility for quality contribute positively to the resilience of the organization. By *Fitness for the future* we mean things such as the ability to scale up and down, commercial awareness, being part of a network and short payback times for investments.

At the highest level we find one factor, called *Network Strength*. This is one of the important findings from this research: in the creative industry, resilience is not only determined by internal factors, but the network of which the organization is a part is at least as important. Therefore, issues such as setting up long-term collaboration, project management within a network and the intensity of the collaboration are important explanatory factors.

The instrument can be used in two ways. If the questionnaire is completed by one person, you will get an impression of how your company is doing compared to industry peers and the creative industry as a whole. If several employees complete it, the perception of management or all employees with regard to resilience and the factors that determine it can also be compared. This can be a starting point for an internal discussion about the course to be followed.

Curious about the resilience of your organization? Go to <https://verveci.buas.nl>