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## COOPERATIVE WAYS OF WORKING: NEXT PRACTICE FOR MUTUAL AND SUSTAINABLE VALUE CREATION IN CULTURAL AND CREATIVE ENTREPRENEURSHIP

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### Abstract

With bottom-up, cooperative ways of working, social creative practices are co-created with the potential of social innovation and mutual and sustainable value creation. Characteristics of these network oriented practices, are explored and related to mutual and sustainable value creation and to possible roles of cultural creative entrepreneurs. Cultural creative entrepreneurs seem to be well positioned to play a pioneering role in social creative practices. They hold characteristics as innovative, creative, and interdisciplinary cooperative approaches. However, lack of coherence could result in only partial exploitation of the potential and hamper sustainable value creation. Studying micro-level practices is needed to obtain insight in the qualities and dynamics of specific cooperative settings.

### Introduction

Cooperative ways of working seem to be increasingly popular. They take many forms and exist in all sectors of society. Citizens create energy-, elderly care-, or neighbourhood cooperatives. Neighbourhood networks emerge for sharing the use of cars and tools. Young entrepreneurs cooperate with biologic farmers in their region and deliver farm-fresh fruit and vegetables in the centre of the city. And artists experiment with beehives in urban environments in decay as a contribution to revitalization of the environment. A new way of bottom-up, local social creative entrepreneurship emerges, which connects societal and artistic creativity (Hagoort, 2013). A variety of social creative practices are co-created, with the potential to contribute to social innovation and to reach a higher level of sustainability of the society.

Where do these initiatives come from and why does it happen now? One explanation is the economic crisis that accelerates change in society. Old certainties disappear, many of our fundamental beliefs and practices no longer serve us and new patterns surface (Lampert & Wijffels, 2012). Furthermore, informed, connected, empowered and active citizens are able and also want to take initiatives themselves (Prahalad & Ramaswamy, 2004). Sometimes for idealistic reasons, sometimes more pragmatic, because they want to be independent from bureaucratic and expensive organizations and systems that do not meet their needs anymore. The growing number of these local initiatives also seems to fit in a more general increasing interest in local developments and a desire to create a human scale counterweight in a huge, complex, interconnected global world. The initiators of these social creative practices often prefer cooperative ways of working and network solutions, instead of hierarchic and bureaucratic ways of organizing (Lampert & Wijffels, 2012).

### **Cultural and creative entrepreneurs**

In many of these initiatives cultural and creative entrepreneurs are involved. Cultural entrepreneurs and -enterprises have its focus on unifying cultural content and commercial possibilities as a basis for innovation. Creative entrepreneurs and –enterprises focus on how creative and intellectual capital can be exploited (Thomassen, 2012). Cultural and creative entrepreneurs are said to be crucial in social innovation with the potential to galvanize major change across society through co-creation (ibid, 2012).

This paper seeks to explore, on a conceptual level, characteristics of cooperative ways of working, aiming at the development of new social creative practices and at mutual and sustainable value creation. The exploration also focuses on roles of cultural creative entrepreneurs in these processes.

First, the meaning of cooperative ways of working will be explored in the context of new social creative practices. Some characteristics will then be related to mutual and sustainable value creation, followed by a reflection on the possible role of cultural entrepreneurs. The paper is completed with a conclusion, and with a recommendation for the direction of further research.

### **Cooperative ways of working in social creative initiatives**

Most of the social creative cooperative initiatives, like the examples mentioned in the introduction, intend to create new practices on a local scale. Usually the initiatives start bottom-up, with a few people who share an interest for a specific idea, problem or question (Wheatley & Frieze, 2006). Individuals recognize their interdependence and self-organize in ways that support the diversity and viability of all, often reinforced by social media (ibid). In this process relationships develop and projects, partnerships, networks or communities of practice, are shaped who explore and develop together. Innovation is usually a central topic, often with a focus at sustainable development (Throsby, 2010). Initiators and participants usually prefer non-hierarchical, network based cooperation- and organization structures. Network based cooperations have some characteristics in common that are typical for their functioning.

Brafman & Beckstrom compared network based initiatives, such as Ebay or Alcoholic Anonymous (AA), with traditional organizations, to discover the patterns and potential of self-organizing collaborative systems (2008). They describe network based initiatives as decentralized, adaptable, open systems with a number of specific characteristics. First of all a network based cooperation is flat; there is no central leader. Further it does not depend on a permanent location or a central headquarter. AA for example, has a physical address, but it exists as thousands of community centres wherever a group of members chooses to meet.

In contrast with most centralized organizations there is no clear division of roles in network based cooperations. In principle, anyone can do anything. This can result in seemingly chaotic systems, but according to Brafman & Beckstrom this makes them wonderful incubators for creative, destructive and innovative ideas.

An additional characteristic is that network based organizations are more or less ‘fluid’. One can take out a chunk of the network, but it will soon rebuild and integrate itself and continue to function. Taking away a department from a centralized organization will have serious consequences for its functioning, maybe even for its survival.

In a network based cooperation there is no central brain. Knowledge and power are spread throughout the system, often in a mixture of disciplines and experiences that communicate directly. Because knowledge and power are distributed, individual units quickly respond to internal and external forces, which makes them very flexible (Brafman & Beckstrom, 2008). Several other authors distinguish comparable characteristics. Wheatley & Frieze for instance, remark that from the power of interconnected disciplines new knowledge and practices may emerge, that were unknown to the participating individuals (2006). Vermaak indicates that the cooperation context is highly dynamic. There is a complex choreography of partners who define and redefine their mutual relations. Trust is important, but it is never obvious. It has to be reconfirmed in every conversation (Vermaak, 2009).

In the literature two main types of network based cooperative ways of working are distinguished: collaboration and co-creation. Both types are described and illustrated with an example.

### **Collaboration**

Collaboration in essence is about making connections: between people, between organizations, between communities, with the world around us. Collaboration is of increasing importance to be able to approach situations or problems as a coherent whole and to act from the connection, instead of cutting them in pieces. People and organizations collaborate to be stronger together, to support each other, to create better conditions (e.g. benefits of scale) and to develop practices that none of them could have realized on its own. Collaboration can be considered as promising, if people and organizations are able to connect with each other in a process that meets their interests and that is directed toward a meaningful ambition and to mutually relevant benefits and mutual value creation (Kaats & Opheij, 2012). To create value through collaboration that contributes to social innovation, it is important to understand that larger context and long ideation are pivotal. Social innovation is fuelled by aspirations for longer term, humanistic, and more sustainable ways of living (Sanders & Simons, 2009).

### **An example of collaboration: the Coproducers**

The diversity of theatre programs decreased after a number of cost-cutting operations from the Dutch government. As a consequence, talented theatre producers cannot develop themselves sufficiently. Seven theatre directors decided to collaborate to improve the situation. Together they select promising plans for dance- and theatre performances and they collaborate with theatre producers to develop the production plan. As a group they are able to recruit a starting capital as a basis for solid funding. This enables all collaborating partners to bring higher quality theatre productions on stage and to create mutual value. In the long run it also has the potential to improve the viability and sustainability of participating theatres, theatre producers and performing artists (Vestering, 2014).

### Co-creation

Co-creation is considered as a special case of collaboration. It is defined as: ‘any act of collective creativity that is experienced jointly with the intent to create something that is not known in advance’ (Sanders & Simons, 2009). Users, consumers or other stakeholders who will benefit from the results, participate on an equal basis and become joined problem definers and problem solvers. Together with the initiators they co-construct experiences, not just products and services, that are more valuable and compelling to everyone (Prahalad & Ramaswamy, 2004). Different types of co-creation occur, including: co-creation with (urban) communities, between companies and business partners, and between companies and the people they serve: customers or users.

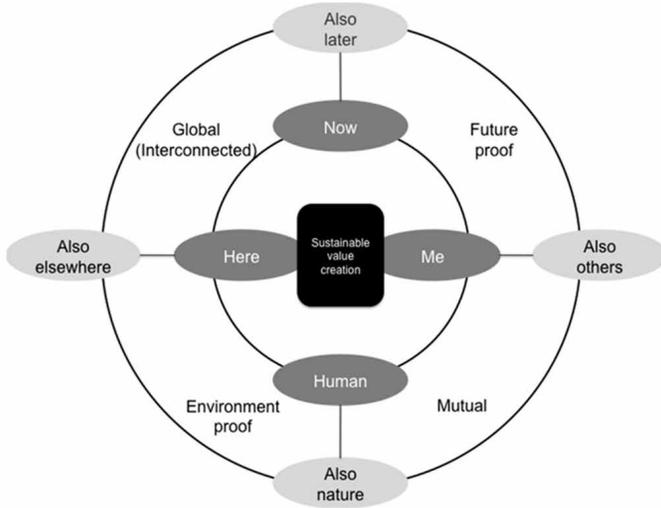
#### Example co-creation: Care for the “Jan Eef”

After a robbery and murder on a jeweller in the central shopping street in the neighbourhood, the Jan Evertsen street in Amsterdam, a group of residents decided to take a positive initiative. By means of a ‘care for the Jan Eef day’ filled with activities and pop-up shops the initiators wanted to take back, embrace and revitalize their shopping street. After the successful day the volunteers continued to organize events like a Christmas market and a terrace day. To make the efforts more permanent and to ensure some financial support, a shopping association was established. Residents, shop- and restaurant owners participate in this association and collaborate to co-create a high quality environment. Missing expertise is hired from professionals in the neighbourhood. New shops and a number of creative entrepreneurs moved in, and a broad and strong network has been developed in the neighbourhood, but also on city- and national level. The shopping street is now a national experiment (De Jong, 2013).

#### Mutual and sustainable value creation

Several authors remark that relational aspects such as interconnection between multiple stakeholders, aligning interests and human interaction play a central role in the success of partnerships and cooperations (e.g. Kaats & Opheij, 2012, Lambrechts et al, 2009, Van der Geest, 2014, Vermaak, 2009). Lambrechts et al stress the importance of mutual engagement of participating actors in high quality relationships. According to them the essence is doing things together in such a quality way that all actors involved benefit from the practice and are able to create value (Lambrechts et al, 2009). Prahalad & Ramaswamy describe it as ‘*The interaction becomes the ‘locus’ of mutual value creation*’ (2004).

In sustainable strategy literature, sustainable value creation is often defined as creating economic value, while at the same time creating social, cultural and ecologic value with a long term focus (Simanis & Hart, 2009). This is aspired by means of processes that focus explicitly on interests of collaborating and/or co-creating partners, users and other stakeholders and of nature (e.g. by focusing on renewable resources, or re-use of materials) and on possible effects of choices: here and there, now and later. Sustainable value creation is mutual value creation. All partners in a process are enabled to create value. The meaning of value is context related. Human interaction and developing mutual relationships are a precondition to discover what sustainable value means in a particular context and also, how it can be co-created with stakeholders. The dimensions of sustainable value creation are presented in Figure 1, which is used in this paper as a working definition.



**Figure 1:** Working definition for sustainable value creation (Smit & Geurts, 2013)

From a sustainable perspective the world is a living system and an interconnected whole. Interconnected means among others that interests of OTHERS and of NATURE are also in our own interest. In the same way, what happens ELSEWHERE, for example by globalization, may also influence us HERE in a later stage, in a positive as well as in a negative way. From this multiple, interconnected perspective, sustainable value is future proof, mutual and environment proof. The key activities of a specific network or cooperating community and the role it plays in a local or regional living system determine which dimensions should have priority.

From an entrepreneurial point of view economic value creation is a necessity for the viability and sustainability of a company. However, the meaning of economic value seems to be different for different types of entrepreneurs. For ‘regular’ entrepreneurs the necessity of economic value creation is obvious. The transition they have to make is to change focus in the process of value creation. Instead of focusing on products and services as they are used to, mutual and sustainable value creation begins with interaction amongst customers, users and other stakeholders. Cultural creative entrepreneurs desire to prioritize the cultural value of their creation with little motivation for generating economic value (HKU, 2010). If they want to play their pioneering role well in social creative innovation, taking care of economic value is unavoidable to ensure their viability and sustainability.

### The role of cultural creative entrepreneurs

Cultural creative entrepreneurs have some characteristics that seem to position them well for a pioneering role in the development of new social creative practices and for cooperative ways of working. First of all the cultural and creative sector is involved in a permanent strive for developing new products, technologies and services that have not been here before (Dos Santos Duisenberg, 2010). Innovation is a central topic, a *raison d'être*. Interdisciplinary cooperation, in networks of multiple and changing clients, competitors, colleagues and other stakeholders, is considered to be an intrinsic part of creative and cultural entrepreneurship (Gardner, 2007). According to the European Commission cultural creative initiatives have the potential to be examples of next practice in mutual and sustainable value creation and to contribute to the transition towards a sustainable economy (European Commission, 2010).

Apart from the characteristics mentioned above, the majority of these cultural and creative entrepreneurs also have some complex characteristics that may distinguish them from 'regular' entrepreneurs. About 80% of the sector belongs to the small and medium sized enterprises (SME), with less than 10 people involved (HKU, 2010). Over 50% is even smaller than three individuals (*ibid*). These 'micro-SME's' exist mainly on the basis of permanent networks (Kooyman & Jacobs, 2014). Cultural and creative workers are more than twice as likely to be self-employed than the average for the whole economy (HKU, 2010). Cultural creative entrepreneurs often have multiple jobs, necessary for a minimum income for survival and a degree of security (Kooyman & Smit, 2013).

There seems to be a paradox between the pivotal role of creative enterprises and the difficult situation of entrepreneurs in the sector. On the one hand, the creative industry is considered as a top sector geared to drive the innovation we long for (European Commission, 2010). On the other hand, fragmentation and lack of coherence result in only partial exploitation of the potential and hamper sustainable, long term value creation (*ibid*). In a report on unlocking entrepreneurial skills of cultural creative entrepreneurs the European Commission recommends to stimulate entrepreneurial skills, and adds that a combination of learning by doing in a collaborative manner and peer to peer coaching seems to be preferable over focussing on education curricula (*ibid*). Apart from that, more clarity is needed about the actual- and possible cooperative roles of cultural creative entrepreneurs in social creative practices. And about conditions that enable them to develop their full potential. Or, in the words of UNDP & UNESCO: *'It is one thing to recognize potential but quite another to apply the knowledge and skills necessary to harness that potential to bring about beneficial change (2013).'*' According to UNDP & UNESCO multiple strategies are needed for new pathways, to emerge from both organic processes and deliberate policy.

### Conclusion

In this paper an initial exploration has been made of network oriented, cooperative ways of working aiming at mutual- and sustainable value creation with the development of new social creative practices. Also possible roles of social creative entrepreneurs were explored.

The exploration shows that there is a trend towards the development of cooperative social creative practices. This trend seems to be reinforced and accelerated by societal developments like the economic crisis and empowered citizens who want to take initiatives. Entrepreneurial initiators often prefer non-hierarchical, network oriented approaches.

Remarkable is that many characteristics can be related to words like ‘decentralized, open, self-organization, fluid, organic and flexible’. Apart from these ‘hybrid’ characteristics, the exploration shows that network based cooperation is considered as a highly relational endeavour. This is also the case for mutual and sustainable value creation.

Cultural creative entrepreneurs seem to be well positioned for a pioneering role in social creative practices, with characteristics as innovative, creative, and interdisciplinary cooperative initiatives. However, lack of coherence could result in only partial exploitation of the potential and hamper sustainable value creation.

From this first exploration it is not yet clear how these cooperative ways of working function in practice, what makes them work and to what extent value is created and social innovation is realized. More insight is needed in the qualities and dynamics of specific cooperative organizational settings. This requires zooming in on a micro level of cooperative work in its specific local context. Inquiry into small things shows the value of understanding the more intricate life giving qualities of organizational settings, in which seeds for social innovation may be found (Zandee, 2013). More insight is important for the social creative domain itself. This could also be a source of inspiration for other organizational settings in more traditional enterprises and for multi-stakeholder collaborations, that strive for social innovation and mutual- and sustainable value creation.

#### About the author:

Elselien Smit, Brace, works as a researcher, practitioner and trainer in the domain of sustainable strategy- and organization development and sustainable and mutual value creation. She is also a PhD candidate in this domain. She facilitated and managed multi-disciplinary- and cross organization border collaboration projects and she was project leader of national and international projects. An important source of inspiration for the guiding principles she uses is ways of working based on action research, appreciative inquiry and communities of practice.

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