

Management of ICT-based Creative Industries: Has the Medium Muddled the Message?

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ABSTRACT

Is it the 'medium is the message' when managing ICT-based creative industries? These industries have been affected by the advent of ICT-based creative tools that have changed how products and art are produced, and also how others see, hear, or find out about these products and works of art. This paper reviews literature on creative industries to gain an understanding of this milieu, where firms appear to be either large or small, with few in the middle. The focus on managerial changes is geared towards growing or larger companies. Governments recognize the importance of the digital transformation and support these industries as drivers of the economy, but as firms grow, can innovation be maintained? This paper reviews the literature examining what has happened between Leadbeater and Oakley's seminal 1999 work *The Independents: Britain's New Cultural Entrepreneurs* and Warhurst's critique of the state of the cultural and creative literature. This paper then goes further to examine why the management approaches of companies change over time, through the lens of the market life cycle. Although the tools used in the creative industries have changed to ICT-based in some sectors, how management changes as firms grow has not. This paper finishes with the author's thoughts on how to maintain creativity and innovation as a firm grows.

Keywords: Creative Industries Management, Innovation, Life cycle

1. INTRODUCTION

The issue of the management of ICT-based creative industries continues to be of significance in the global economy. As we move forward into what some management experts and governments believe is an industrial revolution, or at least a management revolution in the computerized and web-based (hereinafter the Information and Communications Technology or ICT) world of today's economy, we have to ask whether the medium has muddled the message. This evolution from traditional or simple management structure of small businesses to the formalized structure of large organizations can be explained through the business life cycle.

To define the 'new economy', this paper uses Gordon's (2000, p. 2) definition of the period of time after 1995 when the prices of computer hardware and software, and telephone services declined significantly, and computer power and telecommunications capability increased, allowing the internet to rapidly develop. Gordon (2000, pp. 2-3) states that the new information technology (IT) allowed increases in productivity in the economy in general that had not been seen in the period between 1972-1995, as electric motors did for American industrial productivity in the 1920s, during the 'golden years of productivity growth', which Gordon defines as 1913-1972 (Gordon, 2000, p. 23). The author argues that the simplest definition of the new economy is the widespread adoption of high-tech ICT tools in core daily business activities, beginning in 1995.

Much of the literature examines why some companies remain small businesses by choice and also what happens to the company management when the companies grow. Once growth starts to increase the number of employees, more formalized management approaches appear, which follows the market lifecycle and specifically, the high technology market cycle. Many high technol-

ogy companies share traits with creative industry firms because of the heavy reliance on computers to produce their goods or services; advertising, computer game production, and to some extent, film and television, through their use of computer generated images. With this in mind, this paper examines the literature on creative industry dynamics and examines changes in management approaches once growth is realized. A brief overview of flat organizations is presented, but as the approach is new to most firms in the high-tech industry, ways to maintain the creative management approach are examined through the lens of traditional management structures.

2. THE MEDIUM AND THE MESSAGE

Marshall McLuhan (1964, p. 1) stated that "the medium is the message". McLuhan added:

...the message of any medium or technology is the change of scale or pace or pattern that it introduces into human affairs. The railway did not introduce movement or transportation or wheel or road into human society, but it accelerated and enlarged the scale of previous human functions, creating totally new kinds of cities and new kinds of work and leisure.

As prophetic as McLuhan's words are a half century later, not even McLuhan could have foreseen the impact that computer technology has had. Eurostat (2014) found that internet access at European places of residence increased from 26% in 2002 to 72% in 2013, and internet access at European places of work increased from 14% in 2002 to 33% in 2013. Barely 25 years ago the vast majority of homes did not have computers and the internet was in its' infancy.

Warhurst addresses the focus on the creative industries cited by governments as being the future drivers of the economy whose management styles are heralded to be the future of manage-

ment practices, with the United Kingdom at the forefront of support for the new industrial revolution (Warhurst, 2009). The European Union has stated in its' Digital Agenda for Europe that:

A perceptible quickening in the pace at which technological innovations are applied argues for the hypothesis that the recent acceleration in labor productivity is not just a cyclical phenomenon or a statistical aberration, but reflects, at least in part, a more deep-seated, still developing, shift in our economic landscape. (Gordon, 2000, p. 3)

With governments embracing the new ICT-based economic revolution, the creative industries at the leading edge of the new economy also lead economic planning and support. However, government planners and industry-based advocacy groups have lumped creative industries into one group that includes very different industries with different management models and different regulatory environments.

The United Nations Educational, Scientific, and Cultural Organization (UNESCO) lists current classification systems (UNDP, 2013, p. 22). Table 1 outlines the different creative industry classifications from the UNESCO's document UNESCO Creative Economy Report (UNDP, 2013, pp. 25-26). They show striking similarities and differences between the various models. Each model encompasses the fields that each advocacy group considers within their stakeholder context. Thus, the way they categorize 'creative' industries differs. Some models plainly have industries they consider to be creative [AFTAM and DCMS], while others [Symbolic Texts, Concentric Circles, WIPO, and UNESCO] have Core creative industries and Expanded/Partial/Interdependent/Peripheral/ Borderline/Other/Wider/Related creative industries. The author contends that whether an industry is close to the center of creative or cultural industries depends upon the stakeholders of the listing organization.

Clearly, there is no agreed upon definition of what is a creative industry, although a general understanding can be formed from the categories in Table 1. The UNESCO report states that the cultural industries have 'context and contours' interweaved across the public, not-for-profit, and informal sectors that make it 'a complex hybrid' that policy-makers have difficulty addressing within traditional structures and frameworks. The author states that the for-profit sector is also included as much of the modern music, advertising, computer games, and television and radio are in the private sector. Thus, the government-sponsored policy or support discussed in the UNESCO report may not provide a total understanding of the creative industries as a whole.

Leadbeater and Oakley (1999, p. 12) refer to 'the missing middle' as the fact that the cultural and creative industries tend to be either very large or very small. They note that there is a lack of government support of the micro- and small businesses that are mired in "...fragile, low-growth companies industries that have barriers to entry and a high turnover of talent and ideas" (Leadbeater & Oakley, 1999, p. 19). They also state that the workers in cultural and creative industries tend to be young, highly independent, and do not want to be part of the corporate culture of a large organization even though they realize that this creates career instability (Leadbeater & Oakley, 1999, pp. 20-22).

The missing middle may also be reinforced by the creative workers themselves. There is a gap between the creative industries and the other parts of the business world that may prevent them from understanding one another. In the music industry Wilson and Stokes (2005) found that small cultural entrepreneurs will turn to the larger record companies for financing because they do not feel that banks understand them, and see potential for expansion dealing with industry players. In fact, Wilson and Stokes (2005, p. 21) found that

Table 1. Theoretical viewpoints in superstardom studies and occupations empirically examined

Classification system	Basis of classification	Cultural and creative sectors
UK's Department of Culture, Media, and Sport Model* (DCMS, 2015)	Activities requiring creativity, skill and talent, with potential for wealth and job creation through exploitation of their intellectual property	Advertising and Marketing, Architecture, Crafts, Design, Fashion, Film and Video, Music, Performing Arts, Publishing, Software, Television and Radio, Video and Computer Games
Symbolic Texts Model (Hesmondhalgh, 2002)	Industries concerned with industrial production and dissemination of symbolic texts	Core Cultural Industries: Advertising, Film, Internet, Music, Publishing, Television and Radio, Video and Computer Games Peripheral Cultural Industries: Creative Arts Borderline Cultural Industries: Consumer Electronics, Fashion, Software, Sport
Concentric Circles Model (Thorsby, 2001)	The origin and diffusion of creative ideas in sound, text and image from core creative arts	Core Creative Arts: Literature, Music, Performing Arts, Visual Arts Other Core Cultural Industries: Film, Museums and Libraries Wider Cultural Industries: Heritage Services, Publishing, Sound recording, Television and Radio, Video and Computer Games Related Industries: Advertising, Architecture, Design, Fashion
WIPO Copyright Model (WIPO, 2003)	Industries involved directly or indirectly in the creation, manufacture, production, broadcast and distribution of copyrighted works.	Core Copyright Industries: Advertising, Collecting Societies, Film and Video, Music, Performing Arts, Publishing Partial copyright industries: Architecture, Clothing and Footwear, Design, Fashion, Household goods, Toys Interdependent Copyright Industries: Blank Recording Materials, Consumer Electronics, Musical Instruments, Paper Photocopiers, Photographic Equipment
UNESCO Institute For Statistics Model (UNESCO Institute for Statistics, 2005)	Cultural goods and services entering international trade	Industries in core cultural domains: Museums, galleries, libraries; Performing arts; Festivals; Visual arts, crafts; Design; Publishing; Television, radio; Film and video; Photography; Interactive media Industries in expanded cultural domains: Musical instruments; Sound equipment; Architecture; Advertising; Printing equipment; Software; Audiovisual hardware
Americans For The Arts Model* (AFTA, 2006)	Businesses involved with the production or distribution of the arts ("arts-centric businesses")	Museums and Collections; Performing Arts; Visual Arts/Photography; Film, Radio, and Television; Design and Publishing; Schools and Services

* The DCMS Model and Americans For The Arts Model were updated to the latest versions available

Source: UNDP, 2013; DCMS, 2015; AFTA, 2006

bank loans and overdrafts are low compared to other small and medium enterprises because entrepreneurs choose not to pursue formal financing. This may be partially due to the financial institutions perceiving the record industry as dominated by eccentrics, but Wilson and Stokes assert that cultural entrepreneurs increasingly have some formal business management training (Wilson & Stokes, 2005). These findings echoed Leadbeater and Oakley's assertions (1999, pp. 22-23) that very few creative entrepreneurs go to banks or outside investors to raise money, and have a general distrust or suspicion of public subsidies due to "too many strings attached".

Leadbeater and Oakley (1999, pp. 15-16) state that the highly individualistic but highly collaborative nature and the network structure of cultural and creative organizations should lead the way in showing more mature industries how to work in such ways to promote innovation. They also state that team-based creative work is becoming the norm where workers are more mobile and change is a normal occurrence. Byrne (2000, p. 46) states that enabled by ICT, the structure of creative firms is "intentionally ephemeral... predicated on constant change, not stability, organized around networks, not rigid hierarchies, built on shifting partnerships and alliances". Coy (2000, p. 41) states that firms are dependent upon ideas to survive and these ideas are intangible – because of "the stuff inside employee's heads".

Not all creative workers are independents who work in micro-enterprises for low wages and a sense of artistic fulfillment. Florida (2002, p. 5) recognizes that most creative workers are employees and the 'no-collar' workplace has an orientation towards informality, collegial self-managed and highly autonomous teams that constitute a 'new order in the workplace'. The requirement to change working conditions and the approach to management of the "new order work-

ers" has lead companies to offer perquisites to acquire and retain knowledge workers. Coy (2000, p. 42) says that firms are extorted to provide such amenities to workers as a sort of welfare capitalism. Florida (2002, p. 13) says that employers will have to cater to and create for their employees the environment they want, or the companies will wither and die. The impact of the perceived new employment environment lead Caves (2000) to argue that a spill-over effect has occurred where other industries are now having to meet the management approach in the ICT and creative industries and this spill-over effect may be the largest impact on the new order in the workplace.

Judging by the amount of literature on the new industrial revolution, and the emphasis placed on creative workers by governments and academics in the new economy, it would seem that there is a budding utopia for workers. Workers are becoming more autonomous, in some industries they are being feted and cajoled into productivity through perquisites and attractive salaries, but in others they are under-paid and receive satisfaction for what they do and not how much they are paid. The gap between the conditions for workers in the creative industries appears to be as large as the classification itself.

3. THE MUDDLING OF THE MESSAGE

Although the new order in the workplace appears to have followed the explosion of ICT-based industries and the jobs they create, it may benefit the reader to step back from the claims of impending worker and organizational utopia through technology and examine what underlies the changes to the economy from a creativity and management perspective. Computer technology has changed how we interact with the world and each other, but some aspects of the ICT and creative industry management 'revolution' may be less about 'revolution' and more about 'evolution'. . The change in how creative industries are

managed is about retaining organizational forms and habits that traditionally have been cast aside in the quest for growth. Florida (2002, p. 5) observed that the no-collar workplace allows for collaboration, peer review, and feedback (Florida, 2014, p. 110) which draws on Brown and Duguid's "Communities of Practice" model (1991), and Leadbeater and Oakley (1999, p. 16) state that "Partnerships, bands, and teams that are formed and reformed." Both these statements point to the use of a quasi- or fully- ad hoc organizational form to conduct their business. Mintzberg's definition of an 'adhocracy' is a temporary organization created to deliver a specific product or output, generally under conditions of uncertainty (Mintzberg, 1980, pp. 336-338). Lam (2004) states that adhocracies are difficult to sustain in the long run as the flexibility required to solve immediate needs could lead to conflicting management decisions or unclear strategic direction. Silicon Valley is an example of a labor pool or community of practice that allows for immediate resourcing of highly skilled workers to satisfy a need (Lam, 2004, p. 130). Lam (2004, p. 130) also points out that a negative side of the adhocracy is that because most knowledge is tacit, it could leave the organization when the worker does.

Many companies in high technology are using a flat [horizontal] management structure, referred to as Holacracy or Open Systems (Robertson, 2007, pp. 6-7). The structure is arranged in vertical circles of organizational functions empowered to make decisions, where the circle above has almost absolute power over the sub-circle below. The intent, according to Denning's article (2015) is that the holacracy hierarchy is run by organizational functions rather than bosses. Zappos is one of the larger companies to move to holacracy (Lapowsky, 2013). Workers are organized into 400 'circles' or teams and assigned specific work. Denning (2015) notes in a review of Zappo's progress so far that 14% of employees have left the company since the holacratic structure was

put in place, although Denning does note that it is difficult to know whether they were 14% of the best or the worst employees. Denning also notes that it is too soon to determine whether Zappos' holacracy experiment is a success. GITHUB is another example of an organization that has few middle managers or formal job titles. Employees tend to rally around development projects that need to be done. There are disadvantages to this structure. Finley (2014) points out that formalized Human Resources departments may not work well in situations of holacracy, thus leaving gaps in the security net for workers against harassment and gender-based bias. Even culture can be problematic. Finley (2014) observes that a former Valve software employee wrote: "...inevitably leads to dis-function and abuse. Charismatic leaders could use their position to advance their own agenda, award desirable tasks and projects to an 'in group', and shift blame for mistakes". Although one may argue that this situation could happen in any organizational structure, having few or no middle managers to identify and correct potential inequities may allow it continue unchecked. Lack of diversity is also a potential negative due to hiring practices that look for 'fit' with the culture the company wants to either build or maintain. These fit concerns may lead to a lack of diversity in hiring employees as the fit upper management covets looks much like the upper management themselves (Finley, 2014).

4. ORGANIZATIONAL EVOLUTION ALONG THE MARKET LIFECYCLE

Many of the cultural and creative industries are either influenced by high technology tools or are *de facto* high technology firms. Creative ICT industries have only come about in the last two decades, and the massive technology leaps have enabled each generation to change how it reads, watches, and purchases. This study argues that high technology-influenced creative industries are still evolving and creating newer and better

technologies and then adapting to the use of those technologies. Every time there is an incremental innovation, the creative response is to attempt to leverage it for gain. This drives a continuous cycle of introduction and growth that could then delay the firm from entering the mature stage of the lifecycle. The leveling off of the technology landscape, which may indicate a period of stability and entry into a mature phase, does not appear to have happened yet. Certainly there will be some segments which are mature or even in decline, but not the industry as a whole.

One can also examine the characteristics of the management approaches and behaviors of firms along the lifecycle to identify management approaches and contrast them with the firm life cycle. Single entrepreneurs and small companies generally have a simple management structure (Mintzberg, 1980, pp. 331-332). This simple structure allows for quick responses and decision-making, and may become a horizontal structure where the manager or leader has a larger span of control (Gibson et al., 2012, pp. 399-400) but with a quicker response time to internal and external inputs as markets and commercial landscapes

are non-linear (Koplyay & Mitchell, 2014b, p. 6-8). As the firm hierarchy grows and expands vertically the layers of management grow and response times increase due to increased formality and time required to make a decision (Koplyay & Mitchell, 2014a, p. 7-9). Figure 1 shows how the leadership style of organizations change through the lifecycle from 'creative' in the initial stages, to 'supportive' during introduction and growth, to 'formal' in the late growth and early maturity stages, and finally to 'directive' in the late maturity and the decline stages.

5. KEEPING INNOVATION AND CREATIVITY ALIVE THROUGH LEADERSHIP

The success of the creative industries, especially those related to ICT, is considered by governments to be a prime driver of economic development for the future (Gordon, 2000, p. 2; European Commission, 2012, pp. 217-218). Yet, scholars identify instances where young and growing companies move from more open or adhocratic structures (perhaps even holacratic structures) to a more traditional form of organization. This supports the assertion that the new economy may not be all that new. Some businesses have grown

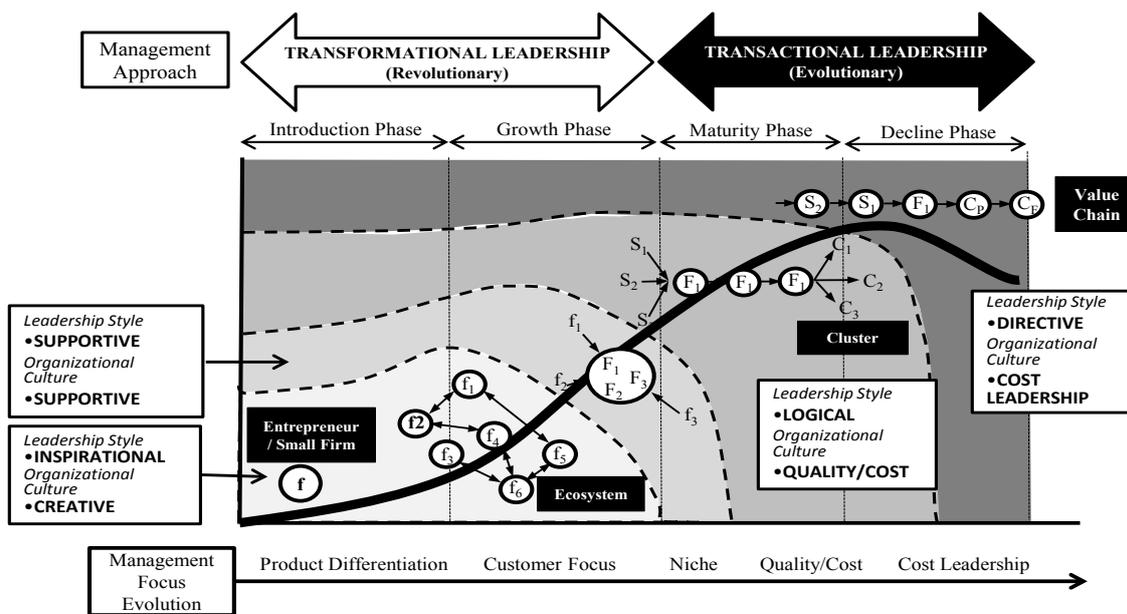


Figure 1. The Corporate Lifecycle for Organizational Culture and Leadership
 Source: Koplyay, Sanchez, & Lloyd, 2011 as adapted from Rowe et al., 1999

and developed to a point where the management approach is not scalable to their new growth reality, and revert to traditional management approaches (Barrett, 2004, p. 781):

Unfortunately, as the company grew and the market became more competitive, this self-management proved too chaotic and soon had a commercial discipline imposed upon it. New senior managers were employed – ‘the suits’ – and the company became more conservative and conventional.

Mayer-Ahuja and Wolf (2007, p. 98) observe:

Following massive job losses, the management of the remaining workers within the companies were tightened. Egalitarianism was replaced by hierarchy; “collective muddling through” displaced by “clearer distribution of functions. A deepening division emerged between carriers and managers, with the creatives autonomy restricted: channeled by the newly established hierarchies, stricter controls, and the subsumption under economic imperatives.

Banks (1999) (as cited by Warhurst, 2009, p. 227) expresses:

Such research would suggest that far from ‘mainstream’ firms becoming more like those in the creative industries, the opposite can occur. To emphasize this possibility, assessing the future of the UK fashion, music, and graphic design industries, Banks (1999) notes that as these industries mature, he detects a ‘a generational shift’, with the new firms ‘becoming more mainstream, formal, and businesslike’ (1999; 5). In other words, these industries are converging on the putative ‘old economy’ model.

Hotho and Champion (2011, p. 10) found that when a small computer game design company changed from work for hire to intellectual property (IP) and developing their own computer games, the corporate culture changed from a col-

laborative team approach based upon a defined set of company values to a more formal management approach. Previously, the management had aspired to create buy-in to company cultural, performance, and behavioral values. Hotho and Champion (2011) found in their research that the workforce was polarized and that some senior management had ‘given up’ on trying to convert people to the new IP approach and withdrew to a more transactional management style.

Some sectors of the industry need to maintain very tight control of their workforce and outputs. Since architecture is a highly regulated profession and due to professional licensing and liability concerns, there is less ability to erect a holacratic structure. Other disciplines such as advertising or visual arts have fewer legal requirements and therefore can be more open to changes in management and organizational structure changes. Although the technology is relatively new, the lifecycle management orientations shown in Figure 1 appear to scholars to be following their traditional chronological order (Florida, 2002, p. 224): how management is evolving is not new.

What if managers could make time stand still using creative and supportive management while still allowing a certain amount of formal control as the industry matures? This would entail a realignment of the existing approaches to return to the ways in which the creative and supportive management operated with the appropriate formal management approaches to maintain and enhance innovation through the growth stage and into maturity.

Examination of the organizational lifecycle and the evolution of a firm’s structure is now generally limited to high-technology companies or ventures that progress from start-ups to growth companies to maturity in a step-by-step manner, but one could posit that creative industries in the new computer age also fit this description due to the industry-wide technology revolution that has changed how much of the industry

works. The lifecycle information presented is based upon the work of Kopyay and Mitchell (2014a, b) in the high technology sector, which looks at how organizations change, and how their management and culture change through the firm life cycle.

Examining the creative industries in the context of the life cycle, the start-up or introduction phase of the firm is generally led by an artist/entrepreneur who has a vision and idea that they want to market. During this time the management is focused on the artist/entrepreneur and a small group of individuals who are supporting the artist/entrepreneur. Both the Simple structure and the Adhocratic structure (Mintzberg, 1980, pp. 331-332 and pp. 336-338, respectively) are applicable to this organizational stage. The early stages of development have much uncertainty and require a fluid approach by the small organization and will most likely fit Gibson et al.'s organic structure (2012, pp. 412-414). The structure can change to match the prevailing market or technology conditions with agility and quickness. Closer to the adhocracy model than any other structure, the needs of the organization can be quickly identified and artists/experts or technicians can be quickly added to address needs.

In *The Independents: Britain's new cultural entrepreneurs*, Leadbeater and Oakley (1999, p. 12), say that creative companies tend to either be very small or quite large. The author posits that many creatives will prefer to retain autonomy and control over their work and choose to stay in the 'start-up' mode of a small company that is agile and simple, purposely avoiding growth.

Other artists/firms will choose to grow, and their organization will move into the next stage of growth, moving from the simple or adhocratic structure to more formalization of the company's form and culture in moving from a loose management structure, to a more static structure where roles and responsibilities are better defined and successful commercialization of products and

gaining of market share is the goal (Kopyay et al, 2011, p. 2). Transformational leadership is still required at this point since the competition for market share requires highly motivated employees and a clearly defined strategy. The organizational learning aspect of the firm is also still required as shifts in product design or marketing directions may be required.

As the firm moves into maturity, Figure 1 shows a shift to transactional leadership as professional managers are hired to manage the various portions of the company and roles, responsibilities, policies and procedures are formalized into a more functional structure. Learning and innovation become more incremental. The organizational strategy becomes that of having to take market share from the competitors to increase your own.

6. TRANSFORMATIONAL LEADERSHIP FOR CREATIVES

Drucker (2003, p. 232) states that to survive, every organization will have to change by becoming change agents because "...experience has shown that grafting innovation on to a traditional enterprise does not work."

Since creative industries have to use innovation to survive, what type of leadership could maintain the creative atmosphere in firms as they move into the mature market phase? The Full Range Leadership Model of Gill (2012) describes three leadership models: *Laissez-faire*, Transactional and Transformational. *Laissez-faire* leadership can be best described as disconnected and weak in addressing problems and taking action. These type of managers do not use a specific management style to any great extent.

Transactional leaders manage by exception and by contingent reward using passive and active approaches. Passive management by exception involves setting out the expected results and then addressing variations. Active management by

exception uses detailed monitoring and correcting variations, and enforcing rules and procedures. Contingent reward sets performance standards and rewards meeting the standards either financially or psychologically. Gill (2012) describes transactional leaders as being 'strongly directive' and tend not to use consultative, delegative, or participative management styles. Gill explains that this style tends to allow short-term success, but limits employee development and can lead to loss of competitive advantage.

Transformational leaders not only transact with followers, they motivate and develop the followers. Transformational leaders create employee or follower that put the organization's goals ahead of personal goals. Bass and Avolio (as cited in Gill, 2012) outlined how the transformational leader achieves follower congruity:

- (1) Individualized consideration: active listening to followers, identifying concerns, provide supportive opportunities for development, and actively coach them.
- (2) Intellectual stimulation: by questioning the status quo, transformational leaders provide ideas that followers can develop into innovations for the firm.
- (3) Inspirational motivation: transformational leaders create inspiration within followers with a clearly articulated vision of what the firm, and thus, the employees, can achieve together. This sets the stage for personal goals and organizational goals in alignment, and increases the chance of success by the perceived "ownership" of the end state envisioned.
- (4) Idealized influence: by taking personal responsibility, leaders show confidence in the vision of the end state and are purposeful, emphasizing success instead of failure, and show trust in others.

Transformational leaders inspire loyalty, respect, and trust by addressing other's needs, and building capacity in the organization. High morals and ethical behavior show a positive example

to followers. Unlike transactional managers, transformational leaders consult, delegate, allow others to participate, and when required, use a directive style.

Hierarchical levels do not appear to affect the success or impact of transformational leaders, no matter their level. Although transformational leaders occur less at the lower levels of the management hierarchy, as the increased effectiveness of transformational leadership versus transactional management is higher at all levels of the hierarchy (Gill, 2012).

The characteristics of the transformational leader noted above lead to the empowerment of 'followers' or the employees of the organization. Gill (2012) states that employee satisfaction comes from a sense of self-efficacy from the capabilities or competencies the employees have gained through empowerment on the job. The leaders that remain in the background and allow their employees to come to the fore, while remaining invisible, are often the best leaders. Empowerment allows a sense of propriety or ownership over their job and their position. McGregor's Theory Y (1960) is connected to intrinsically or self-motivated people. In organizations where empowerment is part of the management approach, the formal decentralization of authority allows employees to have decisional power (Gill, 2012). This decision power may stem from periods of informational uncertainty where decisions have to be made very quickly to react to a market situation.

One truly powerful observation that Gill (2012 p. 236) makes is that with empowerment, there also comes management responsibility to provide adequate tools and resources for success in what employees are doing. Quinn and Spreitzer (1997, p.43) argue that an organization should "...reinforce efforts to take the initiative and risk rather than punishing failure when people do this."

It can be posited that smaller cultural and creative firms will be able to maintain transformational

leadership as their organizations are flat and able to easily react to changes in the economy or market/technological environment. Creativity from those who choose to retain the scope and size of their company small will, depending upon the efficacy of the leader, be able to maintain innovation. Medium-sized enterprises may be able to continue on the innovation curve if they are not tempted to enter into more transactional management styles as they grow into a larger organization.

Larger organizations could well be where the most change occurs. Returning to their core creative habits and flat (horizontal) organizational structures while maintaining or re-introducing transformation leadership may be much more difficult for a company that has established a mature culture and procedures. In addition, balancing the challenging nature of 'tight-loose' management may not be possible in companies that are publicly traded as short-term revenue projections and profitability are always a concern.

7. CONCLUSION

McLuhan (1964) stated that the message of any medium is the pace of change that it brings to society, and ICT has had a profound impact upon the cultural and creative industries and the world as a whole. The author proposes that the new economy is not that 'new' after all but is following the natural lifecycle that every industry or market follows. The 'newness' or the 'message' is how we interact with the technological outputs and due to the explosion of the creative industries and ICT uptake in society, the newness, shininess, and pervasiveness of constant technological change has *muddled* the reality that this industry is like every other industry and has a lifecycle in which firms experience well defined stages of evolution.

As firms in the creative industries become more mature, keeping the 'creativity' will be a challenge for many of the industry players as they grow. Specific ways to encourage the workforce to remain creative and innovative may not come

from finding a new way to manage as the firm grows, but from maintaining the transformational leadership style that is required in the early stages of organizational development. Business schools, entrepreneurial associations, and technical and art schools need to teach how to innovate and, perhaps more importantly, how to maintain the momentum of innovation through transformational leadership. Firms that can keep the spark of innovation alive will be able to craft "the message".

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