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Research-Informed Policy and Programme Development: A case of rural creative business support

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Introduction

Creative firm clusters are typically seen as urban phenomena, representative of the cultural divisions between cities and smaller town and rural areas in the UK context. But recent evidence is starting to reveal the presence of creative business and activity forming rural microclusters.

In this paper we showcase the use of policy-oriented evidence gathering to inform both an action research programme and to influence innovation policy at the regional level. We show how survey and web-scraped data analysis can work with on-the-ground programmatic business support to form an iterative cycle of research-based policy and intervention for rural-based creative firms based in the rural, using a learning network approach. It shows how the priorities and motivations of the participants can shape policy and raise the profile of rural creativity and intelligence surrounding policy and programmes.

Rural economy and creative rural firms

The rural economy and rural entrepreneurship are increasingly researched, as their economic significance has become more visible (Phillips et al., 2019; Turner et al., 2021). Rural firms are smaller in size than urban firms, and struggle with a limited infrastructure (public transport access, business support availability, closure of banks and post offices) (Ozusaglam and Roper, 2021) and limited markets and skilled staff availability (Mole et al., 2022; Phillips et al., 2019). The lower density of firms in rural areas means less local competition and less pressure to innovate for those firms serving local and regional areas. The lower population density affects the availability of skilled staff and hence recruitment challenges. Internet connectivity is still an issue that affects all firms, particularly in remote and sparse rural areas (Ozusaglam and Roper, 2021).

The rural economy has seen changes to its structure and composition as those migrating from cities to locate in cheaper business accommodation bring with them regional and national business networks, with a potential impact on local firms (Hill and Mole, 2022). This trend has been reinforced during the recent pandemic that saw more professionals and firms relocate away from city agglomerations to rural areas. Creative workers appear to follow this migration trend (McGranahan et al., 2011) with more active and retired professionals locating in rural areas and managing creative micro-firms.

Creative industry clustering

Creative clusters have become a major policy focus (Siepel et al., 2020), as CI firms are known to develop faster than many other industries sectors, at least pre-COVID-19 (UNCTAD, 2018, 2022). Creative industries are known to cluster (Gong and Hassink, 2017; Bloom et al., 2020),

however, these clusters are most often associated with urban areas (Lazzeretti et al., 2008; Berg and Hassink, 2014; Boix et al., 2015; Coll-Martinez et al., 2019).

Institutional and local factors have been found to play a significant role in the development of creative clustering in rural environments (McGranahan et al., 2011, Naldi et al., 2015). Location-based assets include natural spaces, accessibility of transport and infrastructure, cultural tourist attractions (cultural heritage, areas of natural beauty) seem to drive clustering in rural areas (McGranahan et al., 2011, Naldi et al., 2015). These aspects of enhanced quality of life have consistently been shown to attract creative professionals to urban clusters (Florida, 2005; Sapsed et al., 2013) and evidence is beginning to suggest similar effects in rural settings.

‘Creative Radar’ methodology and the Rural Radar

Given the specific challenges of rural creative clusters and their businesses and practitioners our research question for this study asks how can new forms of quantitative mapping data help to shape business support programming for rural creativity? Can the new tools help to overcome the tendency for rural microclusters to be overlooked?

Given the importance of creative clustering as drivers of growth in the creative industries and more widely (cf. Bakhshi et al 2009; Lee 2014, Gutierrez Posada et al 2021), capturing precisely *where* creative industries cluster is important if these clusters are to be targeted by policy measures. To address this and other related measurement issues, the Creative Radar methodology (Siepel et al 2020, 2021), developed as part of the UK Creative Industries Policy and Evidence Centre, aimed to develop a novel approach to capturing creative activity.

The mapping methodology (see Siepel et al 2020, Velez Ospina et al 2022) drew upon scraped web data, harvesting the websites of 361,459 creative businesses in the UK, and of these the 202,678 that listed a trading address on their website. These addresses were geocoded and used to conduct a machine learning-based inductive clustering analysis, identifying clusters of 50 or more firms or organisations that were statistically likely to be grouped together. This algorithm identified 709 discrete creative ‘microclusters’ - hubs of creative industries activity generally centred at the neighbourhood, town or village level. For example, rather than identifying Manchester as a single creative cluster, this method instead identified 20 discrete hubs of creative activity within Greater Manchester. Based on this approach the original Creative Radar research then conducted firm surveys of companies in the area, finding significant differences between the patterns and activities of businesses inside and outside microclusters (Siepel et al., 2020, 2021).

Building on this research, the methodology was then extended to specifically explore rural areas. This work, as part of the National Innovation Centre for the Rural Economy, used the same web-scraped data methodology to specifically identify rural creative clusters (Velez Ospina et al., 2022). By identifying specific rural microclusters, the study also found that the characteristics associated with microclustering in urban contexts and those associated with rural contexts were very similar.

One key element of this research was dissemination, with maps of these microclusters widely accessible through an online platform and other means. This meant that stakeholders were able to easily access the data and observe where their own regions were located.

Policy evidence and programme design in the North East case

The policies of the new North of Tyne Combined Authority

The North East (NE) of England is a post-industrial region, which has reoriented to a services economy, including the universities, a growing digital ecosystem, and a range of cultural venues and vibrant entertainment and nightlife. These conditions have resulted in a significant creative economy. Yet there are economic imbalances in the region between the city and the surrounding countryside and coastal communities.

Following the UK's ongoing devolution agenda in 2018 three Local Authorities formed a new Mayoral Combined Authority named the North of Tyne Combined Authority (NoTCA). They represented diverse settings: the city of Newcastle, the town-based district of North Tyneside, and rural Northumberland, characterised by farming, market towns and a visitor economy attracted by spectacular natural scenery, castles and ancient monuments including Hadrian's Wall.

NoTCA was conscious of the cultural and creative assets of its albeit uneven territory and favoured using the innovation support and development funds provided in the devolution package to support the CIs. This was executed through two mechanisms, firstly three Creative and Cultural Zones (CCZs), influenced by the Enterprise Zones of London. The second mechanism was a Cultural and Creative Investment Fund of £2.6m, which offered grants for creative businesses across the NoTCA but also had the aspiration to get CI businesses more comfortable with loans and equity arrangements. The management of the fund was contracted to Creative UK, a national organisation that had coordinated similar programmes in other English regions. Importantly the fund was not only allocating hard cash but also offering wrap-around business support to help develop innovation management capabilities in beneficiary firms. This was delivered in partnership with Creative Fuse North East.

Creative Fuse North East (CFNE) and Rural CreateNet

CFNE is an action research project funded by AHRC and ERDF, a partnership of the region's five universities led by Newcastle University with Durham, Northumbria, Sunderland and Teesside. The partners deliver business support to the creative industries across the region informed by academic knowledge and from this engagement generate data and insights that feed back into research.

CFNE was aware through mapping that there was a presence of creatives throughout the rural hinterlands of the region, including small local groupings. There was also a sense that those creatives felt disadvantaged and detached from the support resources enjoyed by their urban counterparts. With the incoming intelligence on micro clusters arising from

Creator Radar and especially Rural Creative Radar the CFNE team were encouraged to offer interventions in the rural, and the identification of micro clusters through the Radar data enabled targeting of microclusters for promotion and hosting of meetings.

The project team set up an Action Learning set called Rural CreateNet, using the Learning Network approach (Bessant et al., 2012) to stimulate connection and innovation among three cohorts of 10-25 participants. There were three cohorts run over a year, early on while still emerging from lockdown most were conducted online, which offered the opportunity for connection and networking that participants had missed. Later sessions were held in rural hub locations.

The programme was arranged in sets of 6-8 sessions, beginning with setting of priorities with the participants. These included access to funding; terms of engagement with online retail platforms and potential for alternatives; upgrading digital presence, brand awareness and marketing; new business models and ways of working; national and regional policy influence, such as Levelling-Up; there was also a need expressed for wellbeing and connection on a human level since the dislocation of the pandemic, further intensified by the participants' rural setting. For example, on the morning of one session a storm had swept through the region, disrupting power lines and leaving thousands of homes and businesses without electricity, including some of the participants. Nevertheless, they still strived to join the meeting using phones and whatever devices could connect. One commercial photographer participant experienced a tree collapsing into her kitchen through the roof, but still insisted on not postponing the session, since "this is when we need it most". There was a clear social solidarity among the participants, in addition to the instrumental benefits of membership.

Discussion

The Learning Network method of Bessant et al. (2012) structures the network activity around **causes of commonality or opportunity** for participants, which might be shared barriers to advancement or a forthcoming investment for which they may prepare. In this case Rural CreateNet identified issues around online retail platforms, which led to sessions on the development of a locally-developed platform as well as a proposals for funding to develop animated chatbots and a metaverse Northumberland for online sales internationally.

The second characteristic of learning networks is that they can act on **initiatives of a collective interest** that would be difficult for an individual firm to address. In addition to the platforms work the Rural CreateNet were able to advise and respond to the early and in-process proposals for the CCZ being designed and could suggest as a collective response how the CCZs could be best configured and resourced for local creatives' needs.

The third characteristic is the **upgrading of skills and learning in the ecosystem**, which again goes beyond the individual firm, since participants learn together, share and begin to exchange experience, perhaps in unexpected ways. In Rural CreateNet a gallery manager suggested action on new business models, which was also beneficial to a milliner, who

started to consider an ongoing subscription model for repeat customers, who would receive seasonal hats over time, rather than just ordering for occasions.

Fourthly, a **bridging organisation** (Sapsed et al, 2007) is likely to be needed to initiate and facilitate the learning network, in this case CFNE, which was also positioned to help to steer resources in the form of a Rural Challenge, such that a £40K portion of the fund was earmarked for the rural businesses for innovation projects. CFNE facilitated ideation sessions, according to themes arising from Rural CreateNet sessions, helping the beneficiaries to prepare their applications to the funds.

Conclusions

This paper responds to the 2023 conference theme 'Towards Disruptive Sustainability: New Business Opportunities and Challenges' in discussing new ways to foster innovation in rural areas to contribute to more thriving, sustainable and connected rural economies. It shows an iterative process of innovative methods and academic evidence (Creative Radar), informing programmatic action in business innovation support on the ground (CFNE), and subsequently funding priorities at a regional level (NoTCA CCIF Fund), which are themselves co-produced with stakeholders in the programmes.

We intend to develop the empirical sections of the paper, drawing on the specific sessions, priorities and funding proposals of the Rural CreateNet.

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