

BUILDING THE CREATIVE ECONOMY:
MANAGING CREATIVE CAPITAL
IN MUSEUM DEVELOPMENT DEPARTMENTS

STEPHANIE L. SOKOLOWSKI

A MASTER'S CAPSTONE
PRESENTED TO THE ARTS AND ADMINISTRATION PROGRAM
OF THE UNIVERSITY OF OREGON
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF SCIENCE IN ARTS AND ADMINISTRATION
JUNE 2011

ABSTRACT

The goal of this master's research capstone is to investigate the role of the museum within the creative economy. Specifically, a correlation is made between how museums manage their creative capital and how this process contributes to the creative economy. A synthesis between human resource management and resource development, this paper specifically focuses on creative capital in a museum's development department. Ultimately, the paper connects these concepts of creative capital management to the greater idea of the creative economy and how museum's do/can contribute.

KEYWORDS

Creative economy, creative capital, human resources, development, museums, management.

ACKNOWLEDGEMENTS

I would like to extend my sincere appreciation to Dr. Phaedra Livingstone for her invaluable insight, support, and understanding throughout this research process. Her knowledge and expertise in the museum studies field was crucial in the formation and completion of this capstone. Additionally, the work of Dr. Renee Irvin and her Resource Development course were truly inspirational, particularly when I needed it the most. I am extremely grateful that she shared her wealth of knowledge and articulate advice to aid this capstone. I would also like to thank my academic advisor, Dr. John Fenn for his continuous support and guidance in my efforts to best fulfill my goals during my time here at the University of Oregon.

I could not have completed this undertaking without the support of my wonderful family. I would not be where I am in life without them, and I am constantly amazed by the power of their unconditional love.

Finally, thank you to my Arts and Administration colleagues for being great listeners and my respite from academia.

STEPHANIE L. SOKOLOWSKI

steph.sokolowski@gmail.com

EDUCATION

University of Oregon, September 2009-Present (expected June 2011)

Master of Arts Candidate in Arts Administration, Museum Studies Concentration

Coursework of interest: Multimedia Design, Cultural Administration, Resource Development

University of Wisconsin, with honors, 2009

Bachelor of Arts in Art History and History GPA 3.84/4.0

Coursework of interest: Colonial American History and Art History, Microeconomics

AWARDS & HONORS

- Graduate Research & Teaching Fellowship, University of Oregon, 2010-2011
- Phi Beta Kappa Society member, inducted Spring 2008
- Dean's Honor List, University of Wisconsin 2005-2009
- Wisconsin Union Trustee Leadership Award, May 2009

PROFESSIONAL EXPERIENCE

The Arts Consulting Group Inc., Seattle, WA Summer 2010

Junior Consultant

- Analyzed business development opportunities for ACG, specifically in the financial and strategic development area of concentration
- Researched international fundraising models and "friends of" organizations
- Specific skills: IRS 990 literacy, Guidestar database proficiency, final report compiling

Cultural Forum, Eugene, OR Dec. 2009-June 2010

Pacific Northwest Art Annual Coordinator

- Manage and execute the planning of the Pacific Northwest Art Annual, a juried exhibition
- Create call for artist submissions and compose promotional collateral
- Specific skills: Marketing collateral design, professional communication and event planning

Wisconsin Historical Society, Madison, WI Dec. 2007-Sept. 2009

Visual Archives-Digital Lab Assistant

- Experience with database and archival organization
- Scanned and used a wide variety of capture devices to catalog historical negatives and photographs
- Skills include: Adobe Photoshop, familiarity with photography, and working in a project-oriented environment

Madison Museum of Contemporary Art, Madison WI Oct. 2008-May 2009

Public Information Intern

- Drafted weekly marketing emails (MMoCA Notes) describing exhibitions and events for general audiences
- Worked with museum staff to assess opportunities for marketing through electronic social

networks

- Collaborated with staff to compile and successfully implement a museum visitor and MMoCA Notes survey
- Specific skills: PatronMail e-marketing software, SurveyMonkey, and Microsoft Excel analysis

PROFESSIONAL EXPERIENCE CONTINUED

Wisconsin Union Directorate, Madison, WI, Sept. 2008-May 2009

Associate Director of Marketing and Publicity

- Designed and executed multi-modal marketing campaigns
- Implemented efficient and effective generational communication
- Established professional relationships with art and media contacts in the Madison community
- Particular abilities: Adobe InDesign, image and copy editing, creating environment-friendly marketing campaigns

Wisconsin Union Directorate, Madison, WI, Summer 2008

Summer Art Coordinator

- Executed installation and managed public relations and marketing of four galleries
- Administered the transition of incoming committee leadership through peer to peer training
- Specific skills: WiscList website software, compiling and editing gallery announcements, installation techniques and organizing volunteers and events

PROFESSIONAL DEVELOPMENT & VOLUNTEER EXPERIENCE

- Project Assistant with University of Oregon Arts & Administration ePortfolio project, March 2010-May 2011
- Volunteer at the 2010 Oregon Arts Summit, October 2010
- ChinaVine Researcher at the University of Oregon, January 2009-June 2009
- Building Our Next Economy: A Regional Prosperity Summit, November 2009
- Institute of Museum and Library Services grant workshop, August 2009
- Wisconsin Union Directorate Art Committee, 2007-2009
- AmeriCorps Tutor, October-December 2007

TECHNICAL SKILLS

- Adobe Creative Suite: Dreamweaver, Fireworks, InDesign, Illustrator, Photoshop
- Microsoft Office: Access, Excel, Outlook, Powerpoint, Word
- iWork: Keynote, Notes, Numbers
- iMovie and GarageBand software
- Marketing software: SurveyMonkey, PatronMail
- Blogging platforms: Blogspot, Tumblr, Wordpress
- Assorted social media: Facebook, Twitter, Flickr, Vimeo, YouTube

TABLE OF CONTENTS

SIGNATURE PAGE -----	ii
ABSTRACT -----	iii
ACKNOWLEDGEMENTS -----	iv
CURRICULUM VITAE -----	v
LIST OF FIGURES -----	viii
CHAPTER ONE: INTRODUCTION -----	1
Problem Statement & Significance of the Study-----	1
Conceptual Framework-----	1
Research Methodology-----	3
Methodological Paradigm-----	3
Research Question-----	4
Definitions, Delimitations, Limitations-----	5
Benefits of the Capstone-----	6
CHAPTER TWO: THE CREATIVE ECONOMY LITERATURE REVIEW -----	8
CHAPTER THREE: MANAGING CREATIVITY FOR THE 21ST CENTURY -----	15
The Creative Economy-----	15
The For-profit and Nonprofit Perspective-----	16
Defining Creative Capital-----	17
For-profit Foundations for Managing Creativity-----	20
Nonprofit Foundations for Managing Creativity-----	21
CHAPTER FOUR: MANAGING CREATIVITY IN DEVELOPMENT DEPARTMENTS -----	24
Managing Creativity in the Nonprofit Sector-----	24
Why the Development Department?-----	28
Recommendations for the Development Department-----	29
Conclusion-----	31
REFERENCES -----	33

LIST OF FIGURES

Figure 1.1 - CONCEPTUAL FRAMEWORK INFORMING THIS INQUIRY-----	2
Figure 2.1 – WYSZOMIRSKI'S CREATIVE ECONOMY DIAGRAM-----	10

CHAPTER ONE: INTRODUCTION

PROBLEM STATEMENT AND SIGNIFICANCE OF THIS STUDY

The concept of the creative economy is an increasingly accepted economic model in the business world. Relatively new, the term is extremely amorphous and defined by numerous different perspectives. This ultimately results in a lack of consensus on a concrete definition. Additionally, although the existing literature discusses the importance of the creative economy and how to classify certain businesses/organizations/institutions within it, there is a lack of relevant data which explains *how* these enterprises may contribute to the creative economy's well being. By adopting a firm definition of creative economy and detailing *how* museums are a factor in its welfare, this research builds on the current findings and forms pragmatic recommendations that museums may follow to ensure their participation in a successful creative economy.

Ultimately, this capstone paper addresses how museums in the United States can contribute to the creative economy to the best of their ability, specifically focusing on creative capital (i.e. human ideas). By looking at the creative economy through a macro lens and museum operations on a micro-level, a practical investigation of both sides can be formed to synthesize applicable findings.

CONCEPTUAL FRAMEWORK

This research capstone relies on in-depth knowledge of a number of large themes. The largest and arguably the most complex theme is that of the creative economy. My theoretical framework is purposefully designed to convey the fluid relationships between the key terms. These key terms (creative economy, creative capital, human resource management and roles in development) are purposefully arranged around the overall

museums' mission. The visual schematic represents the relationship between the key terms in the context of the museum's primary goals.

CONCEPTUAL FRAMEWORK INFORMING THIS INQUIRY (Figure 1.1)



RESEARCH METHODOLOGY

METHODOLOGICAL PARADIGM

This research employs the interpretivist/constructivist paradigm, applying a qualitative approach to social research. The interpretivist paradigm focuses on “social interactions and socially constructed meaning systems” (Newman, 2003, p. 77). Supplementing this paradigm is the constructivist thought in which “the world is constructed by human beings as they interact and engage in interpretation” (O’Leary, 2010, p. 6). Since this research investigates the daily operations and decisions of individuals within a workplace culture, the interpretivist/constructivist paradigm allows a holistic interpretation into how these decisions are put into practice.

As a researcher using the above paradigm, it is imperative to be conscious that the base of inquiry is grounded in individual decisions within a social structure. Also, due to the fact I have a background and interest in museums, I must be conscious that I have my own individual notions of what good and effective creative capital and human resource management means. Additionally, I must also keep in mind that I do not have full-time experience working in a museum and am not conducting interviews or collecting fieldwork data. This is a disadvantage for this research synthesizes concepts that are workplace-dependent. Ultimately, with any social research, one must keep in mind the human condition ensures that social research is exceptionally conditional. The points made in this paper are recommendations, which will understandably evolve and take different shape in accordance with their specific context.

Taking this important aspect into consideration, this research utilizes a multitude of perspectives to best address the topic. By looking at the macro-level concept of the creative

economy and contextualizing it around the environment of a museum, sources came from a number of different professional disciplines. These include: arts management newsletters, human resource management publications, for-profit and nonprofit business journals, social economic theory and cultural policy. The close reading of said documents was supplemented and guided by two capstone courses taken at the University of Oregon.

The two classes I took to support my research were in the Planning Public Policy and Management (PPPM) department. The first was Resource Development, taught by Dr. Renee Irvin. This course's curriculum presented the essential fundraising responsibilities for nonprofit organizations. Through readings, in-class discussions, research papers and a review and consultation assignment, I learned the necessary skills for developing resources in a nonprofit organization. The other capstone class I completed was an Independent Reading course, also with Dr. Renee Irvin. We established a curriculum around human resource management in which the goal was to investigate managing creativity. Additionally, through various readings I synthesized these concepts from both the for-profit and nonprofit perspectives. Through both of these classes, I successfully supplemented my Arts and Administration curriculum to compile a solid review of literature on the topics for this capstone.

RESEARCH QUESTION

After delving into the literature focusing on the creative economy and looking into more specific articles regarding nonprofit management, my initial research questions became clearer. As stated earlier, there is a gap in the research. There is a need for research

that goes beyond discussing categorization methods in the creative economy and investigates how institutions (in this case museums) can contribute to the creative economy.

To further the research, the purpose of this project is to answer the question: considering museum's role in the creative economy, how can institutions manage creative capital (creative individuals) in their development departments?

DEFINITIONS, DELIMITATIONS, LIMITATIONS

DEFINITIONS

Creative economy: For the purposes of this paper I adopt a broad definition of the term creative economy. This is an area of contention in the field, but I include all creative industry including, but not limited to: nonprofit arts organizations (museums, theatres, community arts organizations), for profit entertainment industry and design firms.

Creative capital: A very broad term, much like creative economy. This capstone defines creative capital as ideas from individuals, and categorized as intangible assets. Furthermore, creative capital is a vital aspect of the creative economy.

DELIMITATIONS

To narrow my focus and ensure my research is sound, I delimited my study first of all by choosing to complete a capstone course. By focusing on specific themes through an interdisciplinary lens, my research includes concepts of human resource management, creative capital and the creative economy from business administration, arts administration and public policy perspectives.

LIMITATIONS

There are a number of limitations I kept in mind during my capstone research. One of the large limitations is the notion that I am a student. Although I am not conducting field research, there were still obstacles in which being a graduate student hindered my progress. In searching for contemporary literature on themes of creative economy and creative capital, many business publications and journals are restricted to subscribing members. There are also fees associated with certain publications that I could not afford considering my limited income stream.

Additionally, choosing to complete a capstone instead of a thesis or a project also is a limitation of this research. As a capstone, this research was not required to be evaluated by a human subjects board and therefore, no field research was conducted. This limits the study in that it may not entirely reflect everyday pragmatic work happening at museums. Instead this research is shaped around current literature on the creative economy, creative capital, human resource management and development initiatives in nonprofit organizations.

BENEFITS OF THE CAPSTONE

I initially constructed my research to be a project-based approach. I planned to investigate a case-study site and integrate observations and interviews with an exhaustive literature review. After taking a closer look at the goals of my research, I decided I would rather take an interdisciplinary approach and instead complete a capstone.

Although this eliminates the aspect of real-time field research, I found the theory behind the concepts of creative economy, creative capital, and human resource management in the scope of museum operations extremely fascinating, yet unusually disjointed from one

another. By completing a capstone that synthesizes these themes across different disciplines, insights into how museums can connect their creative capital to the external well being of the creative economy can be outlined.

CHAPTER TWO: THE CREATIVE ECONOMY

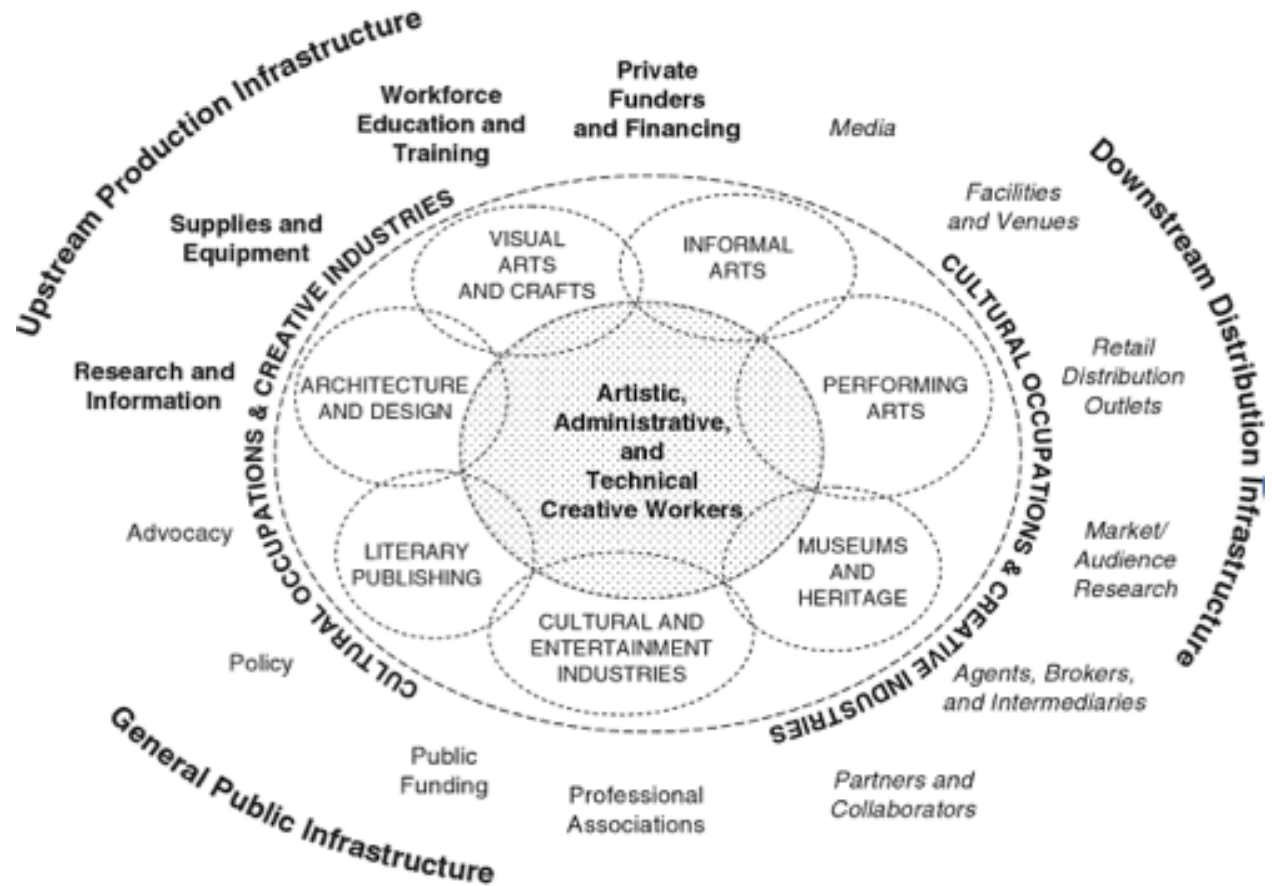
With the recent economic challenges in the United States and abroad, discussions regarding sustainable business models in both the for-profit and nonprofit sectors are a necessary step towards creating a more stable economy. Arguably, understanding and contributing to the new intellectually based economy is integral in achieving a sustainable business model. The goal of this literature review is to present ideas from existing literature, analyze the research gaps and apply the findings to a specific research pathway involving the nonprofit arts sector with a focus on museums. To convincingly articulate a museum's role within the creative economy, a deep analysis of the existing literature regarding the creative economy is essential. Throughout the selected literature, the following concepts were the primary reoccurring themes: the economic evolution which led to an intellectually-based economy, the cause of this shift, problems with defining the creative economy, and subsequently agreeing upon what industries may be included within it, the necessary skills to be a contributing worker in this new economy, and finally, the policy implications and/or changes that must be made to align with this new economy and its structure.

Peter Coy, a senior writer for *BusinessWeek* magazine, coined the inaugural definition of creative economy in his article *The Creative Economy: Which companies will thrive in the coming years? Those that value ideas above all else*. Historically, this article was published after the initial shock of the internet and subsequent “accelerated changes” (Healy, 2002, p. 100), which ensued thereafter. These changes spread through society and in turn greatly altered previous conventions, particularly in the realm of economics. Coy cautions the business world about the economic change and points out that intellectual property (i.e. human ideas) will be the most important asset of a company (Coy, 2000). Coy urges for

understanding and appreciation of creative minds and sparks a plethora of research which aims to define and compile what sorts of people and what type of industry will make comprise this “creative economy”.

Working from Coy’s creative economy concept, much of the literature fails to definitively use a unified term because of the subject matter’s amorphous and multi-disciplinary composition. Due to the fact the creative economy deals with the unstructured concepts of innovative thinking, creative idea generation and subsequently the professions which require these characteristics, it is apparent that coming to a conclusion over the “correct” term to fully encapsulate all aspects of the sector is nearly impossible. Margaret Wyszomirski’s article *Defining and Developing Creative Sector Initiatives* goes into the most detail in regards to semantics of the definition. She objectively investigates the complex nature of the creative economy and comes to a conclusion that “[relying] on any single perspective to establish the parameters of a creative sector, a comparative application of each defining perspective may result in a composite, and therefore more accurate map than any single perspective can produce” (Wyszomirski, 2004, p. 10). She unpacks the term creative economy (which she uses interchangeably with creative industry) into plausible subsets: cultural industries, creative cluster, and creative sector, seen in Figure 2.1 (Wyszomirski, 2004).

WYSZOMIRSKI'S CREATIVE ECONOMY DIAGRAM (FIGURE 2.1)



The Creative Sector. (Wyszormirski, 2008, p. 14).

Throughout the various pieces of literature, each author uses his/her own term, which most often is either creative economy or creative industry. This disjointed use of terminology creates confusion when comparing literature because each author uses different criteria and, although using *related* terms, does not use a one concrete expression to encapsulate what the creative economy embodies.

Related to the semantic inconsistencies, the largest theme shared across the pieces of literature is the lack of consensus as to who/what comprises the creative economy. Although there is no firm way to set guidelines for who/what comprises a creative economy, several guidelines came about from the readings. The following criteria were used to categorize people and organizations within the creative economy: defining by occupation (Cohen, DeNatale, Markusen & Wassall, 2008); types of individuals who work in certain occupations (Florida, 2002) and (Hawkins, 2009); output, specifically in regards to overall percentage of gross domestic product (Tepper, 2002); or a hybrid combination (Wyszomirski, 2004). With such a large topic, the lack of one working definition is expected. After reading the selected literature, it is clear that if one establishes set criteria at the onset of the research and adheres to it throughout the text, he/she avoids getting lost in the vast layers that comprise the creative economy.

Another aspect that was shared throughout the literature was the idea that the emergence of information technology and economic globalization caused the final shift for the new creative economy to emerge (Scott, 2006). Specifically, the Steven Healy and Allen Scott articles are valuable resources regarding this concept. Using an effective balance between economic and sociological evidence, Healy objectively examines how information technology expedited communication exchange between large markets, which in turn led to increased economic globalization (2002). Furthermore, he then connects the notion that creative minds are essential in the new economy because of the “information-driven, globalized world” (Healy, 2002, p. 87). Understanding the events and transitions that incited the creative economy’s emergence is key to positioning nonprofit arts organizations as vital players in its strength and impact.

Overall, the pieces of literature discussed the creative economy in terms of economic or cultural policy. While this is pragmatic and undoubtedly applicable to the field, it also presents another *large* narrative in which to think about the creative economy.

Steven Tepper (2002) suggests, while it is pertinent to discuss policy,

...it is better to think about the creative industries at the local and regional levels, where policy issues related to economic and workforce development are more obvious and where it might be easier to find synergies between the different parts of the sector—nonprofit and commercial, large and small firms, new media and old media. (p. 164).

The Tepper, Ellis, and Dewey articles are unique in that they provide pragmatic applications on a different scale compared to the other seven pieces of literature. Although each discusses policy and the larger context of the creative economy, these particular texts offer insights that can be applied to research regarding museums and their role within the creative economy.

First, Steven Tepper (2002) eloquently states that,

...rather than simply celebrate a new era for art and culture—pointing to the unparalleled growth of the creative industries—we need to examine more closely how the organization of creative work is changing and, more important, under what conditions we can expect innovation and diversity to blossom in the future (p. 166).

Secondly, the Ellis report highlights the integral role the creative sector plays in the economic development of a region (Ellis, 2005). By emphasizing the powerful presence the arts and cultural sectors has in economic communities, it is logical to further narrow down possible research in choosing a particular industry within the sector. Specifically, by choosing to investigate the role of museums and how they can best contribute to the creative economy of a specific city, concise and sound conclusions are plausible.

Thirdly, the Dewey article connects concepts of arts management to the greater ideas of the creative economy. Although she focuses on providing innovative arts management education, the ideas can be applied to into the working world as well. Dewey (2003) states, “Constant systemic change in the cultural sector calls for ongoing adaptation in change management capacities needed to proactively respond to challenges, opportunities, and constraints in the domestic and international cultural sector” (p. 12).

To supplement Dewey’s call for innovative training for arts administrators, Richard Florida urges society to find a way to optimize human creativity in the new intellectual economy,

We live in a time of great promise. We have evolved economic and social systems that tap human creativity and make use of it as never before. This in turn creates an unparalleled opportunity to raise our living standards, build a more humane and sustainable economy, and make our lives more complete. But there is no guarantee that this promise will come to fruition—it can just as easily go unfulfilled. Right now in the United States, that’s exactly what’s happening. The transformation we have given rise to stands incomplete. The great dilemma of our time is that having generated such incredible creative potential, we lack the broader social and economic system to fully harness it and put it to use (Florida, 2002, xiii).

After analyzing the aforementioned literature, there are two important factors to keep in mind: the utilized research technique and the date of publication. In hindsight, most of the articles rely on prior document analysis as their primary research technique. For example, the Coy piece that coins the term creative economy is most likely based on a combination of economic statistical trends and document analysis, but it is difficult to glean from the text for it was not published in a peer-reviewed journal. Another characteristic of the majority of pieces is that they were published in the early 2000’s. Despite their direct applications to field, these articles are not the most recent. This creates particular concern

considering the large events that happened in United States economy in 2008, resulting in a recession.

Keeping these considerations and guidelines in mind, the literature affirms that the creative economy relies heavily on creative capital. By investigating traditional human resource management methods from a for-profit and nonprofit perspective, recommendations emerge in how to best manage creative workers and the capital they provide.

CHAPTER THREE: HUMAN RESOURCE DEVELOPMENT FOR THE 21ST CENTURY

This chapter investigates the role of creative workers and how human resource practices can best speak to their needs. As the rise of the knowledge-based economy continues to grow, understanding the importance and value of effective creative management will increase as well. Both for-profit and nonprofit sectors have insightful perspectives when it comes to managing creativity and thus, both are discussed in this chapter. First, an introduction and to the concept of the creative economy in both the for-profit and nonprofit realm is outlined so the reader is presented with ample contextualization and understanding of the topic. From here, the next section defines creative capital to connect the creative economy to individuals and daily operations of a business.

THE CREATIVE ECONOMY

To best contextualize the concept and importance of managing creativity in the workplace, consider a few points by Omar Haque (2010), a contributing writer for the *Harvard Business Review*. His “Betterness Manifesto” provides insight into how individuals can build a better future. Considering that “the global economy faces a series of tectonic structural shifts” (Haque, 2010), we must embrace new ways of thinking and doing. Haque exclaims that, “A better kind of prosperity demands a new set of institutions. New kinds of cities, companies, communities, markets, capital, contracts, growth” (Haque, 2010). This statement highlights the importance of letting go of the conventional norms of yesterday and looking forward to invest in the sometimes uncertain, but always promising, future. With

this perspective in mind, examining new management methods in the freshly minted creative economy is a logical progression.

When Coy coined the inaugural definition of the term creative economy in 2000, his article was published in a societal context in which there was a lot of change, particularly brought about by the emergence of new technology (in the form of the internet). Coy asserts that creative capital will be the most important asset of a company (Coy, 2000). A call for understanding and appreciation of creative minds is made and ignites research that aims to define and compile what kind of people and what kind of industry will comprise the creative economy. This leads to the next important theme of research, creative capital.

Arguably, one of the pioneers that highlighted the importance and power of creative capital (human ideas and creative thinking) is Richard Florida. Florida discusses the importance of employing creative individuals. His work primarily focuses on defining the creative economy based on the creative quality of those who work in creative industries (Florida, 2002).

THE FOR-PROFIT AND NONPROFIT PERSPECTIVE

These creative industries are not exclusive to one sector in the economy. Creative industries are pervasive in both the nonprofit and for-profit realms, and thus, would benefit from a shared management language of how to best manage their inventive employees. Fortunately, each sector has something to offer one another. Managing creativity directly involves concepts of human resource management—a discipline that is not one of the nonprofit sector's (for all intents and purposes of this capstone paper, the cultural sector) strengths. In comparison to the for-profit literature, pieces regarding human resource

management and the nonprofit world are slim. According to a Cultural Human Resource Council study, published in 2002, human resource management is not a focus in the cultural sector (Annis, 2010). In fact, “Despite the fact that human resources are the primary and most important resources for the cultural sector, where the currency is intellectual property and the hallmark is creativity, human resources were often seen as dispensable and replaceable” (Annis, 2010, p. 12). Due to this lack of appreciation, arts and cultural organizations may gain from examining for-profit human resource management models for inspiration and guidance.

Although there is little significance placed on human resource management in the arts and cultural sector, there is an inherent passion for the work throughout the sector’s workforce. Arguably, this passion for work can be found throughout the entire nonprofit sector. With the mission-driven objectives and goals, the nonprofit sector attracts the talent of passionate, intrinsically motivated individuals. On the other hand, it could be suggested that it is *because* these workers have such passion and interest in their work traditional human resource management has not been necessary. Regardless of the reason, by combining the new management models from the for-profit sector and the fervent creative capital from the nonprofit realm, innovative and proactive methods for human resource management in the creative industries will highlight best practices in the field.

DEFINING CREATIVE CAPITAL

...rather than simply celebrate a new era for art and culture—pointing to the unparalleled growth of the creative industries—we need to examine more closely how the organization of creative work is changing and, more important, under what conditions we can expect innovation and diversity to blossom in the future (Tepper, 2002, p. 166).

One of the largest and most important concepts managers must value and comprehend in successful management of creativity is the term ‘creative capital.’ Although a very simple definition was given in the beginning of this paper, a synthesized, interdisciplinary definition between the for-profit and nonprofit cultural organizations is essential in furthering the discussion. Briefly introduced earlier, Richard Florida is a pioneer in the dialogue of creative capital—those individuals who comprise the segment of society he calls ‘the creative class.’ Furthermore, Dessler provides the fundamental basics of human resource management from a for-profit perspective. He defines ‘human capital’ in his book as: “the knowledge, education, training, skills, and expertise of a firm’s workers” (Dessler, 2009, p. 8). Although this is a correct observation in regards to the intangible asset that is creative capital, this definition is arguably incomplete.

To supplement this for-profit definition, Florida and Goodnight’s perspective incorporates a stronger balance of operational and situational context. Keeping the Dessler definition in consideration, the Florida and Goodnight definition adds a component of production. Their insight connects the worker’s ideas to the direct products and services he/she creates or provides. Furthermore, they go on to exclaim that creative capital is not only a mere conglomeration of people’s ideas. They also argue that a key component of creative capital is the idea that it is also a direct result of the interactive relationships within a workplace (Florida & Goodnight, 2005). This insight is particularly important because it recognizes that the well being of a company’s creative capital is intensely conditional. Not only is creativity inherent in some workers, but also heavily dependent on the organizational culture and overall office ecosystem. This is where the realm of human

resource management is vital in cultivating and managing this component of the creative economy.

With this information about the creative economy and creative capital, one may ask what the true significance is of it all. Why is it beneficial to proactively think about the traditional human resource management practices (or lack thereof)? Do creative workers really comprise enough of the workforce to make this a priority? The surface level answer to these questions is yes, it's extremely important to rethink how to best manage such highly intellectual and passionate people. Harnessing these people's energy and ensuring their individual goals match with the company's is a sustainable and healthy business practice. Not only is it good for business, but also good for the employee's human condition.

In addition, the emergence and integration of the creative economy is apparent in both for-profit and nonprofit sectors. This means the importance of effective and efficient creative management is important to all managers. A common misconception is that creative workers only work with creative products or services. This is a large misnomer, for there are workers whose responsibilities require a high level of unconventional thinking. With the ubiquity of new technology and software permeating throughout industry, factory workers to educators must exercise the creative locus of their mind (Deiser, 2011). With this transition, creativity saturates traditional operations including but not limited to: organizational design, strategic management and business theory (Deiser, 2011). Ultimately, while there is ample evidence that managing creativity is an important aspect of business, it does not make the process of rethinking human resource management any simpler.

FOR-PROFIT FOUNDATIONS FOR MANAGING CREATIVITY

To undertake a complete reevaluation and update of a human resource management strategy, it is important to understand the traditional foundations that comprise human resource management. According to Dessler, “Human resource management refers to the practices and policies you need to carry out the personnel aspects of your management job” (2009, p. 2). With this rudimentary definition, the traditional for-profit model organizes human resource employees into “silo-ed” disciplines such as training, recruitment and human relations (Dessler, 2009, p. 6). This organizational tactic aims to provide a clear, concise management framework for both the human resource and general employees.

Furthermore, the concepts of line and staff managers are apparent in the for-profit business world. This helps contextualize the role of a human resource manager in the greater environment of the firm. Line managers are responsible for giving everyday orders (Dessler, 3). For example, a sales manager gives orders to an employee to calculate a daily sales goal. The other type of manager in a business is a staff manager. This type of manager is responsible for assisting and supporting line managers in their decision-making (Dessler, 2009). Human resource managers are considered staff managers because they aid the overall function of a line manager’s job.

Although these aspects of human resource management are considered traditional foundations (and offer a strong basis for productivity in certain businesses) with the new creative economy, these foundations are being reevaluated. Instead of operating in the traditional, silo-ed approach, businesses are now experimenting with a more horizontal approach to human resource management. By leaving this hierarchical approach behind and welcoming a more thematic approach, firms encourage more fluid communication and a

healthy work environment for creativity. Instead of organizing human resource managers into strict disciplines (such as recruitment), they can be placed with a certain group of employees and address those employees needs (recruitment, human relations, training). According to Deiser, “It [the firm] must provide spaces that foster entrepreneurship and enable people to live and explore their potential” (2011, p. 18). This willingness to investigate new human resource management methods reflects the increasing valuation of intangible assets in the workforce. For-profit firms are starting to adopt new standards, and provide insightful information for the nonprofit sector as well.

NONPROFIT FOUNDATIONS FOR MANAGING CREATIVITY

Traditionally, human resource management has not been a primary focus in nonprofit organizations. Historically, it has proven easier for cultural managers to perform human resource management duties on an ad-hoc, case-by-case basis (Annis, 2010). Annis also points out that some of the primary concerns within the nonprofit realm, specifically with arts and culture organizations, were issues of attrition and employee burnout (2010). Human resources is the discipline responsible for addressing issues of employee burnout. As previously stated, there is a lesser focus on human resources in nonprofit organizations. That said however, Byrnes outlines four types of managers that can be applied to a nonprofit organizational structure. Although this information is presented without a specific human resource manager perspective, it outlines the general types of managers in arts organizations. This proves helpful in comparing the for-profit model of line and staff managers in a nonprofit setting.

Byrnes (2009) outlines these four types of managers as the frontline manager, functional manager, general manager and administrator. The frontline manager and functional manager are equivalent to a line manager in the traditional for-model. Both types operate by accomplishing direct tasks and directly overseeing employees in these tasks. The general manager and administrator are the for-profit equivalent of a staff manager. They are responsible for supporting the frontline and functional managers and oversee the broader-scope of organizational goals. In this schematic of an arts organization, an example of a line manager (frontline/functional) is an admissions office manager and a production manager (Byrnes, 2009). Additionally, a staff manager example (general/administrator) could be a director of development or executive director. Finally, the role of a human resource manager would fall under the category of staff manager within a nonprofit organization. Most likely, this individual (or individuals) would be considered a part of the administrative staff. This detailed look into the types of managers may help clarify human resource roles in a nonprofit setting without an official human resource manager.

Overall, the importance of human resource management and its responsibility to creative management is increasing in today's business world—in both the for-profit and nonprofit sectors. The combination of the creative economy and the recent 2008 economic recession has arguably expedited the process of investigating human resource practices in the cultural nonprofit sector. Byrnes (2010) asserts "...it is not entirely a bad thing that the economy has necessitated looking closely at the human resource allocations in arts and culture organizations" (p. 6). Clearly, as with any economic downturn, organizations are reevaluating their entire business plan. In addition to investigating the cost-benefit analysis of their programs, it is imperative to look at the operational side as well. Human resource

management is paramount in this operational-level evaluation and should be handled with a great amount of critical introspection.

Overall, it is apparent the knowledge-based creative economy requires a serious evaluation of business operations. With increased value placed on creative capital in the workforce, it is vital that human resource management be paramount in these evaluations. For-profit and nonprofit leaders agree that the intangible assets of a firm or organization are its most important. Non-traditional incentives fuel the creative workers who comprise the creative economy and it is an organization's duty to find out how to best cultivate and manage these inventive minds. As Byrnes states, "Probably the most valuable lesson learned is that protecting the investment in an organization's human capital requires constant vigilance and needs to be the highest priority of an arts manager (2010, p. 7).

CHAPTER FOUR: MANAGING CREATIVITY IN DEVELOPMENT DEPARTMENTS

The previous chapters in this capstone paper have addressed the concept of the creative economy, museums' role within the creative economy, the creative capital within these organizations and the human resource functions that can aid the creative flow of ideas. This chapter synthesizes the aforementioned assertions and pragmatically applies them to a micro-level of understanding. The section begins with a larger contextual introduction to managing creativity in the nonprofit sector, followed by an explanation of why the development department was chosen as an environment to investigate followed by corresponding recommendations.

MANAGING CREATIVITY IN THE NONPROFIT SECTOR

With the aforementioned context, foundations and emergent evolution of human resource management, creating a concrete set of guidelines for best practices in managing creativity is a challenge. Due to the fact that managing staff is dependent on the type of organization, its mission, business plan and personality, there are few constant characteristics of creative workers (regardless of business environment) that managers (ideally Human Resource Managers, but most likely a direct administrative supervisor or Executive Director) may follow to practice effective creative management.

The first is the notion is that creative workers do not respond well to traditional (monetary) incentives, such as stock options (Florida & Goodnight, 2005). However, this is not to say creative workers do not appreciate monetary compensation. This point specifically means they are not inherently motivated by a pure monetary incentive. Due to the fact nonprofits do not offer stock options to their employees and normally operate on a limited and strict

budget, this is advantageous. Creative workers thrive off fulfilling a valuable societal need—usually a concept that holds intrinsic value to him/her. With this information in mind, it is also beneficial that nonprofits are mission-based organizations. Instead of completing a task for a rewarded tangible asset, the creative worker finds joy in fulfilling a personal value. The challenge then lies with hiring the type of creative worker that personally values your mission. It can be said then that it is important to put a large amount of effort on the front-end of the human resource management process.

After a detailed interview and hiring process, the following recommendations may be implemented to foster a productive environment for creative workers. First, make certain that your employees are challenged in the majority of their work. Florida quotes an *InformationWeek* survey that challenges on the job are more important than salary incentives for creative workers (Florida & Goodnight, 2005). This is advantageous for nonprofits, for they are approached with a variety of challenges from programming content to development strategies.

Secondly, it is important to minimize obstacles and distractions in the workplace (Florida & Goodnight, 2005). This is beneficial to think of in terms of economic externalities. Essentially, how can you as a nonprofit manager eliminate negative economic externalities for your employees? An example of this could be providing on-site childcare so employees do not have to drive elsewhere to drop-off or pick-up their child. A great number of for-profit businesses have incorporated this practice and as a consequence, have exercised greater productivity from their employees.

Google, Inc. is a for-profit company that is famous for its implementation of some of these recommendations. The software company, which could easily operate as a mundane

computer-science company chose to highlight its creative nature and in doing so, recognizes the importance of cultivating creativity in its employees. Google removes many negative externalities for its employees by offering paramount facilities and corresponding amenities. Examples at Google headquarters include alternatives to stairways in the building, such as a slide. Google also promotes interaction in its meetings, which allow staff to engage with supervisors. During these meetings, monotony is often battled with a kinesthetic action, such as spiking a volleyball over a net to voice opinion during a meeting (Google, Inc., 2011).

Google is a large-scale example of this workplace environment, and clearly possesses funds to offer a fun, engaging and productive work culture. Unfortunately, most nonprofits are not in the fiscal position to provide such facilities. This is not to provide an excuse for nonprofits thinking of creative ways they can foster a welcoming, fun, engaging and productive workplace. Most museums are not newcomers to operating on a limited budget, and thus, are well equipped with board members, staff and volunteers who are eager to exercise their creative insight. If a museum wants to begin to instill this type of work environment, it must think small scale.

The locus of workplace culture in a museum setting is the administrative office. This is the space that must be focused on during the small-scale implementation. Museums take pride and ownership in offering an educational and engaging environment for their visitors, and these aspects should be reflected in the administrative offices as well. Small-scale improvements to the work environment in a museum workplace will differ dependent on the personality of the museum and its mission, but below are a few suggestions for large and small museums alike. The first is creating a small space within the office where workers can

portray his/her creativity. This could be as simple as a large bulletin board in which workers can post witty works of small art. There could be monthly contests to curate the board and after a set amount of time that coincides with the larger schedule of events of the museum (timeline of a large exhibition, annual campaign or end of fiscal quarter), a winner of the contest would be selected. Ultimately, enacting small efforts such as the aforementioned example releases the monotony that comes with office work and aids in cultivating organic creative thinking.

Another proactive approach museum leaders can take is to ask what his/her staff needs to foster a positive work environment (Florida & Goodnight, 2005). The act of offering an opportunity for the staff's opinion to be heard and considered provides inherent value. This action is important, and even though the organization may not be able to provide a suggested need, employees will greatly appreciate the fact the organization bothered to ask. This idea should not be treated lightly however, for always asking and never *doing* can be detrimental to a work culture. If the leader in the office continually asks for feedback and never acts upon *any* of the suggestions, this will not prove beneficial in creating a convivial environment for idea creation and exchange.

Beyond an internal level, nonprofits that want to improve their creative management capacity can create a shared dialogue between their organizations. For example, a hypothetical museum, theatre and community art center have evaluated their operations and want to start implementing a joint strategy to better manage their creative workforce. This partnership could begin informally, with the executive directors and pertinent managers (human resource or otherwise) meeting at coffee shops to discuss small initiatives they could execute internally. Each organization could implement a certain method and

meet again after a set time period and discuss the outcomes. Once this group becomes confident with their new management strategies, they could begin talks with a local advocacy group and forge a relationship around the topic of creative management. Ideally, creating this relationship will increase visibility and interest in the topic. After investigating several steps the nonprofit sector as a whole can contribute to cultivating a creative workplace, it is pertinent to take a further look into a smaller-scale dichotomy, in this case, in a museum's development department.

WHY THE DEVELOPMENT DEPARTMENT?

The reason for choosing this particular branch of a museum's administrative staff is deliberate, for it offers a straightforward example of how personalities can affect the nature of work. The work of a development department is a practical microcosm that requires a working balance of both right-brain pragmatic skills and left-brain creative ideas. Most often, in a middle to large sized museum, there will be three development staff members. There will be an administrative support position (who is oftentimes the Executive Assistant and/or Receptionist of the office), a Director of Development and a Development Assistant (Ciconte & Jacob, 2009).

Ultimately, the development department was chosen for this inquiry due to its unique balance of pragmatic responsibilities of raising funds for a museum and its creative expectations in that a development employee must think on his/her feet and be responsive to a multitude of situations and personalities. This balance of matter-of-fact and cerebral qualities proves to be a fruitful example of a job that would benefit from effective creative management. Additionally, members of the development department work closely with

individuals in the community and thus, should exude a vibrant, creative demeanor. Also, due to the development departments' highly specialized responsibilities, it is imperative the department hire individuals who are enthusiastic and inherently interested in their tasks.

Before outlining ways in which museums can best manage their development employees, it is imperative to discuss the characteristics of an effective and creative development officer. First, the development team should be well versed in the museum's mission and programs. Without complete knowledge of the organization, a development staff member will not fulfill his/her duties of raising profit. An important aspect however is that this person should not merely recite the mission word for word; the individual must possess the ability to *enable* the mission in prospective donors. This is not an easy feat. To successfully do so, one must have the ability to gauge how individual donors respond to certain communication styles and creatively adjust to the proper etiquette for said donor. In addition, the development staff must be outgoing, eloquent, critical, realistic and enthusiastic. To sum up, he/she should embody the mission of the museum. As one can see, this requires a balance of creative thinking and critical analysis.

RECOMMENDATIONS FOR THE DEVELOPMENT DEPARTMENT

With such high personal demands, it is no surprise there can be high burnout rates with development employees (Irvin, 2011). As with any valued employee, the development staff needs to be aware of their value in the museum. A method in which managers (human resource or otherwise) can help articulate value is through a simple feedback structure. This builds off the earlier concept of managers asking employee's needs for a creative environment. Specifically, the Executive Director or Human Resource Manager should ask

similar types of questions for those in the development department as well. Although work for development officers is done in the office, a lot of time is also spent outside the office meeting with prospective and continuing donors. With this in mind, managers should inquire as to how these external meetings go and how the museum could better facilitate them. Arguably, these meetings are intensely conditional due to the fact they depend on the donor's tastes and situation, but meeting in venues or situations in which the donor can feel personal attention is key.

It is important to convey to development staff that they are free to explore creative ways of asking for donations. A sit-down meeting at a restaurant or meeting may work for some donors, but to tap into a new and arguably, more active donor base, perhaps development officers need to think outside of the box. In what ways can development staff engage with the donor to truly learn about his/her interests and passions in life that align with the museum? Although this would be executed on an ad-hoc basis for donors, it provides a creative outlet for development staff. It is important to frame these goals internally, for framing development meetings with donors as a "challenge" could be taken as an offense to some prospective donors.

Another large responsibility of a development department in an established museum is undertaking an annual campaign drive. Arguably, this process is an arduous task and full of monotonous data checking and re-checking. It is this type of data entry that can burn a creative worker out and effectively negate their enthusiasm in the workplace. In efforts to avoid this burnout, the museum would benefit from allowing its development employees to work flexible hours during the annual campaign. This is not to say the annual campaign will not have strict deadlines. Instead of working a normal eight o'clock a.m. to four o'clock

p.m. workday, employees could avoid exhaustion by adjusting their schedule during this stressful and busy time. There will still be the overall deadline and time tracking as a normal workday, but on flexible schedules. For example, if a Development Associate has a long morning of checking and updating addresses in the donor database online, he/she may warrant a long lunch break to rest their eyes and mind from the computer screen and data. Furthermore, during stressful campaign times (annual or capital), it would prove beneficial to allow employees to bring an activity from home to exercise during breaks at work. This could be something as simple as bringing a coloring book to utilize for cathartic relaxation, or bringing a Nintendo Wii for a kinesthetic break from sitting at a desk. Ultimately, these aforementioned suggestions are contingent upon the personalities and respect of the work at the museum. For any of the examples to serve their purpose the creative workers must respect the freedom and flexibility they are given.

CONCLUSION

As one can see, the concept of the creative economy, creative capital and how museums can best manage their employees to ensure greater contribution to the creative economy is not a concrete subject of study. So many of the factors included in this capstone are dependent on human condition, which varies with personalities and context. The aim of this capstone study was to ignite dialogue of museum's role in the creative economy and how to find ways on a micro-level that museums can contribute to the strength of the new economy. With a continually evolving economic and social landscape, further research on museum's roles within the creative economy will be extremely beneficial in the future of the arts.

In particular, it would be fruitful to conduct case study examinations with organizations that are currently implementing a creative management approach. Many for-profit and nonprofit organizations on the West Coast of the United States would be applicable case sites for this study. Portland, Oregon in particular is a city rich with innovative workers and would be an excellent city in which one could conduct interviews and collect fieldwork data. Specifically, within the creative economy of Portland, sites such as the Portland Institute for Contemporary Art, Weiden+Kennedy Advertising Agency and Second Story Interactive Studios employ creative workers and value the creative capital their workers provide.

The arts and culture sector is abundant with original ideas and is open to creating a more vibrant work culture. Specifically, the sector needs leaders who believe in the importance of cultivating and effectively managing creative capital in the workplace. Not only will creative employees be happier and more productive at work, but the arts and culture sector will flourish due to the increase in morale and productivity. These improvements are vital in bolstering the new creative economy and it is the responsibility of arts management leaders to express the importance of creative management.

REFERENCES

- Annis, S. (2010). Cultural human resources management toolkit. *Arts Management Newsletter*, 99, 12-15. Retrieved from www.artsmanagement.net.
- Byrnes, W.J. (2010). Human resource management in the arts: trends in arts employment. *Arts Management Newsletter*, 99, 3-8. Retrieved from www.artsmanagement.net
- Byrnes, W.J. (2009). *Management and the arts* (3rd e.d.). San Francisco, CA: Elsevier Inc.
- Cherbo, J.M., & Stewart, R.A., & Wyszomirski M.J. (2008). *Understanding the arts and creative sector in the United States*. New Brunswick: Rutgers University Press.
- Ciconte, B.L. & Jacob, J.G. (2009). *Fundraising basics: a complete guide*. (3rd ed.). Sudbury, MA: Jones and Bartlett Publishers.
- Cohen, R. D., DeNatale, D., Markusen, A., & Wassall, G.H. (2008). Defining the creative economy: industry and occupational approaches. *The Economic Development Quarterly*.
- Coy, P. (2000). The creative economy: which companies will thrive in the coming years? Those that value ideas above all else. *BusinessWeek*.
- Deiser, R. (2011). Creative leadership. *Leadership Excellence*, 28(1), 18. Retrieved from EBSCOhost.
- Dessler, G. (2009). *A framework for human resource management*. Upper Saddle River, NJ: Pearson Prentice Hall.
- Dewey, Patricia. (2003). Occasional Paper #27: From arts management to cultural administration. *Presented at the 29th annual Social Theory, Politics, and the Arts Conference* (pp. 1-15). Columbus: The Ohio State University.
- Ellis, E. (2005). *States and the creative economy*. National Assembly of State Arts Agencies. Washington, D.C.: National Assembly of State Arts Agencies.
- Florida, R. (2002, May). The rise of the creative class. *Washington Monthly*.
- Florida, R. (2002). *The rise of the creative class*. New York City: Basic Books.
- Florida, R., & Goodnight, J. (2005). Managing for creativity. *Harvard Business Review*, 83(7/8), 124-131. Retrieved from EBSCOhost.
- Google, Inc. (2011). *The Google culture*. Retrieved from <http://www.google.com/corporate/culture.html>

- Haque, U. (2010 May 20). The betterness manifesto. *The Harvard Business Review blog*. Retrieved from http://blogs.hbr.org/haque/2010/05/the_betterness_manifesto.html (2010 May 20).
- Hawkins, D. (2009, January 7). That's all you need to succeed: the creative economy. *Times & Transcript* .
- Healy, K. (2002). What's new for culture in the new economy? *The Journal of Arts Management, Law and Society* , 32 (2), 86-103.
- Irvin, R. (2011, April). Introduction to resource development. *PPPM 581: Resource Development*. Eugene, Oregon.
- Neuman, L.W. (2003). *Social research methods: qualitative and quantitative approaches*. (5th ed.). Boston, MA: Allyn and Bacon, Inc.
- O'Leary, Z. (2010). *The essential guide to doing your research project*. London: SAGE Publications Ltd.
- Scott, A. J. (2006). Creative cities: conceptual issues and policy questions. *Journal of Urban Affairs* , 28 (1), 1-17.
- Tepper, S. J. (2002). Creative assets and the changing economy. *The Journal of Arts Management, Law, and Society* , 32 (2), 159-168.
- Wyszomirski, M. J. (2004, September). Defining and developing creative sector initiatives. Columbus, OH: The Ohio State University.