

# “Inspirational pressure to do something right”

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Comparing government policies on -and practical realization of- cultural entrepreneurship in music organizations in the four-year subsidy of the Performing Arts Fund NL

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## Summary

Cultural entrepreneurship is a widely used term which has a different meaning. The academic literature attributes the following characteristics to cultural entrepreneurship: seeking and taking advantage of opportunities, creativity, personal involvement, commitment, innovative, risk-taking, and striving for social and cultural values in addition to economic values. The Fund however, only uses entrepreneurship without cultural as a criterion for subsidy.

The business plan was implemented by the Fund to judge and enforce entrepreneurship. The determinants for effectiveness of the business plan are the goal, long-term is more effective than short-term, where most general managers indicated they wrote the business plan to obtain funding. Other aspects are experience, which was evident since the general managers worked in the organizations for an average of 17 years, knowledge and motivation.

Eight anonymous semi-structured interviews were held with general managers of Dutch music organizations included in the four-year subsidy cycle. These interviews were transcribed, coded according to Grounded theory, analyzed, and compared to the literature in order to find the answer to the main question.

**How do government policies on cultural entrepreneurship and practical realization of cultural entrepreneurship compare, in music organizations that are and have been subsidized by the Performing Arts Fund in the Netherlands?**

The general managers are quite positive about the subsidy process and feel privileged to be included in the four-year cycle. Nonetheless, the statements of the general managers, especially the considerable ambiguity in answers, show that the music organizations are diverse. In order to be clear and concise, the government and the Fund use entrepreneurship without 'cultural' as a criterion to review subsidy applications. Organizations applying for a grant are obliged to write a business plan in order to increase professionalism. These two measures are a signal that the subsidy applicants need to account for the funding granted, just like any business would need to account for their market value. This is largely due to an increased need for legitimization in the cultural sector and the shift of cultural policy from supply-driven to demand driven.

The Performing Arts Fund NL desires a diverse supply of music performances, however the developments in the cultural sector, and the increased focus on business have created a completely uniform subsidy process, which in turn holds the risk of diminishing the intrinsic motivation and creativity of the music organizations.

## Table of contents

Summary.....	2
1 Introduction .....	5
1.1 Subsidy policy for performing arts .....	5
1.2 The Dutch cultural sector illustrated.....	7
1.3 Tendency in government cutting back spending.....	7
1.4 More professionalism demanded, using the business plan.....	8
1.5 Formulating the research question .....	8
1.6 Why this research?.....	9
2 Literature review.....	10
2.1 Cultural Entrepreneurship in literature.....	10
2.1.1 Entrepreneurship .....	10
2.1.2 Cultural entrepreneurship; what makes Cultural Entrepreneurs special?.....	11
2.1.3 Formulating a workable description of Cultural Entrepreneurship .....	12
2.2 Cultural policy in the Netherlands; developments.....	12
2.2.1 Practical aspects; laws and regulations.....	13
2.2.2 From supply driven to demand driven .....	14
2.3 Developments in Dutch societal support for culture.....	15
2.3.1 Audiences and support for music.....	15
2.4 Cultural Entrepreneurship as the solution for the government.....	15
2.4.1 Commission Cultural Gain on Cultural Entrepreneurship as solution .....	16
2.4.2 Interpretation and use of the term cultural entrepreneurship by the government....	17
2.4.3 Dropping the ‘Cultural’ in Cultural Entrepreneurship.....	17
2.5 Business plan used to stimulate Cultural Entrepreneurship.....	18
2.5.1 Use of business plans by the Performing Arts Fund NL .....	18
2.5.2 Characteristics and functions of a business plan.....	19
2.5.3 What makes a business plan effective? .....	19
2.6 How are subsidy requirements perceived? .....	20

2.7	Concluding remarks .....	21
2.7.1	Cultural Entrepreneurship broader than use by government .....	21
2.7.2	Policy that government foresees.....	22
2.7.3	Research Question: is this policy effective? .....	22
3	Methodology .....	23
3.1	Selecting the interview candidates .....	24
3.2	Data collection.....	25
3.3	Data analysis.....	25
3.4	Conceptual research model.....	26
3.5	Dissemination and policy relevance .....	27
3.6	Notes for the reader.....	27
4	Results .....	29
4.1	Cultural entrepreneurship in practice.....	29
4.1.1	Government policy on Cultural Entrepreneurship described and compared to other uses of the term .....	29
4.1.2	Cultural entrepreneurship in practice.....	30
4.1.3	Economics and finances in the cultural organization.....	32
4.2	The effectiveness of the business plan.....	34
4.2.1	The business of writing the business plan.....	34
4.2.2	The realization of business plans in the period 2009-2012 .....	36
4.3	Effect on the intrinsic motivation of the music organizations .....	37
5	Conclusion.....	41
5.1	Answering the research question .....	41
5.2	The right approach?.....	45
5.3	Recommendations for further research.....	47
	Bibliography.....	49
	Appendix 1: Interview guide .....	54
	Appendix 2: Subscribed interviews and coding system .....	57

# 1 Introduction

“Inspirational force to do something right”<sup>1</sup>, that is how one general manager of a music organization describes writing a business plan as part of the subsidy application for the four-year subsidy cycle of the Performing Arts Fund NL (the Fund). It is a genuine opinion and exactly what the Fund would probably want to realize. However, not every interviewed general manager shares this opinion.

This thesis focuses on cultural entrepreneurship, in theory and in practice. A connection is made between cultural entrepreneurship in academic literature, the use of the term by a significant subsidy provider, and cultural entrepreneurship in practice. The subsidy application for the four-year subsidy at the Performing Arts Fund NL is used as an example, and business plans are reviewed as a means to stimulate and judge cultural entrepreneurship by the Fund. Music organizations are more project-based and have higher own-income than other performing arts genres, therefore music organizations are investigated in this thesis. Eight semi-structured interviews were held, and it was unambiguous that there was a lot of diversity. Among the featured organizations were different sub-genres such as jazz, choir, contemporary classical music, strings, punk, improvisation, and more. The data from the interviews proved to be as ambiguous as the music organizations.

This introduction will provide a back-drop to the developments in the cultural sector and provide motivation and relevance for this research, leading to the formulated research question and sub-questions. Subsequently the second chapter contains the literature review and will provide a theoretical framework in addition to answers to the first sub-questions. The third chapter is on methodology and contains a description of the selection of the interview candidates, the data collection, and the research model. Next, the results are explained in chapter four, which leads to the answer to the research question in chapter 5, the conclusion.

## 1.1 Subsidy policy for performing arts

While this thesis focuses on the Dutch cultural policy and more specific the Performing Arts Fund NL, there are issues and developments that face cultural policy makers all across the world. First of all, as David Throsby (2010) points out: “Cultural policy is now more an arm of economic policy due to globalization, change in environment, expansion in scope of term cultural, changes in consumption (technology).” (p. 5). It is important to note that cultural policy is more a part of economic policy when reviewing the subsidy system of the Performing Arts

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<sup>1</sup> 15

Fund NL. Additionally, writing business plans has been part of this trend in letting cultural organizations account for their ‘market value’.

Dutch cultural policy is first and foremost subsidy policy, according to George Lawson, former General Director of the Performing Arts Fund NL (2011). The Dutch government has not had an influence in the direct judging of culture since the second half of the 19<sup>th</sup> century. Liberal statesman J.R. Thorbecke stated in 1863 that the government should refrain from any artistic judgment in cultural policy, now known as the ‘Thorbecke principle’ (Lawson, 2011; Ministerie OCW/ Boekmanstudies, 2009; Het Ministerie van Onderwijs, Cultuur en Wetenschap, 2013). The result is that to this day the Dutch cultural policy is about creating optimal conditions for culture and the makers of culture, without getting directly involved in the assessment of artistic quality.

As defined by the Performing Arts Fund NL, the performing arts consist of music, music theatre, theatre and dance. (Fonds Podiumkunsten, unknown). Overall the government policy on the performing arts is aimed at innovation while maintaining a well-balanced supply of (artistic) quality. Another important condition is geographical distribution of culture nationwide (Ministerie OCW/ Boekmanstudies, 2009).

Legitimizing of subsidies for cultural organizations is a subject that has been covered all throughout (Frey, 2000; Meerwijk, 2011; Throsby, 2010; Throsby & Withers, 1979; Towse, 2010). Some government funding for performing arts organizations is necessary to protect intangible heritage, to ensure (inter)national branding, and to regulate market failure. The government has the important task to ensure that the subsidized organizations are efficient with the grants provided.

In the Netherlands more and more artistic and organizational responsibilities have been transferred from the Ministry of Culture to the six cultural foundations. These foundations determine the policy for a substantial part of their cultural field<sup>2</sup>. They decide which organizations get government funding and hold themselves for the most part accountable to the cultural sector, not so much to society or the government (Cornelissen, 2009). These cultural foundations operate based on the ‘arms length’ from the Ministry of Education, Culture, and Science and focus on both project-based and multi-year subsidies. Every four years the Council for Culture evaluates the current status of the cultural sector and writes an advice to the Ministry on the cultural policy (Cornelissen, 2009; see section 2.2.1 for an elaboration). These foundations are

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<sup>2</sup> As of 2013 the six cultural foundations are for the performing arts, visual arts and heritage, creative industries and architecture, literature, film, and cultural participation.

interesting research topics since they have a substantial (inter)national function and a considerable influence on the sector.

## **1.2 The Dutch cultural sector illustrated**

To provide an overview of the Dutch cultural sector, this section provides some illustrative numbers. The Performing Arts Fund NL supported between 2009 and 2012 188 cultural organizations with a total budget of 39.3 million euros. Due to a substantial budget cut, decided upon by the parliament in 2011, the Fund was only able to support 82 cultural institutions in 2013 (a decrease of 31.3% compared to 2009-2012) with the total budget decreasing to 25.4 million euros (-35.2%).

Of the organizations directly supported by the Ministry of Culture, 83% receives subsidy since 1997, in other words there are not many newcomers. In contrast, the organizations funded by the Performing Arts Fund NL, include 16 newcomers among the 82 funded organizations for 2013-2016 (Directoraat-generaal Cultuur en Media, Ministerie OCW, 2013, p. 90).

Between 2001 and 2011 the number of subsidized organizations in the Dutch performing arts sector doubled from 132 to 246 in total and from 19 to 44 in the music sector, while the total subsidy budget nominal only increased with a small 30 percent (Born, van Klink, & van Witteloostuijn, 2011). These and the previous numbers show that more organizations are subsidized, however the average amount of funding per organization decreased since the total subsidy budget has not increased accordingly.

In 2014 the Performing Arts Fund NL has developed a tool to measure societal impact as a way to evaluate subsidized organizations on more than numbers of visitors and own-income for example, in order to get more insight in the artistic values and the public significance of the subsidized organizations. With this tool they also strive for a more dynamic understanding of the term cultural entrepreneurship (Fonds Podiumkunsten, 2014).

## **1.3 Tendency in government cutting back spending**

Since the 1980s the Dutch government has cut back the spending on culture on all levels of the government spending, with the biggest cutback in 2011. In addition to this more and more focus is on professionalism, i.e. strategic planning and cultural entrepreneurship within cultural organizations. Over the years the percentage of own income needed in order to obtain funding has increased from 15% in 1992 (Commissie Cultuurprofijt, 2008, p. 16) to 17,5% in 2009 (Plasterk, 2007, p. 41) and 21,5% in 2013 (Zijlstra, 2013).

In order to obtain higher own income, the focus has shifted to a management and business approach to the cultural sector. Cultural entrepreneurship is promoted as a tool to obtain more income as well as to increase private support for culture. Since this notion emerged

the government put more focus on the economics and the use of a business plan in order to be considered for a four-year subsidy. The goal is to optimize the spending of the subsidized government money (Langeveld, 2009) as well as foster professionalism in the cultural sector.

#### **1.4 More professionalism demanded, using the business plan**

Hence, in order to stimulate professionalism with a business approach the government has taken different measures. Several measures were suggested by the Commission Cultural Gain, installed in 2008 by the minister of Education, Culture and Science, with the assignment to determine measures to increase societal support for culture and strengthen the financing of culture.

An example of a measure is writing a business plan in order to obtain funding. Writing such a plan requires a clear definition of goals and strategies as well as determining the audience and establishing a marketing plan. The benefits of writing a business plan for any organization are mentioned everywhere in the (management) literature (Alstete, 2008; Fernández-Guerrero, Revuelto-Taboada, & Simón-Moya, 2012; Finley, Gralen, & Fichtner, 2006; Karlsson & Honig, 2009). Additionally, the governments frequently use them as an evaluation and education tool in determining government support (Karlsson & Honig, 2009).

#### **1.5 Formulating the research question**

This research mainly focuses on the question whether the government's cultural policy actually reaches the goals in mind. The Dutch government holds a certain definition of (cultural) entrepreneurship and tries to stimulate and judges this cultural entrepreneurship in performing arts organizations in the Netherlands by requiring them to write a business plan. The question is whether these policies have the effect that the government desires.

How do government policies on cultural entrepreneurship and practical realization of cultural entrepreneurship compare, in music organizations that are and have been subsidized by the Performing Arts Fund in the Netherlands?

In order to answer this research question, several sub-questions have been formulated:

1. How can the government policy on Cultural Entrepreneurship in the Netherlands be described and compared to other uses of this term?
2. How can we determine the effectiveness of a business plan?
3. How is Cultural Entrepreneurship put into practice by the music sector?
4. To what extent do these external interventions by the Performing Arts Fund NL effect the intrinsic motivation of the selected music organizations?



## 1.6 Why this research?

Paul Meerwijk interviewed general managers of music ensembles supported by the Fund in 2011. He noted an increased institutionalization of the music ensembles that started out as entrepreneurial rebels. Furthermore, Meerwijk found that the implementation of the policy of the Fund was increasingly considered legal and bureaucratic, and not focused on practises in the field (2011). The research by Meerwijk (2011) was focused on the specifics of the ensemble culture in the Dutch music sector and it was performed in a previous subsidy period. This thesis can connect his findings on the subsidy policy in 2011 to the experiences of general managers of subsidized music organizations in 2014. The opinion that the subsidy is not in connection with the day-to-day in the music field can be further investigated.

Furthermore, in 2015 the Fund commissioned a research at the Erasmus University Rotterdam to analyse the quantitative changes due to the change in the four-year subsidy policy. The data from the organizations subsidized by the Fund years 2012 and 2013 were compared and questionnaires were sent out. The organizations were asked to fill out the biggest advantage and disadvantage of the new subsidy policy. Transparency was mentioned as the main advantage, while the inflexibility or uniform treatment was mentioned as the main negative aspect (Koppenberg & Langeveld, 2015). This thesis can supplement the quantitative research commissioned by the Fund.

The cultural sector is not the only one that uses business plans as a way to determine how to divide public funding. Other publicly funded sectors could take note of the connections between business plans, entrepreneurship, and subsidy policies and evaluate their policies accordingly. There has been extensive research on cultural policy. However, the link between cultural entrepreneurship and business plans as a subsidy application tool has not been investigated fully. This thesis can hopefully make a start with filling that scientific gap.

Finally this research does not come with recommendations for the Performing Arts Fund NL, since the results do not show clearly how to change the current subsidy policy. This thesis offers valuable insight into the use of business plans and the (cultural)entrepreneurship in the music field, and hopefully it will offer the Performing Arts Fund NL some valuable food for thought.

## 2 Literature review

### 2.1 Cultural Entrepreneurship in literature

#### 2.1.1 Entrepreneurship

First the topic of entrepreneurship is explored in order to establish this phenomenon and to see how it relates to cultural entrepreneurship. Rentschler (2002) defines entrepreneurship as “creating values for society by bringing together unique combinations of resources to exploit opportunities in an environment of change.” (p. 46). In this definition Rentschler combines three important elements; creating value for society, exploiting opportunities, and the environment of change.

One of the first scientists who wrote about entrepreneurship was Schumpeter in 1911, gaining wide acknowledgement when his book ‘Theorie der wirtschaftlichen Entwicklung’ was translated into English in 1934. He described entrepreneurs as being creative and breaking with protocol. He introduced the term ‘creative destruction’, with change essential to and a condition for entrepreneurship (Nijkamp, 2003). Here, entrepreneurship is a source for growth and change, with profit as a reward. (Blaug & Towse, 2011).

Other important aspects of entrepreneurship are alertness for opportunities and the ability to exploit them. Therefore an entrepreneur is a risk-loving person who sees an opportunity and is willing to act on it, and take the necessary (calculated) risks (Nijkamp, 2003). Where the Schumpeterian entrepreneur destroys the status quo, the entrepreneur in Kirzners way sees and takes the opportunities that arise from this destruction (Kirzner, 1999). In both definitions however, the entrepreneur is dealing with uncertainty and finding a new and innovative strategy to handle this uncertainty (Nijkamp, 2003).

By introducing the element of creating values for society in the definition of entrepreneurship Rentschler (2002) introduces creativity. “Creativity is a balance between creating new ways of doing things and building on established traditions.” (p. 39). For an entrepreneur, this balance is also something to strive for. Certain rules, laws and conventions are part of the established traditions while at the same time an entrepreneur looks for new, innovative opportunities. That is not a coincidence, since culture and entrepreneurship are both based on creativity (Leyen, 2011).

Finally, it is essential for an entrepreneur to be able to convince others that the plans and ideas are not just risky and daring, but truly worth the investment or the support (Klamer & Velthuis, 2000). First an entrepreneur sees an opportunity in a changing environment, then he is willing to take the risk, and finally, is able to convince others to join in his creative solution.

### 2.1.2 Cultural entrepreneurship; what makes Cultural Entrepreneurs special?

After establishing the characteristics of the entrepreneur the question remains what are the specifics for a cultural entrepreneur; what makes this type of entrepreneur so different and special from other entrepreneurs?

According to Blaug and Towse (2011), a cultural entrepreneur is “an innovator [...] who generates revenue from a novel cultural activity” (p. 157). In this definition the main focus is on the novelty and innovative aspects of the cultural activities. This can be compared to the alertness to opportunities mentioned above. Rienstra (2006) characterizes a cultural entrepreneur as being talented, showing guts and loving risk. Moons (2011) mentions the importance of creativity, innovation and change and efficient management of the involved risk (p. 10). Just as the entrepreneur in other fields, the cultural entrepreneur deals with risk, however the innovation and creativity are extra prominent with cultural entrepreneurs. Cultural entrepreneurs are more involved in the creative process and production than other entrepreneurs. Personal involvement is needed in order to maintain the continuity in the organization during the often complex and dire circumstances (Hagoort, 1992).

While on the one hand cultural entrepreneurship is described as using economic insight in the cultural sector with terms such as return on investment and generating revenue, on the other hand a cultural entrepreneur is defined as someone who invests all that he has, like talent, time and money, in order to produce one product or idea that he truly feels adds value, whether financially or otherwise (Vuyk, 2011, p. 50). Here Vuyk (2011) touches upon an important aspect: values.

Cultural entrepreneurs, according to Klamer (2011), do not only strive for financial values, but also for social and cultural ones. Cultural entrepreneurs do not operate in the same sphere as other entrepreneurs. The market sphere, with room for transaction and quid pro quo is all about finding the right price for the product, it is about financial value. The social sphere is about human relations such as friendship, clubs and colleagues. The realization of important cultural and social values of a cultural organization takes place in the latter sphere. The conversations about art and the relations that develop because of it, are an example. Klamer distinguishes cultural entrepreneurship from entrepreneurship by the pursuit of cultural and social values in addition to economic values.

In addition to striving for cultural and social values, economic values are involved. Every production costs money and an artist simply needs to pay the rent. Although economic values are important for cultural entrepreneurs, money is never the main motivator (Blaug & Towse, 2011;

Alstete, 2008; Rienstra, 2006). Cultural entrepreneurs are deeply connected to, and invested in, the creative output they are involved with.

Intrinsic motivation is important to the cultural entrepreneur. This fuels the passion that is needed to take a risk and to be convincing to other people. Although money is important to be able to produce, it is not the main motivator for cultural entrepreneurs.

### **2.1.3 Formulating a workable description of Cultural Entrepreneurship**

After reviewing the literature on entrepreneurship and describing what is so special about cultural entrepreneurs, it is necessary to formulate a workable description of cultural entrepreneurship for this thesis in order to use in the interviews. A clear description needs to be presented equally to all interview candidates, since cultural entrepreneurship can be explained in various ways.

First and foremost, although it is quite obvious, a cultural entrepreneur works in the cultural field and produces or works with cultural products and activities. Additionally, creativity is important. Creativity to produce the work itself, creativity to find audiences, and to come up with innovative ideas. Cultural entrepreneurs are risk-loving people, who are deeply personally involved with the work that they do. They are striving for social and cultural values, while maintaining a healthy financial situation. The description of cultural entrepreneurship in this thesis is: to strive for cultural and social values in addition to economic ones with creativity, guts and personal involvement.

Having looked at cultural entrepreneurship in academics and having formed a practical description to use in the interviews, the next paragraph will focus on the government's cultural policy in the Netherlands and the view on cultural entrepreneurship in order to make a comparison between the uses of the term.

## **2.2 Cultural policy in the Netherlands; developments**

Since the Second World War, the Netherlands has been a welfare state with a lot of involvement from the government on all departments. In order to build up the country after the war, the government centralized a lot of services such as railroads, housing etcetera. From the 1980s on, the government steered away from this model, and started developing policy more towards market competition and less involvement by the government on all departments. This entailed privatizing of government organizations such as railroad organizations as well as putting the focus on subtracting money out of the market as opposed to getting subsidies.

When it comes to culture, the Dutch government has always been faced with a so-called legitimizing paradox. Supporting the arts serves society, while at the same time not everybody in society is participating or enjoying art and culture (Oosterbaan Martinius, 1990). The main reason for financial support of the non-profit part of the cultural sector is that the

products are not cost-efficient, there is market failure. Productions cost more than a fully booked house can pertain, and it is difficult to determine the market for a certain product in advance (Commissie d'Ancona, 2006). Another main source of market failure in the cultural sector and a reason for government intervention are external, unpriced, benefits; consumption of a cultural good can give utility to third parties that did not take part in the transaction (Towse, 2010).

### 2.2.1 Practical aspects; laws and regulations

The cultural policy in the Netherlands is cyclical. Every four years the cultural policy is (re)formulated according to the Cultural Policy (Special Purpose Funding) Act [Wet op het specifiek cultuurbeleid, WSC], established in 1993. The act requires the relevant minister “to create the conditions for maintaining and developing ‘expressions of culture’ and disseminating them socially and geographically or otherwise. The minister is to be guided in this by considerations of quality and diversity.” (Ministry of Education, 2009, p. 85).

The cultural policy is established according to the standard procedure. Analysis by the Culture Council (Raad voor Cultuur) is done to determine the status of the cultural sector. The minister for culture uses the analysis to determine the policy objectives for the next four years, eventually leading to the subsidy plan which entails decisions on the directly subsidized companies as well as the policy keynotes for the different cultural foundations. (Het Ministerie van Onderwijs, Cultuur en Wetenschap, 2013).

There are roughly three different components of the present governmental cultural policy in the Netherlands. First there is the basic infrastructure; formed (as of 2013) by 84 organizations that have an essential part in the production chain, creation, accessibility and distribution of culture, and are evenly spread throughout the nation. These 84 organizations, among others a symphonic orchestra for the northern, eastern, western and southern parts of the country and the national opera house, are directly funded and monitored by the state (OCW, 2012). The second component consists of six cultural foundations in various fields such as performing arts, architecture, participation in culture and more.

These foundations on arm's length of the government focus on both project-based and multiple-year funding. These foundations depend a lot on expertise from people working in the field; they form a network of experts with a lot of influence on their own sector (Cornelissen, 2009). The foundations support the smaller and project-based cultural organizations such as for the Performing Arts Fund NL compositions, festivals, music ensembles and theatre productions (Fonds Podiumkunsten, 2013).

The final component of the cultural system in the Netherlands is policy programs, for example for education and entrepreneurship, set up to enforce education on cultural

entrepreneurship (Het Ministerie van Onderwijs, Cultuur en Wetenschap, 2013). In order to stimulate professionalism leaders and boards of cultural organizations are able to take courses and study programs to learn more about entrepreneurship and running a professional cultural organization.

The policy for the six cultural foundations is not directly formed by the government, according to the Thorbecke principle, which entails that the government should not form artistic judgement, but based on the analysis of the independent advising Council of Culture. The Cultural Policy Act (Special Purpose Funding) specifies the role of the minister, he or she only determines the size of the budget; “[g]rants are allocated via the Budget Act [Begrotingwet], which stipulates that all public spending should be approved by Parliament annually.” (Ministry of Education, 2009, pp. 85-86). The individual assessments of the subsidy applications is left up to the foundations, in accordance with the guidelines set up by the minister of culture. Since 2009 the foundations have been given a more substantial role in the cultural policy. From then on in addition to project-based grants, multiple-year subventions became the responsibility of the foundations (Plasterk, 2007).

### **2.2.2 From supply driven to demand driven**

Even though the reasons for the government to support the cultural sector with grants and funding have not changed –cost-inefficiency, and external unpriced benefits- the direction of the cultural policy in the Netherlands is more and more developing from supply-driven to demand-driven subsidies.

In the 1970s the focus of the cultural policy shifted from experimental and “the antithesis of ‘marketable’” (Ministry of Education, 2009, p. 34) to activities in the arts that involved minorities and dealt with diversity. From the 1980s on, more and more welfare economics were applied to the cultural sector in order to legitimize funding. Not all Dutch citizens participate in cultural activities, so the government has the challenge to convince the public that their tax money is well spent on culture.

In his policy document Van der Ploeg (2000) first noticed that the focus on the supply side prohibited a connection with a broader audience in society. By paying more attention to the demand side more people can be involved in arts and culture. The focus on the demand side aids to legitimize the cultural sector, and to prove that the tax money is indeed spent well, a professional attitude is demanded of the cultural organizations that apply for subsidy. The cultural organizations are faced with a difficult assignment; the focus is on audience numbers even though audience numbers are decreasing (Zijlstra, 2010).

## **2.3 Developments in Dutch societal support for culture**

Recently the cultural sector faces a decrease in the support for culture in society as well as the pursued cultural policy. Less people participate in culture and visitor numbers in cultural events decrease (Sociaal en Cultureel Planbureau, 2009). The pressure on the government has increased; the need to legitimize and valorize the cultural subsidies has grown. According to the government “the feeling has grown that the government does not pay enough attention to the audiences and entrepreneurship.” (Het Ministerie van Onderwijs, Cultuur en Wetenschap, 2013, p. 6).

### **2.3.1 Audiences and support for music**

Although the support of culture is diminishing, not every (performing arts) genre is facing a decrease in visitor numbers. As of 2012, 4 out of 10 performing arts performances by an organization funded by the Performing Arts Fund NL are in music (Gerdes, 2013, p. 73). However, overall the number of visits to music performances has diminished from 2005 to 2012, as well as the number of visits per performance (Gerdes, 2013, p. 75). It is important to note that these conclusions are based on the total music sector, including popular music.

In addition to this, or rather as a result, the own income of performing arts organizations is dropping. Especially so for the classical music ensembles, subsidized by the Performing Arts Fund NL (Directoraat-generaal Cultuur en Media, Ministerie OCW, 2013, p. 95).

## **2.4 Cultural Entrepreneurship as the solution for the government**

As mentioned, from the 1980s onward the Dutch government steered away from the welfare state towards more professionalism and independence in the subsidized organizations, among which cultural ones. The national government of the Netherlands found the solution for more professionalism, legitimacy and support in society for culture in encouraging cultural entrepreneurship. Ever since secretary of state for culture and media Rick van der Ploeg introduced the term in the Dutch government in 1999, cultural entrepreneurship has become an important criterion for cultural policy (Hagoort, 2007).

In 2010 secretary of state for culture and media Halbe Zijlstra wrote a letter to the House of Representatives announcing the upcoming changes in the cultural policy. Zijlstra noted that quality is the main criterion on which to establish subsidies. Interestingly artistic quality was only one of the criteria on which to base the overall quality judgement, together with entrepreneurship, target audience, and education (Zijlstra, 2010). In other words, entrepreneurship is used to determine the quality of a cultural organization.

Additionally, entrepreneurship is used to promote the higher requirement for own income in order to get subsidies, but also to legitimize the cuts in funding all across the board. The budget for subsidies is cut, and organizations are stimulated to get more own-income at the

same time. The theory behind this is that if an organization can get more money out of society and get a bigger audience, this support for culture increases (Commissie Cultuurprofijt, 2008). Additionally, more own income can make organizations more self-supporting and less dependent on government funding. Early on, the government put the majority of the focus on the financial and managerial part of cultural entrepreneurship, and not on the cultural aspects of it.

In the beginning Van der Ploeg described cultural entrepreneurship as an “open, active attitude that directed towards the outside world” (2000, p. 24). A cultural entrepreneur should be looking for the maximum cultural, financial and societal returns on investment in culture (Rienstra, 2006). According to Van der Ploeg (2000), existing structures (for subsidy) were too bureaucratic to stimulate cultural entrepreneurship. The market needed more influence on the cultural sector. Klamer and Velthuis (2000) point out that strict market processes can be just as controlling as bureaucratic subsidy policies.

The Council for Culture acknowledges that cultural entrepreneurship has had a mostly financial use in the policy of Van der Ploeg in their analysis of the performing arts sector. The artistic goals were not used in conjunction with cultural entrepreneurship. The council advocated for a wider interpretation of the term cultural entrepreneurship (Raad voor Cultuur, 2012).

Based on the literature on cultural entrepreneurship it can be summarized that an entrepreneur is creative, risk-taking, opportunity finding and able to convince others. This is why critics of the use of the term by the Dutch government state, “[t]here is a big difference between exhorting cultural organizations to be less dependent upon state finance and to be entrepreneurial.” (Blaug & Towse, 2011, p. 155).

#### **2.4.1 Commission Cultural Gain on Cultural Entrepreneurship as solution**

In 2008 a special commission ‘Cultural Gain’ [commissie Cultuurprofijt] was formed to determine how more support for culture could be gained. Overall the conclusion was that entrepreneurship and the ability to extract money from society is the way to improve private support for the cultural sector. In short this means that if cultural organizations are able to attract a bigger audience as well as private donations, society is more involved in the cultural organization. The commission indicated a connection between increasing private support for culture and increasing the financial basis of cultural organizations (Commissie Cultuurprofijt, 2008).

Interestingly one of the conclusions of the commission was that the government holds the tools to enlarge the self-financing of the performing arts organizations. Self-financing is a way to become less dependent on the government, however according to the Commission Cultural Gain, the government should foster a stimulating environment for cultural entrepreneurship



(Commissie Cultuurprofijt, 2008). These findings led to the installment of different education programs for cultural boards and leaders.

To this day, the Ministry of Education, Culture and Sciences still uses the findings and recommendations of the Commission Cultural gain in constructing the cultural policy. Especially the notion that private support for culture can be measured by or interpreted as obtaining more capital from the market (Vingerhoets, 2013). More about this will follow in the section 2.4.3.

#### **2.4.2 Interpretation and use of the term cultural entrepreneurship by the government**

As mentioned before, in the beginning the focus on the use of the term cultural entrepreneurship by the Dutch national government was more on the financial aspects of entrepreneurship. Recently the focus has been directed more towards the audiences reached and on innovation. Overall cultural entrepreneurship is seen by the government as a tool to maintain a high level of quality and to increase professionalism, while making it able to decrease government spending on culture.

Cultural entrepreneurship has become an important criterion in determining the funding. This means among other things, that writing entrepreneurial business plans with a solid financial and marketing plan is necessary. Critics state that institutionalizing the arts policy network only defers the attention from the most important aspect: the arts and the role in society. This leads arts policy to be more and more about the system instead of the content (Cornelissen, 2009). Meerwijk (2011) concludes in his research that the music ensembles are the best example of cultural entrepreneurship as seen by the government. They have plenty audience, and relatively high own income, a multitude of education projects and concerts all over the Netherlands and beyond.

#### **2.4.3 Dropping the 'Cultural' in Cultural Entrepreneurship**

Recently, however, the government and the Performing Arts Fund NL dropped the prefix 'cultural'. Now only the term 'entrepreneurship' is used in policy documents. The government acknowledges the criticism on their use of the term cultural entrepreneurship. The definition of cultural entrepreneurship used previously focused primarily on the entrepreneurship part of cultural entrepreneurship' (Van der Vlies, 2012).

The Performing Arts Fund NL and the government state that the term cultural entrepreneurship can be confusing. There is not a significant difference with entrepreneurs from other fields in what the Performing Arts Fund NL requests from subsidy applicants, and additionally they feel there should be a connection with other fields. Cultural organizations do have a special or different product that the government helps funding, but that does not mean

that the entrepreneurship in the cultural sector should look any different (Stam, 2013; Vingerhoets, 2013).

The ministry of culture additionally believes the term cultural entrepreneurship was interpreted too broadly by the cultural field. There is a strict income barrier for subsidy, and organizations were trying to work around this by using the term cultural entrepreneurship broader than just finances. In order to specify that the focus is mainly on the financial part of the term, only entrepreneurship is used now. Still according to the recommendations by the Commission Cultural Gain, the government views cultural entrepreneurship as a way to increase private support for culture by subtracting money from the market, or from society (Vingerhoets, 2013).

## **2.5 Business plan used to stimulate Cultural Entrepreneurship**

The requirements for subsidy applications in the performing arts have changed along with this shift of focus in the governments support of culture. When applying for a long-term subsidy, a performing arts organization is asked to submit a business plan (OCW, 2012). The marketing and financial plan needs to be very detailed in order to get funding. The idea is that since the performing arts organizations are unable to survive without subsidy, they will need to adopt a more businesslike approach. Paul Meerwijk (2011) found that the general managers of the Dutch music ensembles he interviewed, signal that the Performing Arts Fund NL is increasingly bureaucratic and legal, less and less focused on the practice. The subsidy budget is cut and therefore the tension between the funds available versus the subsidy asked only grew. For the subsidy period 2013-2016 the subsidy budget for music was overstretched 2,2 times. (Fonds Podiumkunsten, 2013).

### **2.5.1 Use of business plans by the Performing Arts Fund NL**

When making decisions for the various funding applications, the quality of a business plan can be used to determine feasibility of the project or organization, thus determining whether public goods are put to a good use (Fernández-Guerrero et al., 2012). The Performing Arts Fund NL does just this by demanding a business plan with the subsidy application. The criteria used by the Fund to assess the subsidy applications for the period in 2013-2016 were artistic quality, entrepreneurship, the difference from other organizations in the same genre, called pluriformity, dispersion throughout the Netherlands (both the main location of the organization and the locations of performances), and finally if there is a contribution from a provincial or municipal government (Fonds Podiumkunsten, 2013).

Concerning entrepreneurship, the Performing Arts Fund NL considers three aspects when assessing the applications. Firstly, the need to be an operational management which entails

the financial health and the knowledge on entrepreneurship in the organization and people with a business background in the board. Secondly the fundraising strategy is reviewed, own income versus subsidy and risk spreading are taken into consideration. Finally the marketing efforts and tools are considered (Fonds Podiumkunsten, 2013).

### **2.5.2 Characteristics and functions of a business plan**

Every business plan has an external as well as an internal dimension. The internal dimension e.g. keeps the people within the organization focused on the same goals. The external dimension focuses on external stakeholders, such as the subsidy providers, possible (private) donors, (corporate) sponsors, but also on the audience. The business plan defines how the organization wants to be presented to the outside environment; this is why the marketing plan is an important part of the business plan.

According to Hill, Hill, and Sullivan, “[a]rts marketing is an integrated management process which sees mutually satisfying exchange of relationships with customers as the route to achieving organizational and artistic objectives.” (2003, p. 1). This definition shows that the marketing plan needs to be focused on the artistic and organizational objectives and relationships. For performing arts organizations this is important, the focus is on the exchange; the audience and the organization need to interact. Furthermore, a business plan can be used with communication, both within the organization as with external partners. This use of the business plan shows the external as well as the internal dimension of the business plan.

Additionally the business plan can be used internally as a decision making tool. Decisions based on the business plan should go well with the employees, since they all share the same goals stated in this plan. When the business plan is used to make decisions, they will be made in accordance with the goals of the organization, as well as the artistic mission. This is actually crucial if the goals in the business plan have to be achieved.

Finally, the business plan can be used as a tool for control and evaluation. Boorsma and Chiaravalloti (2010) stress that for cultural organizations numbers are not sufficient. The fact that more people are coming to the theater is a good thing; however, if the goal of this theater is to reach a diverse audience, the number of visitors is not a sufficiently useful evaluation tool. The authors propose using the (artistic) mission as an evaluation tool. As an important part of the business plan the mission can be used to evaluate the performing arts organizations. The Performing Arts Fund NL uses the business plans mostly for the external aspects of the plan, marketing, finances and audience development.

### **2.5.3 What makes a business plan effective?**

Writing a business plan alone is not effective. In their research on start-ups Fernández-Guerrero

et al. (2012) looked at the writing of a business plan as a factor to determine business success, and what other success-factors could be determined. For this thesis their findings on business plans for start-ups are used to do research on business plans in subsidy policy. Since the research was so extensive, and there are enough similarities between cultural entrepreneurs and start-up entrepreneurs this is a valuable choice.

Fernández-Guerrero et al. (2012) formulated the following hypotheses which was confirmed by the research: “There is no positive and relevant correlation between the quality of a firm’s business plan and its chances of survival” (p. 2405). Additionally they found that in order to make the use of the business plan successful, adequate implementation as well as constant adaptation of the contents to react to the changing environment are necessary. The objective for writing a business plan is also very important. Writing a business plan is often focused only on short-term goals such as securing government support, instead of on long-term goals. Additionally, important elements that an entrepreneur needs in order to successfully implement his or her business plan are education, previous experience and motivation (Fernández-Guerrero et al., 2012).

Notably the motivation is again a crucial characteristic in determining success. The combination of a good business plan, a clear and long-term objective, and an entrepreneur with the right qualities can lead to an effective use of the business plan.

## **2.6 How are subsidy requirements perceived?**

The description cultural entrepreneurship used in this thesis contains both personal involvement and creativity. These aspects are involved in intrinsic motivation. The dominant view is that creative products can only be made by intrinsically motivated people (Frey, 2000).

Crowding theory can help determine whether a certain external intervention, such as writing a business plan, has a positive or negative influence on the intrinsic motivation of cultural entrepreneurs. This theory is based on the psychological “effect ‘Hidden Costs of Rewards’, stating that rewarding highly motivated persons for undertaking a task tends to reduce their intrinsic motivation. Due to the external incentive introduced, intrinsic motivation is no longer needed nor appreciated.” (Frey, 2000, p. 142).

When a reward or policy reduces the intrinsic motivation, we speak about *Crowding-Out*. The opposite is *Crowding-In*, which increases the intrinsic motivation. The way the external intervention is perceived leads to a certain effect. When government support or policy is found controlling, *Crowding-Out* occurs. *Crowding-In* occurs when the policy is perceived as supportive (Frey, 2000).

Crowding theory can help determine the effect of writing the business plan on the intrinsic motivation and creativity of the organizations. The way subsidy policy is perceived can have a great impact on whether this measure actually has the desired effect. Reviewing the business plans and finding out how the plans made are actually implemented can determine whether the cultural policy is effective in making music organizations more professional. Another important aspect is how measures are viewed and perceived, how the artists or cultural organizations are treated by the government. Frey (2002) illustrates this very convincingly:

The more artistic creativity is fostered, the more each artist's intrinsic motivation is acknowledged and appreciated. [...] If, in contrast, governments hand out money to artists as if it were just one of the many interest groups claiming support, artists tend to lose their unique characteristic creativity. (p. 371).

Therefore, it is crucial that the way the subsidy process of writing a business plan is perceived by the cultural organizations. Creativity is the driver for these music organizations, and after all in the end the cultural product is the basis for the business plan of every cultural organization (Raad voor Cultuur, 2012, p. 16).

## **2.7 Concluding remarks**

### **2.7.1 Cultural Entrepreneurship broader than use by government**

The Dutch government and the Performing Arts Fund NL use a narrow definition of cultural entrepreneurship. From now on, in the cultural sector is spoken of entrepreneurship in order to make clear that the focus of the policy is on own-income and marketing.

Stimulating (cultural) entrepreneurship in the way the government does at this moment might have a counterproductive effect. By establishing inflexible structures this policy could prevent organizations from being innovative and thinking outside the box. Risk-taking behavior is an important aspect of (cultural) entrepreneurship, however if taking risks could lead to a decrease in subsidy, organizations might think about it twice. This is why it is important to compare the subsidy application plans and the evaluation at the end to determine whether the organizations were able to take risks and change their plans accordingly. Additionally, if subsidy policy is found controlling, the internal motivation of the organizations could be affected.

### **2.7.2 Policy that government foresees**

As of now the Performing Arts Fund NL has started a pilot evaluating five performing arts organizations with multiple year subsidies on their public value. While this is a promising development, the majority of the performing arts organizations is still reviewed on their own-income and the ability to subtract money from society. In a meta-analysis from 2012 researchers found that entrepreneurship in the way the government uses the term is visible in the performing arts sector, but more so on paper in the subsidy applications than in practice (In 't Veld, Gerdes, & Gooskens, 2012).

Seemingly policy makers would like to see more entrepreneurship in practice. At the same time both the ministry of Culture and the Performing Arts Fund NL dropped the 'cultural' prefix in order to put the most attention on the financial aspects. Overall it seems that the government is looking to increase own-income in order to make organizations less dependent on subsidies.

### **2.7.3 Research Question: is this policy effective?**

This thesis is about subsidy policy and its practical outcome. By comparing these two elements an evaluation of the government policy can be made. The business plan has been presented in a literature review as a tool to formulate goals and strategies to reach them. The tendency for the government to base the granting of subsidy on business plans fits the development towards more professionalism in the cultural sector. The question is whether this policy has the desired effect. This research will look at the practical application of cultural entrepreneurship as well as the effect of this policy on the internal motivation and creativity by the use of crowding theory. In order to do this the research will continue to answer the following research question.

How do government policies on cultural entrepreneurship and practical realization of cultural entrepreneurship compare, in music organizations that are and have been subsidized by the Performing Arts Fund in the Netherlands?

### 3 Methodology

To answer the research question this research has been conducted by both literature research and semi-structured interviews. This research has a qualitative research strategy in order to explore this subject, because it aims to pay attention to opinions and experiences while at the same time “addressing theoretically driven variables of interest” (Galletta, 2013, p. 24). Additionally, qualitative research has the potential to offer participants’ perspective on their field, consequently the findings expectantly will have relevance for the field (Boeije, 2010). For the different sub-questions, different research designs and methods are used (see table).

How do government policies on cultural entrepreneurship and practical realization of cultural entrepreneurship compare, in music organizations that are and have been subsidized by the Performing Arts Fund in the Netherlands?

*Table 1; Research strategies, designs, and methods*

	Sub-questions	Research strategy	Research design	Research method
1	How can the government policy on Cultural Entrepreneurship in the Netherlands be described and compared to other uses of this term?	Qualitative	Comparative case study	Literature review
2	How can we determine the effectiveness of a business plan?	Qualitative	Case study	Literature review
3	How is Cultural Entrepreneurship put into practice by the music sector?	Qualitative	Cross-sectional	In-depth semi-structured interviews
4	To what extent do these external interventions by the Performing Arts Fund NL effect the intrinsic motivation of the selected music organizations?	Qualitative	Cross-sectional	In-depth semi-structured interviews

Literature research was used to answer the first two sub-questions. The government policy on cultural entrepreneurship is compared to different implementations and uses of the term cultural entrepreneurship in order to get a good perspective on the meaning of cultural policy in the Netherlands. The second sub-question takes the business plan as a case for the case study of effectiveness. What are the different elements that make a business plan effective according to literature? These questions have been investigated in the Literature chapter of this thesis.

The next research question has to do with the way the field of music organizations puts cultural entrepreneurship into practice. Since the goal is to compare different music organizations on different themes and elements, the research design is cross-sectional. The research method

chosen is the in-depth semi-structured interview. This style of interview has an interview guide of themes and questions based on the outcomes of the literature review, while at the same time leaving room for the interviewer to expand and explore. The final sub-question uses the crowding theory in order to determine the effects of the cultural policy.

The focus of the research is on the Performing Arts Fund NL. While its entire budget comes from the Dutch national government, this foundation has its own clear policy on cultural entrepreneurship. Organizations that want to apply for funding need to be a non-profit organization and one of the main requirements is the writing of a clear business plan. The foundation typically funds small and medium organizations and not more than 50% of their income can come from the fund.

In order to be able to generalize the results as much as possible as well as to draw useful conclusions, the choice was made to only focus on the music in the performing arts field; only music, not music theatre. The downside of this selection is of course that it might be difficult to use the results of this research for the whole field of the performing arts. Although this may be, it is more important that the results can be addressed to one subsector (music ensembles) in depth.

### **3.1 Selecting the interview candidates**

The focus of this thesis is on music organizations. The music organizations are traditionally less dependent on subsidies than other genres in the performing arts like theatre, dance or music theatre, since they have relative low production costs, about the same ticket prices, and are mostly project-based (Fonds Podiumkunsten, 2013), these are great conditions to investigate entrepreneurship.

The interview candidates were selected with three criteria. Firstly, the subgenre of music, then organizations needed to be supported by the Performing Arts Fund NL in both the 2009-2012 and 2013-2016 subsidy period. The last criterion was that the general managers had to be working at the organization since 2008 at least. The combination of criterion two and three ensured that the interviewees had worked on multiple successful subsidy applications with the Fund NL, and had enough experience with the application process and the Fund. Combining these criteria produced a list of eight potential interview candidates who were all able and willing to be interviewed in person at their (home) office.

The selected music organizations are all small and project based, with the musicians working on a freelance basis. All but one have five or less employees (as supporting staff) with one organization having six employees, and three organizations only having the interviewee as employee. The music organizations perform in different music genres, half of them in classical



music, and the other half non-classical music such as jazz, punk, and improvisation. Among others there are singers, strings, guitars, drums, and winds.

The eight interviewees have worked in their role<sup>3</sup> ranging from six and a half years to 32 years, with an average of 17 years<sup>4</sup>. Their backgrounds are somewhat diverse, five have a background in musicology, four studied at a conservatory, three perform with the music organization right now, two have studied cultural policy/management, and one lone ranger studied commercial economics. Half of the interviewees have been with the organization from the start, and one since the organization reorganized and professionalized.

### **3.2 Data collection**

All eight interviews were held between 22 April 2014 and 6 May 2014. The subsidy period 2013-2016 was split up in two two-year periods. Only those who were granted subsidy in 2013-2014 could apply for 2015-2016. The application deadline for this last period was 1 May 2014, right in the middle of the interview period. The advantage was that because of this, the interview candidates had the Fund and their regulations on top of their minds.

Since both the researcher and the interviewees spoke Dutch, the interviews were held in Dutch. All except three interview candidates are Dutch native speakers. Half of the general managers were male, half of them were female. The interviews were between 43 minutes and 1.08 minutes long, with an average of 56 minutes. The interview guide (see appendix 1) was used in all interviews, however not all questions were asked every time or in the same order. To ensure the general managers shared their own story, the researcher used the themes in the interview guide first, and the questions only if needed.

After selecting the interview candidates and conducting the interviews, the interview data were analyzed, the following paragraph will explain this step.

### **3.3 Data analysis**

The semi-structured in-depth interviews were held face to face and recorded with a voice recorder app. Thereafter they were transcribed in Microsoft Word and coded using MAXQDA software. The data analysis was all done in Dutch, only the citations used for reference in this thesis were translated into English. These translations were checked by an English teacher with 30+ years of experience.

As mentioned, coding the data was done in MAXQDA, and according to the Grounded theory method as presented by Boeije in her book on analyzing qualitative data (2010). The

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<sup>3</sup> At the time of the interviews in April 2014 (they still all work at the organizations).

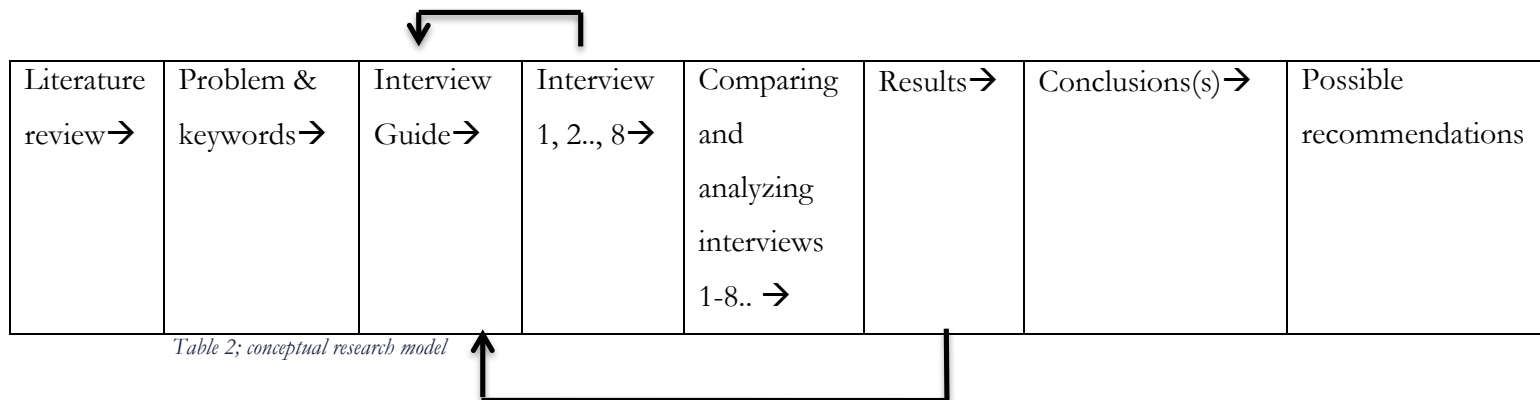
<sup>4</sup> Years working as general manager of organization: 32, 25, 18, 16, 15,5, 13, 10, and 6,5.

research model of Grounded theory has originally been developed by Glaser and Strauss in the sixties, as a way of developing a theory based on systematically collected and analyzed data (t Hart, Boeije, & Hox, 2005). Since its development the Grounded theory approach has had very diverse interpretations and uses.

In order to clarify and structure the analysis a specific model was selected, the spiral of analysis from Boeije (2010, p. 90). The spiral describes the integration of analytical activities into the qualitative research project. In the left column are the data, the analytical activities are in the middle column and the right column contains the results. The model starts with the analytical action of deciding on a subject and determining the researchers’s approach, after data collection a spiral runs through the three columns with the data resulting in a list of codes, list of categories and a conceptual model. This conceptual model leads to the final analytical activities forming the findings to writing the thesis or final report. This model is used since it offers a thorough overview, while maintaining simplicity of the relations between the data, the analytical actions and the results, and how to move from data to findings.

Themes and questions for the main interviews were based on the outcomes of the literature review (see appendix 1 for the Interview guide). The data was collected and analyzed with open coding. Open coding was used in order to have a clear overview of the available data and to have a thematic approach.

### 3.4 Conceptual research model



The table above illustrates the conceptual research model. The literature review was the start of the research, the main question and sub questions led to the subjects and formation of the interview guide. The interviews resulted in more data which were analyzed and compared with open coding. The interviews and the results from the interviews have partially resulted in an adaptation of the interview guide. When all interviews were held, analyzed and yielded results, conclusions were drawn.

The interviews were conducted in anonymity in order to ensure the privacy of the interviewees and the organizations. These measures were taken for ethical issues, but also to make sure the interviewees were able to speak freely without getting into a difficult position with their organization, their colleagues, as well as the Performing Arts Fund NL.

### **3.5 Dissemination and policy relevance**

The research is an overview of how the business plan is used in eight Dutch music organizations. The Performing Arts Fund NL might use the results of the research in order to get more out of the business plan that they require the organizations to have. This thesis also could point out whether the measure of requiring a business plan by the Fund actually leads to a more businesslike approach. Additionally, it is useful for the Fund to know how their subsidy policy is perceived by general managers of music organizations. The previous four-year subsidy period was evaluated by the Erasmus University on request by the Fund. This research focused on mapping out the quantitative outcome of the new subsidy system (Langeveld, 2015). Contrastingly, this thesis is qualitative and could therefore supplement the evaluation done previously.

The field of cultural economics does not use one definition of cultural entrepreneurship. In this research the description of the Dutch national government is described and my own description has been formulated. Furthermore, the formed description was presented to the interviewees and they reviewed it, which led to interesting insights. When comparing these insights to (other) literature from the field of Cultural Economics it can further influence the discussion on the use of the term cultural entrepreneurship in the cultural field.

### **3.6 Notes for the reader**

The next chapter presents the results of this thesis. There are a few points to note before reading it. The data for this research are interviews held with general managers. To improve readability, and to differentiate from data in a quantitative study, the numbers were replaced with words. One or 'a' general manager corresponds with 1, 'a couple' could be read as 2, less than half means 4, half is 4, more than half is 5, the majority means 6, almost all corresponds with 7, all can be read as 8.

Furthermore, to improve readability and to be precise, the quotes were shortened where needed, and words like 'uhm' and repetitions were taken out. The transcribed interviews are available for reference from the author.

Lastly, in the interviews the term 'cultural entrepreneurship' was used, even though the Performing Arts Fund NL uses 'entrepreneurship' in all their policy documents as well as the

subsidy application process. The reason is that this thesis is about cultural entrepreneurship in practice. The general managers were asked to think about the difference between cultural entrepreneurship and just entrepreneurship, so the distinction was made explicit to the interviewees.

## 4 Results

### 4.1 Cultural entrepreneurship in practice

#### 4.1.1 Government policy on Cultural Entrepreneurship described and compared to other uses of the term

As concluded in the literature review chapter, the definition used for Cultural Entrepreneurship by the Dutch national government is narrow. The Performing Arts Fund NL speaks of entrepreneurship without the prefix ‘cultural’, to emphasize that the notion of entrepreneurship merely applies to the financial aspect. There were contrasting views on the use of entrepreneurship without ‘cultural’, one interviewee stated the following: “An artist is not concerned with what has backing from society and private support, maybe that is the difference between cultural entrepreneurship and just entrepreneurship. Because an artist needs to express himself.”<sup>5</sup>. However, this next statement is contrasting this view.

I’m trying to picture a situation where cultural entrepreneurship is different from entrepreneurship. [...] If you are selling shoes in Brazil [...]. The shoes need to be good looking, you need to be creative with the shoes, to make them different than other shoes. You need to think thoroughly about launching, and how to package them, and how to present them [...]. You need to consider if people want those kinds of shoes [...], I do see a lot of similarity.<sup>6</sup>

The fact that one general manager can have different views depending on the question asked shows that the term cultural entrepreneurship is problematic. It makes clear that the term is widely used and interpreted, depending on the context, the moment, or the person who asks.

Even though similarities are there, the majority of the interviewees feels that the cultural sector is indeed different from other sectors and therefore just using entrepreneurship seems too narrow as described by this statement: “Art is no laundry detergent”<sup>7</sup>. Interestingly one general manager notes that the term cultural entrepreneurship is certainly not the same as entrepreneurship, however dropping ‘cultural’ makes it easier to explain what the Performing Arts Fund NL requires with the term. This is consistent with the explanation that the Fund has given.

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<sup>5</sup> 14

<sup>6</sup> Idem

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The consensus among the general managers is that cultural entrepreneurship is not a new phenomenon, as illustrated here: “It seems like the term was suddenly invented and that we were all supposed to become cultural entrepreneurs, in fact I feel we are examples of cultural entrepreneurship”<sup>8</sup>. More interviewees stated that this is a top-down term, used to describe the work that they had been doing for years. Several interviewees explicitly state their organization as a good example of cultural entrepreneurship, in accordance with the findings of Paul Meerwijk (2011). In the interviews the general managers were asked to describe a project that showed cultural entrepreneurship. The given examples are filled with creativity, attracting new audiences in new places, thinking outside the box, connecting with (new) audience, or as one interviewee states it: “everything is an example [of cultural entrepreneurship], because [...] it’s just how we work.”<sup>9</sup>.

#### 4.1.2 Cultural entrepreneurship in practice

The general managers did concur with the formed description of cultural entrepreneurship as formed for this thesis: *To strive for cultural and social values in addition to economic ones with creativity, guts and personal involvement*. Moreover, the description is compared to the data from the interviews to find out whether the description holds up in practice. The views on economic values and finances by the interviewees are so diverse that that topic is covered in its own paragraph.

All general managers show a lot of personal involvement and are most of all motivated by the music (the high artistic quality), and secondly, show a passion for making the music happen and finding support. Considering these highly personal and creative motivations, it is not surprising that the business plans do not structure the day-to-day leadership. The formulated goals are in their heads, they know them by heart and there is no need to get the plans out to remember, or as interviewee eight presents it: “it’s absolutely a stepping-stone, and it is definitely a symbol of what your artistic motive is, but [...] it’s not a script.”<sup>10</sup>. The general managers have been working in the organizations for quite a long time, with an average of 17 years, music is the reason for the general managers to love their work, as illustrated by the following quote: “I’m just a music lover, so I figured it should work out”<sup>11</sup>.

Kees Vuyk defines a cultural entrepreneur as “someone who invests all that he has, like talent, time and money, in order to produce one product or idea that he truly feels adds value, whether financially or otherwise” (2011, p. 50). In the interviews this definition is found in the

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<sup>8</sup> 15

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<sup>10</sup> Idem

<sup>11</sup> 17

description the interviewees gave of their jobs. The general managers all describe they need to do a little bit of everything, some have employees, others do not but they need to know something about every part. All portray their average week as busy and some mention a hectic work environment. At the same time, they mention that the subsidy process takes a lot of time, “but we get 300,000 a year, that’s [...] 1,2 million paid by the Dutch citizens, so that is something to work hard for. No complaints about that, of course.”<sup>12</sup>. On the other hand one interviewee states: “To me, the rules are sometimes so complicated that you almost don’t want the money since it takes so much time.”<sup>13</sup>.

The question ‘What motivates you?’ was part of the interview guide, but not asked in all but one interview because the interviewees already answered this question before it could be asked. Not only in words, but with their faces lit up when talking about the organization and the music that they (help) produce.

In addition to personal involvement creativity is needed for cultural entrepreneurship, according to the description used in this thesis. Creativity is recognized by the general managers as really important, crucial even, in all aspects of the organization; “it is always the motive”<sup>14</sup>. Rentschler’s definition (2002); “[c]reativity is a balance between creating new ways of doing things and building on established traditions.” (p. 39) is found in the responses by the general managers. All but one general managers express a need for creativity in all aspects of the organization, “on stage, with preparations, at rehearsals, while forming the program. Even in business meetings you need to be creative. In everything.”<sup>15</sup>. Interestingly, less than half of the interviewees feel that creativity is especially important with differentiating their organizations from others. In order to stand out from all the others in the field, they need to be creative. This is interesting when considering that to get funding from the Performing Arts Fund NL differentiation from others is crucial since there are so many applications and a major criterion is the attribution to a well balanced Dutch performing arts sector.

Societal and cultural values were more difficult to trace in the interviews. Both terms could be defined in different ways and deserve a literature review of their own. Here is an overview of the attitudes of the general managers towards these subjects. Societal value is interpreted by the general managers as touching people with the music, being close to and sharing with the audience and making people curious, finding their interest. Illustrated by the

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<sup>12</sup> 15

<sup>13</sup> 11

<sup>14</sup> 12

<sup>15</sup> 14

following quote: “There is added value with art and culture, for inner happiness, what makes us humane, it’s about social connection [...]”<sup>16</sup>. Engaging and or surprising the audience together with keeping things interesting for the members of the ensembles is mentioned as imperative.

Cultural value, is interpreted by half of the interviewees as something intangible that is offered through the music to the audience; “a connection [...] between what you create and where it is transferred to.”<sup>17</sup>. Less than half of the interviewees translate cultural value to artistic value and herewith stress the importance of the artistic goals for their organization.

#### 4.1.3 Economics and finances in the cultural organization

The general managers have diverse views on the role of finances in their organization. However, there is consensus about one thing: finances are recognized as being very important. Moreover, being efficient with funds is specifically mentioned by a couple of interviewees. Interestingly, two general managers express that money is a necessary evil, while two others hold the following attitude towards finances: “I pretend that they are not important, and they are extremely important.”<sup>18</sup>. Additionally, two more feel that it is about making a living, not becoming rich. Finally, for two interviewees it is all about the finances in their job, because “without money you can’t do anything”<sup>19</sup>. The above description shows clearly ambiguity in the general managers’ way of thinking and the role that finances play in their work.

All general managers mention hard times since the financial crisis, and the subsidy cuts effectuated in 2013. Due to these cuts there are stricter expectations of the Performing Arts Fund NL, and on top of that the venues have less money to spend, since subsidies to the venues have been cut as well. One interviewee phrases it as follows: “The problem that we are dealing with now, we need to do too much, considering what the venues can handle and what our own budget can handle.”<sup>20</sup>, alluding to the requirements of the Fund where more performances mean more funding. These general managers are not the only ones who signal this point of friction. After evaluating, the Fund implemented a standard amount in addition to a subsidy based on the number of performances for the next round of four-year subsidies.

One general manager states that since the budget cuts in 2013 everyone in the organization is earning a little less each year to make everything possible, however the love for music is so big within these organizations that performances are happening anyway. Interestingly

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<sup>16</sup> 11

<sup>17</sup> 14

<sup>18</sup> 15

<sup>19</sup> 18

<sup>20</sup> 15



the interviewees also mention time as a stressing factor. Time is money, this could mean that they are not able to hire more people, and/or need to do more with their time. Another possibility is that they need to spend more time getting funding from other places. Further research is necessary to determine the exact influence of time.

The subsidy cut has possibly another effect. Half of the general managers mention the importance of keeping the own income of the organizations high, in order to stay independent and have more security. Interviewee four states that subsidy is actually quite uncertain, with a new government new rules can be instated and “before you know it you’re done away with”<sup>21</sup>. There is a realization that subsidy could end after the four-year period. The general managers have taken notice of the strain on the budget of the Fund. Additionally, less than half of the general managers conclude that efficiency is necessary as well; this goes together with the feeling that if you get money from the government you should make clear why you need it and where you spend it. Where the subsidy is spent differs; several general managers use it to stimulate new music and for new, unexpected things.

Everybody<sup>22</sup> considers themselves being in financial health, however the criteria of this are not the same for everybody. Half of the general managers consider their organization in financial health since they have created a small buffer for bad times, as illustrated by the following quote: “we have some equity, it’s modest, but it’s there, which means we can afford to have a little hick-up every once in a while, so to speak.”<sup>23</sup>. The Fund approves and stimulates organizations to create such reserves, and does not ‘punish’ the ensembles with subsidy cuts when they make a small profit. A couple of general managers have a different view on financial health, they feel their organizations are healthy even without the buffer. The following quote illustrates this: “in general, we spend everything, we have very little reserves. I could say, we’re not healthy [...], but we need that money very much, and I think what do we need reserves for? We’re not a business really”<sup>24</sup>. The last view on financial health is more idealistic where the general manager feels that because the music ensemble is able to do what it desires, performing music, they are financially happy and healthy. The above topic of financial health clearly shows the diverse attitudes in the field.

In the interview the general managers were presented with a thought experiment. What would happen if all subsidy was cut tomorrow? Without subsidy the musicians would not stop

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<sup>21</sup> I4

<sup>22</sup> In one interview unfortunately the question in financial health could not be answered due to time restraints.

<sup>23</sup> I6

<sup>24</sup> I7

making music, however the organizations would not be what they are. Half of the general managers say that they aspire to perform without subsidies, or with as little as possible. This quotation of interviewee four is representative of most responses. As this interviewee states, most managers find “we are working to become less dependent on subsidies [...], because it is a very unreliable factor.”<sup>25</sup>. However, the statement of another general manager could be considered as opposite to this idea. When asked if they could do without subsidy the answer was “not if you write in your business plan that you mainly perform contemporary repertoire.”<sup>26</sup>.

The answers to this thought experiment show clearly the ambiguity in the ensembles, depending on the genre, audience, size, and other factors the possibilities for being without subsidy and striving for that are different. One general manager sees it as a responsibility to make sure you need as little subsidy as possible, in order to have more funds available for other organizations in the field. Another general manager sees it more as an uncertainty, and a third mentions the necessity for a diverse financial plan in order to be financially healthy. Even though there is the aspiration for the interviewees to do without subsidy, less than half specifically state that it is not realistic to think the organizations could do without subsidy. Without subsidy, less than half of the general managers state they would be playing internationally more or only, half of the interviewees state that they would not be able to do any extraordinary or innovative projects or programs.

## **4.2 The effectiveness of the business plan**

The literature review presented the effectiveness of the business plan determined mostly by the right objective for writing the plan as well as adequate implementation and regular adaptation to the external changes. Additionally, the entrepreneur needs certain qualities, namely proper education, experience, and the right motivation. In the interviews the general managers were asked about these aspects in order to determine if all the requirements for an effective business plan were in place.

### **4.2.1 The business of writing the business plan**

Every music organization in this research did have a business plan. All but two organizations mentioned that they wrote the business plan in the first place because it is required in order to get subsidies. The subsidy policy in place stimulates the organizations to write a business plan. According to the findings by Fernández-Guerrero et al. (2012) this is a common incentive to write a business plan, however the focus on a short-term goal does not attribute to the

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<sup>25</sup> 14

<sup>26</sup> 18

effectiveness of the business plan. The interviewees feel that the business plan ensures that they need to sit down to think about what their goals are and how to establish them. The consensus is that accepting funding, especially from the government, requires a thorough accounting for what the money is used for. Not only external requirements make these organizations write a business plan; “When you are becoming more like a business you eventually need to look at it like ‘guys, what’s the deal’, we need to be able to make ends meet financially.”<sup>27</sup> .

The format and tone of the business plan for these organizations is based on the subsidy application at the Foundation Performing Arts NL, however this has its limitations. Interestingly, one interviewee stated that “I would have expanded on it if I’d done it myself, since there are of course limitations to what you’re allowed”<sup>28</sup>. Though others did not phrase this so directly, there was a general consensus that the subsidy application is too standardized, making it difficult to fill out, as well as time consuming.

As for the process of writing a business plan, the plan always comes from an artistic brainstorm with the artistic leader, the musicians or a programmer. The following quote illustrates how the plans arise: “I write the plans from within, out of –it sounds kind of dramatic– an artistic need”<sup>29</sup>. The motivation for writing the plan is artistic, it is all about the music.

When writing the plans, external expertise is used almost always, both with outside help and/or the board. Some general managers use a special commission, others work closely together with their boards and/or host special expert meetings; “For this project we are looking for funding now, I’ll just sit together with some of the people involved in the project, just to brainstorm, instead of me pulling it all out of my own hat.”<sup>30</sup>. Even though external expertise is sought, a big part of writing the business plan is the responsibility of the general managers, in the form of writer and/or as overseer of the whole process. At the same time, all general managers stress that the entire organization needs to be behind the business plan.

Though the manager is the primary writer/overseer of the business plan, every organization has a board that needs to approve the plan. Since the subsidy application is an extensive task that needs to take place during all other activities of the music group, it seems logical that the organizations with fewer staff members depend more on the board for writing and attributing actively to the business plan. In the larger organizations the board has a more passive, advisory role, as illustrated by this quote: “In certain stages the plan is presented to the

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<sup>27</sup> I3

<sup>28</sup> I6

<sup>29</sup> I2

<sup>30</sup> Idem

board, depending on their desires or ideas it might be adjusted, and then we come to a combination that is handed in on behalf of the board.”<sup>31</sup>.

The knowledge for writing the business plan comes from different places for the interviewees, such as personal experience, education, common sense, external expertise, the internet, and the Fund. The Performing Arts Foundation NL prescribes the language the plans have. The requirements for the plans are quite specific. One interviewee references the saying ‘he who pays the piper calls the tune’, “if I’m willing to accept money [...] from the Fund, then I have to follow their rules, and that’s what I do.”<sup>32</sup>. Three others also mention the tone of writing and the contents of the business plan being guided by the requirements of the Foundation.

#### 4.2.2 The realization of business plans in the period 2009-2012

One general manager stated when asked about achieved goals for the subsidy period 2009-2012: “we’ve always done what we said, and usually more”<sup>33</sup>. This statement is representative for all other general managers that were interviewed. The majority of the general managers state the music organizations performed more concerts than were listed in the subsidy application. Different reasons are voiced: an opportunity can present itself after the subsidy proposal is handed in or a special, larger project is desirable and the organization decides to go for other types of funding to ensure this big project does not weigh down the subsidy application.

The respondents were asked to recall the subsidy application process for the period 2009-2012, and asked why certain ideas, projects or plans did not make the cut. (Financial) feasibility is the main reason to determine whether a project is put in the subsidy application or not as illustrated by the following quote: “[F]or all projects we do research to determine feasibility before we write it down, so that we are able to achieve what we pledge.”<sup>34</sup>. This research could entail a cost-benefit analysis, investigating whether there is enough interest with venues for a certain program, finding out if the project is feasible with the staff and hours available, if the right partners are able and willing, and etcetera. These assessments are illustrated by interviewee three as follows: “It comes down to the relation between time you’d need to invest and money you might need to spend what and what you get out of it.”<sup>35</sup>.

Other aspects that determine whether a project is included in the subsidy application are artistic, some projects need more time to mature, and as the next quote shows, it is important to

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<sup>31</sup> 18

<sup>32</sup> 11

<sup>33</sup> Idem

<sup>34</sup> 18

<sup>35</sup> 13

keep a clear artistic view: “there are certain [artistic] temptations that we should engage with, to prevent a form of incest, however, it is important to be cautious to not undermine your own credibility”<sup>36</sup>. Even though feasibility is an important criterion to determine whether a project is included in the subsidy application, there were projects in the 2009-2012 period that were included in the subsidy application and still got cancelled. In organizing projects the music ensembles depend on other parties and partners, this leads to concerts falling through due to reasons beyond their power. Less than half of the general managers recall an international tour that was cancelled or postponed due to the financial crisis. Other examples mentioned in the interviews are a new director with different views in a partner organization, and more time needed than anticipated to completely formalize a project.

Interestingly only one interviewee stated that there were no plans cancelled in the subsidy period, for others there were some things postponed, adjusted or completely cancelled. However, for none of the music organizations these cancellations caused serious problems with the Fund since the organizations ended up achieving their goals and having more concerts in the end.

Previous paragraphs show how business plans are written and realized by the interviewed general managers from these music organizations. In the next paragraph the focus will be on the perception of writing the business plans for subsidy applications and the possible effect of these measures on the intrinsic motivation.

#### **4.3 Effect on the intrinsic motivation of the music organizations**

All but one of the interviewees mention an important positive aspect of writing a business plan for the four year subvention: “Before you know it you bump from one thing to another without time to reflect [...] it’s a benchmark, a moment to calibrate and think about what you want.”<sup>37</sup>.

This is an important positive effect of the requirement by the Fund to write a business plan.

Writing a business plan every four years is seen as an important opportunity to reflect and to find the essence of the organization and to clearly define goals. The one general manager that does not express this positive notion has a negative feeling towards the language and attitude of the Fund which can be summed up as follows “if I am willing to accept money from the fund, then I should abide by the rules and I do. I don’t do it with pleasure or conviction, but I do it, and that’s the game.”<sup>38</sup>. It seems that the background and attitude of this general manager is very different from the other interviewees, and therefore does not have enough value to discard the positive effects of writing the business plans.

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<sup>37</sup> 12

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The crowding theory states that crowding-in occurs when measures are perceived as stimulating, meaning intrinsic motivation is fostered and creativity increases. According to Frey (2002) governments providing subsidies should make the artists or ensembles feel special, and supported. The interviewed general managers do feel taken seriously and supported by the Fund, or as one interviewee describes it: “if there’s something you don’t understand or get, their accessibility is beyond praise”<sup>39</sup>. Additionally, there is the realization that being included in this subvention is special, or as one interviewee states it: “the privilege of being included in the multi-year subvention”<sup>40</sup>. It seems that some crowding-in could occur.

Moreover, half of the interviewees specifically mention that the criteria used by the Fund to assess the applications are reasonable and realistic. Interviewee four especially appreciates that ‘artistic quality’ is first on the list of criteria (before entrepreneurship, diversification of supply, and geographic spread). However, one of the interviewees finds that not all criteria are clear: “diversification of supply is one of those concepts of which the Fund wasn’t able to explain what it meant exactly”<sup>41</sup>. These findings are consistent with the results from the questionnaire held by Koppenberg and Langeveld (2015). In their research they found that more than half considered the main advantage of the four-year subsidy policy the transparency of the Fund.

Furthermore geographic spread is an important assignment from the Fund of which one interviewee states “we are working hard on it, but it’s difficult to be and stay consistent”<sup>42</sup>. And another formulates it even more to the point “they feel that all provinces should have access to certain art forms, while simultaneously they find that there is a need for demand, that’s an area of possible conflict”<sup>43</sup>.

As mentioned in section 4.1, the general managers do not use the business plan on a daily basis. They feel “there’s no need to refer to the business plan very often to work from a philosophy like that, it’s just certain core values”<sup>44</sup>. Since the business plan is not used in practice very often, it seems that the positive aspects of the business plan are mostly noticeable or effective every four years when they are written.

From the interviews two main negative views on the subsidy process and writing the business plan are found. Firstly, there is the strict focus on the performances. In 2013 the Fund went from dividing subsidies for exploitation, to a subsidy system based on activities. The

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<sup>39</sup> 15

<sup>40</sup> 12

<sup>41</sup> 18

<sup>42</sup> 14

<sup>43</sup> 16

<sup>44</sup> Idem

interviewed general managers signal three issues with the strict focus on performances. First of all, it seems that “an incredible danger is that the trend is that the venues need to be full by definition. I got the feeling that we needed crowd pleasers in a project”<sup>45</sup>. As this general manager describes, the focus on accomplished performances and audience numbers could have the adverse effect that the ensembles start to think from a business perspective first. Another problem with the activity based subsidies is that “they only look at performances, all other things you do won’t get subsidized”<sup>46</sup>. Consequently, for these other activities the ensembles need to look for other types of funding, which costs time and effort, or need to cut those activities entirely.

The final problem is described by a general manager as follows: “the issue we’re dealing with now, we need to do to more than the venues can handle, or our own budget can”<sup>47</sup>. The venues are faced with budget cuts, while at the same time there is a large supply since the subsidies are based on the number of performances. In addition, these ensembles with few staff members need to work really hard to organize all these concerts. These three issues show the problem with the activity based subsidies from the Fund.

The other negative aspect mentioned by most of the interviewees is the subsidy based on the division of venues in small, medium, and large circuits. This leads to a puzzle, which costs an incredible amount of time. This next quote is representative of the feeling the general managers share: “it feels somewhat artificial, [...] it is a system that does not fit in with our daily practice.”<sup>48</sup>. However, this problem is signaled by the Fund, and for the current four year subventions this system is adjusted already.

The above mentioned problems have mostly to do with the criteria and system of the subsidy process. Another very important point is a signaled uniform treatment by the Fund, described by one of the interviewees as follows: “that’s usually my problem with the fund, they have one format, and everyone needs to fit into it”<sup>49</sup>. This point affirms the analysis of the quantitative changes performed by Koppenberg and Langeveld (2015). They found that a lack of flexibility is the main negative aspect of the subsidy policy according to the organizations that filled out the questionnaire (all part of the four-year funding cycle).

In the interview guide for this thesis there was not a specific question on the feeling of uniform treatment in order to not negatively influence the results. Even so, less than half of the

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<sup>45</sup> 12

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<sup>48</sup> 14

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interviewees mentioned the problem with uniform treatment.

The previous results show a need for less uniform treatment, only reinforced by the diverse problems the organizations face, and the diversity in music ensembles subsidized by the Fund. The following quote is exemplary of this feeling: “it doesn’t do any justice to the different ensembles, with different assignments, different missions, audiences, different possibilities for earning own income, different sizes, all of us are being pressed into the same mold.”<sup>50</sup>.

The implications of this uniform treatment by the Fund have been researched by Bruno Frey with the crowding theory. The research on crowding theory showed that measures that are perceived as controlling may influence the intrinsic motivation negatively, and have a negative effect on artistic creativity (Frey, 2000). Furthermore Frey states: “A fundamental characteristic of artists is certainly that they are a diverse lot, reacting very negatively to any effort to treat them uniformly.” (Frey, 2002, p. 370). The uniform treatment of these diverse music ensembles by the Fund could lead to a decrease in intrinsic motivation and creativity. A diminished motivation and creativity seems like an unwanted effect from the subsidy policy. The budget cuts and legalities unfortunately seem to have made the subsidy policies so rigid that a negative influence on what makes these organizations so special is potential.

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## 5 Conclusion

In this thesis the phenomenon of cultural entrepreneurship has been researched, more specifically the use of this term by the Performing Arts Fund NL and how this term is put into practice by music organizations that have been and are included in the four-year subvention system. Cultural entrepreneurship is a widely used term which has a different meaning. First academic literature was explored to find out the different aspects of cultural entrepreneurship. Next, the use of the term by the Dutch government and the Fund was explained and compared to academic literature.

The business plan was presented as a measure implemented by the Fund to test and stimulate entrepreneurship. The different uses of a business plan as well as the determinants for effectiveness were established. Based on the literature the research question was determined, sub-questions were formulated, and an interview guide was created. Eight semi-structured interviews were held with general managers of Dutch music organizations included in the four-year subsidy cycle. These interviews were transcribed, coded, analyzed, and compared to the literature in order to find the answer on the main question.

How do government policies on cultural entrepreneurship and practical realization of cultural entrepreneurship compare, in music organizations that are and have been subsidized by the Performing Arts Fund in the Netherlands?

### 5.1 Answering the research question

The formed sub-questions will be answered first in order to formulate an answer to the main research question.

1. How can the government policy on Cultural Entrepreneurship in the Netherlands be described and compared to other uses of this term?

The definition used by the government compared to the literature is narrow. From the start the government and the Fund put the focus on the economic aspects, at this point they use ‘entrepreneurship’, without ‘cultural’. In doing so, the government ensures that the criterion is clear, and concise in order to prevent misinterpretation. Entrepreneurship is used to determine whether the organizations have enough own-income, a solid marketing plan, and if they reach their audience. Some general managers feel strongly that cultural organizations are different from other organizations, due to the nature of the ‘product’, while others feel that they are similar.

Cultural entrepreneurship in literature includes creativity, opportunity-seeking, the ability to convince others, personal involvement, and aim for cultural, social and economic values. The

literature puts emphasis of how achievements are made in addition to the values that are aimed for. The definition used by the Fund is mostly focused on quantitative output, and does not acknowledge the specific qualities of cultural entrepreneurs. This is a choice of course, and as mentioned before the Fund made this choice with reason. However, by not including the other aspects of cultural entrepreneurship the focus for the performing arts organizations in the field is on the economic, quantitative output, and limited.

From the interviews, it is clear that creativity is a big driver in these music organizations as well as personal involvement. Cultural and social values are both defined differently by all general managers and could be researched further to get a clearer view on these aspects.

Cultural entrepreneurship is nothing new, according to the literature and the interviewed general managers. These music organizations consider themselves examples of cultural entrepreneurship. The examples they give have to do with reaching audiences in new ways, and thinking outside the box. This is consistent with the literature that described the cultural entrepreneur as seeking as well as taking advantage of opportunities.

## **2. How can we determine the effectiveness of a business plan?**

The effectiveness of a business plan is determined based on different criteria. First of all, the goal for writing the business plan is important, whether it is long-term or short-term. For almost all of the general managers interviewed, the reason for writing a business plan is to obtain funding. Obtaining funding is clearly a short-term goal, and the general managers find the plans are in their head, but not reached for and read often. Additionally, the plans are not constantly adjusted to the changing environment, at least not in writing. Since the interviewees have their goals and plans in their heads it is difficult to precisely know how the plans are adjusted.

An interesting point is, that the general managers all claim to reach the goals they set, while all of them recall cancelled projects or concerts for the 2009-2012 subsidy period. The goals are met with, even in number of performances, even though some tours were cancelled. This indicates that plans are adjusted after all, attributing to the effectiveness.

Other indicators for effectiveness of the business plan are, according to literature, experience, knowledge, and motivation of the entrepreneurs, or in this case the general managers. Knowledge on business plans comes from different sources for the general managers; they have a diverse educational background. Some general managers have taken extra courses, others have knowledge from the Fund, while others gather people around them with the right knowledge, like the board or external experts. Between these eight general managers there is ample experience, they have worked in their role from six and a half years to 32 years, with an average

of 17 years. Considering this average, it is interesting to note that the minority of organizations receiving four-year funding are newcomers. Possibly, the experience with subsidy applications and writing business plans does not only improve the effectiveness of the plans, but improves the chances of getting approved for funding as well.

Finally, motivation is a final important determinant for business plan effectiveness, the motivations to write the plan were not equal, the answer to the final sub-question is an elaboration on this.

### 3. How is Cultural Entrepreneurship put into practice by the music sector?

In order to stimulate (cultural) entrepreneurship and professionalism, business plans are part of the subsidy application at the Fund. There is a positive effect: the general managers welcome the opportunity to think about the goals and values of their organization. Writing the business plan provides an important moment of reflection for these music organizations.

The terminology (cultural) entrepreneurship is still diverse, which confirms the Funds choice for a clear definition of what is considered entrepreneurship. The conception of entrepreneurship of the Fund considered (audience, marketing, and own-income), entrepreneurship is occurring and stimulated. When deciding what projects to put in the business plans, the interviewees for example consider feasibility. A downside is the signaled tension between spreading of performances throughout the Netherlands, the possibilities of the venues, and the stress on audience numbers.

All general managers were presented with the following description of cultural entrepreneurship: **to strive for cultural and social values in addition to economic ones with creativity, guts and personal involvement.** This elaborate description was positively received, however in contrast, dropping the 'cultural' and focusing only on entrepreneurship like the Fund has done was also agreed on by some general managers. According to this description, entrepreneurship is also evident. The personal involvement of these general managers is very high, as well as their commitment. These music organizations have a small supporting staff, and all general managers describe their work as hectic and extensive.

The role of economics is not the same for all of the general managers. The importance of finances is acknowledged by all, however the attitudes towards finances differ. Some general managers see it as a necessary evil, while others see that money means options and possibilities. It is interesting to see the different views on financial health. While all general managers consider their organizations in financial health, the criteria to determine this are not the same. Financial reserves are positively viewed by the Fund, but not considered required by all interviewees.

Without subsidy, the general managers feel their task would become incredibly difficult, however the music would not stop. There are different factors that determine the chances for a music ensemble to survive without subsidy, size, genre, audiences are some of them. The possibilities to go on without subsidy corresponds to the extent in which the organizations strive to be without them.

According to literature, culture and entrepreneurship are both based on creativity (Leysen, 2011). The interviewees point out the big role of creativity in all parts of their organization. Creativity also is necessary to be able to differentiate from other music organizations, this is especially interesting since a major criterion of the Fund is a well-balanced Dutch cultural sector.

#### 4. Is there an effect of these external interventions by the Performing Arts Fund NL on the intrinsic motivation of the selected music organizations?

Crowding-theory was used to find out whether there is an effect on creativity and intrinsic motivation of the music organizations due to the external interventions by the Fund. There is ample respect for the Fund, criteria are deemed reasonable, and being included in the four-year cycle of subsidies is seen as a privilege. Combining these notions gives indication that crowding-in is likely.

The crowding-out effect was difficult to establish, but the main signifier is the uniform treatment the Fund applies in the subsidy process. This uniform treatment is noted by Bruno Frey (2002) as having a negative influence on the intrinsic motivation and creativity. Some interviewees note that the subsidy application feels restrictive and indicate that there should be more room for diversification. Supporting this, is that everything in this research shows that the general managers and the organizations are both very diverse. Backgrounds of the interviewees, opinions of the interviewees, genres of music of the organizations, sizes of the ensembles, experience, education, are all examples of how the organizations vary. Interestingly, this diversity in supply is exactly what the Fund strives for in its policy. The organizations the Fund grants subsidies to should together form an attractive, varied palette.

Additionally, basing the subsidy strictly on performances puts a lot of stress on the organizations. Fortunately this was already recognized by the Fund and adjusted for the next cycle of grants. By choosing to put the focus on entrepreneurship the specific characteristics of cultural entrepreneurship are not recognized. This factor also increases the crowding-out effect, the performing arts organizations are not only treated uniformly by the Fund, but also viewed as similar to any other business.

How do government policies on cultural entrepreneurship and practical realization of cultural

entrepreneurship compare, in music organizations that are and have been subsidized by the Performing Arts Fund in the Netherlands?

Cultural entrepreneurship is a complicated term, explained differently by the academic field, the music organizations interviewed for this thesis, and the Dutch government. The academic literature attributes the following characteristics to cultural entrepreneurship: seeking and taking advantage of opportunities, creativity, personal involvement, commitment, innovative, risk-taking, and striving for social and cultural values in addition to economic values. These characteristics are evident in practice, however not all are acknowledged by the Performing Arts Fund NL.

The general managers are quite positive about the subsidy process and feel privileged to be included in the four-year cycle. Nonetheless, the statements of the general managers, especially the considerable ambiguity in answers, show that the music organizations are diverse. In order to be clear and concise, the government and the Fund use entrepreneurship without 'cultural' as a criterion to review subsidy applications. Organizations applying for a grant are obliged to write a business plan in order to increase professionalism. These two measures are a signal that the subsidy applicants need to account for the funding granted, just like any business would need to account for their market value. This is largely due to an increased need for legitimization in the cultural sector and the shift of cultural policy from supply-driven to demand driven.

Effectively, the business plan ensures the entrepreneurship required by the Fund is taking place in practice and therefore has the desired effect. However, this thesis signaled a considerable pitfall in this approach. The Performing Arts Fund NL desires a diverse supply of music performances, however the developments in the cultural sector, and the increased focus on business have created a completely uniform subsidy process, which in turn holds the risk of diminishing the intrinsic motivation and creativity of the music organizations.

## **5.2 The right approach?**

For this thesis academic literature on cultural entrepreneurship was compared to Dutch cultural policy documents by the government and the Performing Arts Foundation NL. Additionally, theories on different features, uses, and determinants of effectiveness of business plans were used to see if writing a business plan is a useful tool to stimulate and evaluate cultural entrepreneurship. Finally, crowding theory was used to see if there is an effect on intrinsic motivation and creativity of the music organizations.

The used literature and theories proved useful to answer the research question, however there were some limitations. Firstly, the theory on cultural entrepreneurship is so extensive, that it is impossible to include everything in a master thesis. Choices were made in order to determine what was most suitable. Furthermore, the literature on business plans is not specifically targeted to the cultural sector or subsidy applications, however a suitable combination was made of theories from the cultural economics field as well as general economics and management. The final theory was crowding theory. The crowding-in and crowding-out effects are difficult to establish, especially in a qualitative research. The theory is very clear, and proved suitable for this research, but the findings on the theory could be strengthened by a complementary quantitative research.

The method for this thesis was qualitative, a combination of literature study and semi-structured interviews with general managers in music organizations subsidized by the Performing Arts Fund NL. The interview guide for the semi-structured interview was formed based on the literature research on cultural entrepreneurship and business plans. This method turned out to be appropriate to answer the research questions. This was due to the fact that all eight suitable interview candidates were able and willing to participate in the research. The interviews were held in a short period which did not leave much time to adjust the interviews in between as is the custom in grounded theory analysis. The interview guide was the same with all the interviews, but the order was flexible, and the accent was put on different aspects as more interviews were held. In order to achieve usable results, the choice was made to only focus on the selected music organizations that apply for funding at the Performing Arts Foundation NL. It is not clear whether the results of this thesis could apply to the other categories of performing arts.

In addition to the limitations to the theory features above, there were some general limitations to this research. First the actual business plans were not reviewed or analyzed due to time restrictions. Only the recollection of the general managers of the achievements in the plans for 2009-2012 were considered. However, since the focus of this research was on the experience and opinions of the general managers, this limitation is not considerable.

Secondly, even though the interview candidates were selected thoughtfully, there were a lot of dissimilar characteristics to these organizations. It could be argued that these organizations are therefore difficult to compare, decreasing the validity of the research. In contrast, this research clearly shows the diversity in the organizations and the sector, and this diversity seems to be very valuable and crucial to answering the research question. Additionally, there were enough similar characteristics -music sector, featured in the four-year subsidy cycle at least twice,

experienced general managers, equal amount of men and women- to ensure that the results are representative.

Finally, even though the interviews were held anonymously, there is always the possibility that the interviewees hold back since they want to keep a good relationship with the Fund. Nonetheless, there are indicators that show that the interviewees felt comfortable to voice all opinions, the most important one being that there were considerable negative comments.

### **5.3 Recommendations for further research**

This thesis brings forward several ideas for further research. The business plan as a subsidy tool could be investigated further. A quantitative study to the business plan as an indicator for success specifically applied to the cultural subsidy policy could be supplementary to this thesis as well as the research by Fernández-Guerrero et al. (2012).

Furthermore, it could be interesting to compare the business plans of organizations that were funded by the Fund and applications that were rejected. The focus could be on the quality of the business plans, but also on the cultural entrepreneurship, creativity and intrinsic motivation as formulated in this thesis. It would be interesting to investigate whether rejected applications are not entrepreneurial according to the Fund, and also less cultural entrepreneurial using the description from this thesis.

This thesis shows that the business plans were adjusted to ensure the goals were met under changing circumstances such as cancelled tours. In the period 2013-2016 the Fund had a built-in moment to re-evaluate the business plans after two years, however this is not included in the most recent subsidy cycle. Since the literature on business plans states that adaptation to changing circumstances increases the effectiveness of the plans, it could be interesting to investigate this further.

Different genres in the performing arts have different characteristics. An idea for further research is to see whether the effects are the same in other genres. Possibly other genres are less diverse and therefore the uniform treatment is not as problematic.

Cultural value and social value were difficult to question, since those are quite imprecise terms, just like cultural entrepreneurship. An interesting research could be to first define cultural and social values in the academic literature and then investigate whether and how these values are achieved in the cultural sector or the organizations that are government funded.

Additionally, the crowding theory and the uniform treatment should be investigated further to determine how this affects the long term funded organizations. The crowding effect should be tested quantitatively on a larger scale in order to truly map out the effects of the

current subsidy policy since the measures taken to ensure or stimulate cultural entrepreneurship should not have a boomerang effect and decrease intrinsic motivation and creativity.

This research also shows that it could be useful for the Performing Arts Fund NL to evaluate their subsidy procedures not only quantitatively, but qualitatively as well. The last round of subsidy policy was evaluated quantitatively based on data from the Fund and complemented with different meetings between subsidized organizations and representatives of the Fund. However, a qualitative study could yield more or different results from those meetings especially considering that nobody bites the hand that feeds them.

Lastly, it could be advantageous to do research on the effect or influence of getting funding for a long period of time by the government. Possibly the experience gained by writing successful funding applications and working in the sector in general could lead to a more effective business plan. It could be argued that for a prosperous cultural sector, newcomers should be invited and supported as well. Even though newcomers have a place in the Fund, a significant amount of the funded organizations have had some form of government aid for a longer period. Since there has been a considerable amount of changes in the past, subsidy cycles and the Dutch Council for Culture have pressed a review and overhaul of the subsidy system, now it would be a good time to investigate.



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## 8 Appendix 1: Interview guide

### Interview guide

#### Onderzoeksvragen:

*How do government policies on cultural entrepreneurship and practical realization of cultural entrepreneurship compare, in music organizations that are and have been subsidized by the Performing Arts Fund in the Netherlands?*

In order to answer this research question, several sub-questions have been formulated:

- How can the government policy on Cultural Entrepreneurship in the Netherlands be described and compared to other uses of this term?
- How can we determine the effectiveness of a business plan?
- *How is Cultural Entrepreneurship put into practice by the music sector?*
- *How were business plans realized in the period 2009-2012 and how are business plans realized that have been made for 2013-2014, both in the field of music?*
- *Is there an effect of these external interventions by the Performing Arts Fund NL on the intrinsic motivation of the music organizations?*

#### Cultureel Ondernemerschap:

Cultureel ondernemerschap: het streven naar culturele en maatschappelijke waarden naast economische waarden zoals geld met creativiteit, lef en persoonlijke betrokkenheid.

#### Eigenschappen ondernemer voor effectieve implementatie bedrijfsplan:

Additionally, important elements that an entrepreneur needs in order to successfully implement his or her business plan are education, previous experience and motivation (Fernández-Guerrero, Revuelto-Taboada, & Simón-Moya, 2012).

#### Beoordelingscriteria FPK

Artistieke kwaliteit, ondernemerschap, bijdrage aan de pluriformiteit van het podiumkunstenaanbod in Nederland, bijdrage aan geografische spreiding en bijdrage van gemeente of provincie. (uit meerjarensubsidieregeling website FPK p10) + 20% totale baten zelf binnenhalen.

#### Introductie

- Voorstellen en uitleg over de master die ik doe
- Onderzoek naar gebruik bedrijfsplannen en cultureel ondernemerschap en FPK
- Toestemming voor opname interview, met hoge anonimiteit
- Mag ik tutoyeren?
- Vragen?

#### Werkzaamheden

- Hoe lang ben je al werkzaam bij deze organisatie?
- Kun je kort je carrière tot nu toe beschrijven? /wat heb je hiervoor gedaan?
  - o Wat heb je voor opleiding genoten? (leeftijd)
- Wat zijn je werkzaamheden in een gemiddelde werkweek?
  - o Komt marketing terug in de zaken van alledag?
    - Hoe dan?
  - o Spelen financiën een rol?

- Welke werkzaamheden hebben te maken met financiën?
- Waarom heb je ooit de keuze gemaakt voor deze functie?

#### **Organisatie [wat algemene vragen over deze organisatie]**

- Wat is het voornaamste doel van deze organisatie?
  - o Evt doorvragen; geld, sociale waarden, culturele waarden?
  - o Wat maakt uw organisatie speciaal?
- Speelt creativiteit een rol in deze organisatie?
  - o Zo ja, welke rol/ op welke manier?

#### **Beleidsplan [focus op het plan]**

- Heeft deze organisatie een beleidsplan?
  - o Kun je de verschillende onderdelen van dit plan beschrijven?
  - o Zo ja, wat zette je aan tot het schrijven van dit plan?
  - o Zo ja, wanneer komt dit plan op tafel, meer dan 1x per maand?
  - o Wie hebben er meegewerkt aan de totstandkoming van dit plan?
  - o Wat doe je om te zorgen dat de doelen in dit plan ook echt gerealiseerd worden?
    - Kun je een concreet voorbeeld geven?
  - o Zo nee, waarom niet?

#### **Cultureel ondernemerschap [als onderdeel van het plan, vereiste vanuit fondsen]**

- Hoe zou jij cultureel ondernemerschap omschrijven?
  - o Als ik het goed begrijp dan is het...
- Beschouw je jezelf als cultureel ondernemer volgens deze eigen omschrijving?
  - o Kunt je hierover uitweiden?
- Ik beschrijf cultureel ondernemerschap als het streven naar culturele en maatschappelijke waarden naast economische waarden zoals geld met creativiteit, lef en persoonlijke betrokkenheid. Kun je je hierin vinden?
  - o Kunt je hierover uitweiden?
- Kun je een voorbeeld geven van een project van uw organisatie waar volgens jou veel cultureel ondernemerschap uit spreekt?
  - o Waarom juist dit voorbeeld?
- De overheid gebruikt tegenwoordig alleen 'ondernemerschap' om duidelijk te maken dat er geen verschil is in ondernemerschap tussen culturele en niet-culturele organisaties.
  - o Wat vind je van deze opvatting?
- Maatschappelijk draagvlak wordt genoemd als iets wat kan worden bereikt met cultureel ondernemerschap.
  - o Wat versta jij onder maatschappelijk draagvlak?
- De overheid stelt dat maatschappelijk draagvlak kan worden vergroot door meer geld uit de markt te halen (dmv publiek en sponsoren).
  - o Op welke manier geeft jouw organisatie hier invulling aan?
  - o Wat vind je van de nadruk op financiën die hier wordt gelegd?
- Innovatie wordt ook vaak genoemd in combinatie met cultureel ondernemerschap.
  - o Hoe zou jij het begrip innovatie omschrijven?
  - o Op welke manier geeft deze organisatie hier invulling aan?
- Hoe komt je aan de kennis over het schrijven van een beleidsplan en/of cultureel ondernemerschap?
  - o Welke bronnen worden geraadpleegd?

### **Subsidieaanvragen FPK [inzoomen op aanvragen]**

- Hoe komen de subsidieaanvragen tot stand? Kun je kort het proces beschrijven?
  - o Wie werken er mee aan de totstandkoming?
- Hoe ervaar je de aanvraagprocedure van het FPK?
  - o Wat vind je van de vragen/eisen die worden gesteld?
  - o Controlerend of juist stimulerend?(evt doorvragen/ probing)
  - o Anders, namelijk....
  - o Wat vind je van de criteria gebruikt voor het beoordelen van de subsidieaanvragen door het FPK?
- Als we kijken naar de subsidieperiode 2009-2012, hebben jullie dan de gestelde doelen gehaald?
  - o Zo ja, welke dan?
  - o Zo nee, waarom/waardoor niet?
- Kun je een voorbeeld noemen van een programma, concert of andere activiteit dat in de subsidieaanvraag was opgenomen dat niet is doorgegaan?
  - o Wat was de afweging hierbij?
- Zijn er plannen gemaakt die de aanvraag niet eens hebben gehaald?
  - o Veel plannen?
  - o Waarom niet?

### **Organisatie II [Nog wat verschillende aspecten belichten van de organisatie]**

- Hoe belangrijk zijn financiën voor deze organisatie?
- Hoe financieel gezond is deze organisatie?
  - o Waarom?
- Hoe zou je het begrip professionaliteit omschrijven?
  - o Op welke manier geeft deze organisatie hier invulling aan?
- Wat motiveert jou persoonlijk aan deze organisatie?
  - o Evt. doorvragen of iemand zich persoonlijk betrokken voelt.
- Verwacht je ooit compleet onafhankelijk van subsidies te kunnen zijn?
  - o Waarom wel of niet?
  - o Is dit een streven van deze organisatie?

### **Afsluiting:**

- Heb je nog vragen of aanvullende opmerkingen?
- Mag ik een kopie van het beleidsplan meenemen voor mijn onderzoek?
- Hartelijk bedankt voor uw deelname.
- Als je het op prijs stelt kan ik een exemplaar van mijn scriptie toesturen.



## **9 Appendix 2: Subscribed interviews and coding system**

The eight subscribed interviews and the complete coding system are available from the author by request.