

The Role of Entrepreneurship and Business Consulting in Companies in Creative Industries

Submitted: 11.07.17 | Accepted: 21.01.18

Magdalena Ratalewska*

The efficiency of operations of a small and medium-sized business depends largely on the entrepreneurial spirit, skills and knowledge, as well as creativity and openness to the introduction of new solutions on the part of its owner. Undoubtedly, with growing awareness of the role of entrepreneurship in management of micro, small and medium-sized companies, demand for various types of advisory services also increases. The aim of the paper is to analyse micro, small and medium-sized companies in the creative industries sector in terms of entrepreneurial behaviour and experience associated with using consulting services. The paper describes the results of the study conducted by means of the CATI (Computer Assisted Telephone Interview) method in 60 companies in the Lodz Region using consulting services and operating in the area of: (i) marketing and advertising, and (ii) computer games and IT. It was a pilot study.

Keywords: SMEs, creative industries, entrepreneurship, consulting.

Rola przedsiębiorczości i doradztwa w firmach z sektorów kreatywnych

Nadesłano: 11.07.17 | Zaakceptowano: 21.01.18

Efektywność małej i średniej firmy w dużej mierze zależy od stopnia przedsiębiorczości właściciela, jego umiejętności i wiedzy oraz jego kreatywności i gotowości na wprowadzanie nowych rozwiązań. Niewątpliwie wraz ze wzrostem świadomości roli przedsiębiorczości w zarządzaniu małą i średnią firmą rośnie zapotrzebowanie na różnego rodzaju usługi doradcze. Celem artykułu jest analiza mikro-, małych i średnich firm z sektorów kreatywnych pod kątem przedsiębiorczych zachowań oraz doświadczeń związanych z korzystaniem z usług doradczych.

Referat opisuje rezultaty badania przeprowadzonego metodą CATI (Computer Assisted Telephone Interview) na 60 firmach województwa łódzkiego korzystających z usług doradczych funkcjonujących w branżach: (i) marketingu i reklamy oraz (ii) gier komputerowych i IT. Badanie ma charakter pilotażowy.

Słowa kluczowe: MSP, sektory kreatywne, przedsiębiorczość, doradztwo.

JEL: L25, L26.

* **Magdalena Ratalewska** – PhD, Department of Entrepreneurship and Industrial Policy, Faculty of Management, University of Lodz.

Correspondence address: Department of Entrepreneurship and Industrial Policy, Faculty of Management, University of Lodz, Matejki Street, 22/26, 90-237 Lodz, Poland; e-mail: mratalewska@uni.lodz.pl.



1. Introduction

The creative industries sector has become the subject of research quite recently. This is a new field of science that has been growing rapidly since the 1990s. The first attempts to define creative industries were undertaken at the beginning of the 1990s in Australia. In 1997, the UK Department of Culture Media and Sport (DCMS) formulated the most commonly used definition, according to which creative industries are “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 2009, p. 4). In 2008, a global definition of creative industries was proposed in the Creative Economy Report about the state of the creative economy released by the United Nations Conference on Trade and Development (UNCTAD). According to the said definition, this sector “is the interface among creativity, culture, economics and technology, as expressed in the ability to create and circulate intellectual capital, has the potential to generate income, jobs and export earnings while at the same time promoting social inclusion, cultural diversity and human development” (Analiza potrzeb..., 2009, p. 4).

The creative industries sector is broadly defined as “creative enterprises that are market-oriented, and deal with creation, production, distribution and/or dissemination of creative goods and services through the media” (Analiza potrzeb..., 2009, p. 7).

The creative industries sector includes such activities as: advertising, film and video, architecture, music, art and antiques market, performative arts, computer and video games, publishing market, crafts, design, software, radio and television, and fashion that represent two branches of the creative economy, i.e. the traditional cultural industries and the new knowledge-based sectors (DCMS, 2009, p. 25). In this approach, creative industries have been identified as: (i) having their origin in individual creativity, skill and talent; (ii) having the potential to create wealth and generate jobs throughout generations by continuous exploration of new possibilities.

Creative enterprises are particularly important for the economy as they have an impact on building the economic potential of countries, cities and regions. Their foundations are based on: (i) the size of demand for goods and services which are the product of human creativity, and the creation of pro-consumer attitudes; (ii) high levels of human and intellectual capital; (iii) openness to innovation. Enterprises from the creative industries sector are often characterised by features of entrepreneurial organisations focused on creativity and innovative solutions.

2. The Concept and Importance of Entrepreneurship

The concept of entrepreneurship appears at the end of the 18th and the beginning of the 19th century, A. Smith, J. B. Say and J. Schumpeter are considered its precursors. They provided the foundations for today's reflections on entrepreneurship.

A. Smith attributed an important role to the person of the capitalist, i.e. a person who invests capital contributing to wealth creation. A decisive role in the economic system was assigned to the market mechanism called by A. Smith "the invisible hand" of the market. He identified the entrepreneur with a business owner, a provider of capital, and business success with quick and smart adaptation to the developments taking place in the economy. He made therefore a clear distinction between the capitalist and the entrepreneur. i.e. a person who is a business owner, takes final decisions and is exposed to business risk (Piecuch, 2013, p. 19).

J.B. Say described entrepreneurship as an opportunity to transfer economic resources from areas of lower productivity to areas of greater yield. He saw the essence of entrepreneurship in such a behaviour of the entrepreneur that shifts economic resources from an area of lower productivity to an area of higher productivity and greater yield, thus increasing production and achieving a higher return. In his concept, the entrepreneur is a stand-alone manufacturer combining capital and labour factors with entrepreneurial activity (Bławat, 2003, p. 19).

J. Schumpeter, the creator of the classical theory of entrepreneurship, saw the entrepreneur as a person characterised by creative activity reflected in the implementation of new concepts, emphasising, however, that the entrepreneur does not have to be an inventor. The entrepreneur's role is mainly associated with the ability to use creative activities of inventors. J. Schumpeter identified five functions of entrepreneurship that include: (i) production and distribution of new products, (ii) introduction of new methods of manufacture, (iii) creation of new business forms, (iv) opening of new markets, (v) conquest of new sources of raw materials and other supplies. The characteristics of an entrepreneurial person presented by J. Schumpeter are dominated by the image of a person full of ideas, initiative, and perseverance in overcoming problems and breaking stereotypes, resistant to stress and failures (Schumpeter, 1960, p. 64).

In the management literature, P. Drucker was the first to describe the nature of entrepreneurship, treating entrepreneurship as a close combination of entrepreneurial and innovative activities aimed at market success. In his opinion, an entrepreneurial person always seeks change, responds to it and exploits it, perceiving change as an opportunity (Drucker, 1992, pp. 30–37).

Entrepreneurship is analysed from the economic, psychological and process perspective. The economic approach means "such combination and engagement of production factors in a business run in the conditions of

uncertainty and risk to ensure profit for the person or a group of persons who act as entrepreneurs” (Matusiak, 2006, p. 28). In the psychological approach, entrepreneurship is defined as an element of human personality, personal attributes, skills, motivation, and real-world behaviour. An entrepreneurial man is active, creative, characterised by the ability to mobilise others to act, showing courage in making decisions and implementing ideas (Klimek 2016, p. 27). In the process approach, entrepreneurship is seen as a process that consists of consecutive stages. It is focused on the use of an innovative idea, takes into account the possibility of risk, and also aims to bring certain benefits. According to A. Shapero, the process approach includes showing initiative (individually or in groups), combining resources to create a business, control of its operations, freedom of action, as well as risk-taking (Piecuch 2013, pp. 40–41). The main elements of the entrepreneurial process comprise a chance (an opportunity), resources and a team. A chance (an opportunity) should be understood as the future state of affairs which is seen as desirable and achievable, different from the present situation. The recognition of an opportunity by the entrepreneur underpins the whole process. Its presence prompts to take action that enables its exploitation. The entrepreneur subsequently collects resources and creates a team that will help in achieving the objectives pursued (Glinka and Gudkova, 2011, pp. 56–58).

Entrepreneurship is a very important element of the functioning of micro, small and medium-sized enterprises in creative industries as it provides the ability to create, visualise and seize opportunities, take control of possibilities, organise the necessary resources leading to the creation of new products and services.

3. The Role and Significance of Business Consulting

Entrepreneurs that set up small and medium-sized companies rarely have all the knowledge necessary for their effective management; in addition, the scope of essential knowledge changes with the growth of the company (Stawasz, 2016, p. 231). Business consulting is characterised by diversity in relation to the content of services provided to companies of various sizes and at different stages of development (Mole, Baldock and Nort, 2013, pp. 1–38). Owners of micro-enterprises are more likely to use other types of advisers instead of business consulting firms and professional consultants. For this purpose, they tend to use business relations (friends, family) that do not perform advisory functions, such as accountants, suppliers, bank staff, clients/customers or business partners (Głodek, 2017). Owners of small and medium-sized businesses see more need for and make increasing use of external advisory services. Consulting serves to solve problems in the sphere of management, identify and exploit new opportunities, learn and implement changes.

Business consulting can be divided according to two main criteria: functional and institutional. According to the functional criterion, business consulting consists of (i) general advice provided for smaller companies in the early stages of development, (ii) function and issue-specific advice, and (iii) specialised consulting provided for larger, more mature companies. According to the institutional criterion, it is divided into (i) internal consulting encountered in large, mature enterprises, and (ii) external consulting which is a paid or free of charge service offered by professional and independent natural persons and legal entities (Stawasz, 2015, pp. 181–182).

The use of business consulting can serve three functions: (i) to have a positive influence on the reduction of the knowledge gap in the area of management, helping indirectly in the creation of the development strategy, (ii) to directly participate in the creation of the development strategy, or (iii) to assist managers in the creation of the development strategy. The awareness on the part of managers as to the role of advisory services in the process of management and company development is of great importance since they determine the scope and intensity of the involvement of consulting services in the process of learning and creating their companies' development strategies (Stawasz and Grabowski, 2016, p. 54).

According to M. Jaques and B. Povey, there are three roles of business advisers in the SMEs' sector: (i) operational advisers with extensive knowledge of business operations but no deep specialised expertise, (ii) expert advisers who have knowledge of areas such as ICT, innovation and technology development, finance, international exchange, professional training, etc., (iii) advisers to managers who are responsible for directing activities of expert or operational advisers, but also perform some of consultants' tasks (Głodek and Łobacz, 2012, p. 13). C. Wren and D. Storey note that small business owners do not assign advisory services the key importance in their business activity, but often treat such services as important. They mention two reasons for the deliberate search for business advice: (i) a need for contact with modern solutions due to the anticipation of problems that may occur in the future, and (ii) a need to deal with the crisis already existing in the company (Głodek and Łobacz, 2012, p. 14).

Access to external knowledge resources can become one of important factors affecting the way an enterprise operates as well as the possibility and manner of its development. The use of external knowledge can play a positive role in the process of weakening barriers to development and reducing the perceived risks associated with decision making in micro, small and medium-sized enterprises (Głodek and Łobacz, 2013, pp. 245–262).

4. Research Characteristics – Methodology

The aim of the pilot study conducted is the expansion of knowledge concerning experience of entrepreneurship and the use of advisory services

by micro, small and medium-sized enterprises in creative industries. The following assumptions were made: (i) the study includes opinions of enterprises for the period 1.01.2014 – 31.12.2016 as of the end of 2016; (ii) the study was carried out in the period January–April 2017; (iii) research tools included: a survey questionnaire conducted by means of CATI; (iv) selection of the sample was purposeful and the companies were selected on the basis of data from the Central Statistical Office; (v) the survey covered micro, small and medium-sized enterprises in creative industries operating in Poland; (vi) the surveyed managers were company owners; (vii) the analysed sectors included: marketing and advertising, computer games and mobile applications; (viii) 60 companies from the Lodz Region using advisory services were analysed.

The study covered 32 companies in the field of marketing and advertising, as well as 28 companies from the sector of computer games and IT. Most of the analysed companies were micro-enterprises and small businesses.

Sectors					
Marketing and advertising			Computer games and IT		
Micro	Small	Medium	Micro	Small	Medium
18	12	2	15	10	3

Table information: Micro enterprise (fewer than 10 employees); Small enterprise (fewer than 50 employees); Medium-sized enterprise (fewer than 250 employees)

Tab. 1. Distribution of analysed sample. Source: Own research, 2017.

5. Research Results

According to the respondents, their success is associated with high self-awareness, knowledge of their weaknesses and strengths, as well as their ability to make responsible decisions. A person with a high level of independence can independently plan, organise and perform work, taking full responsibility for its results. Such a person can cope with stressful situations, namely sudden changes or time pressure, and situations that require one to make quick, independent decisions. The surveyed respondents from the marketing and advertising sector indicated the following existing entrepreneurial competencies that contribute to the success of their companies: determined, confident, creative, innovative, courageous, and open to cooperation. In the sector of computer games and IT, innovativeness came to the fore, while the other competencies were similarly distributed.

On a scale of 1 to 5, the respondents assessed their attitude towards: (i) seeking an opportunity, (ii) innovations/novelty, (iii) business risks, and (iv) the competition. They assigned themselves high scores, at the level of 4 and 5, and none of the respondents assessed the attitudes mentioned at the level of 1–3.

Attitudes	Sectors			
	Marketing and advertising		Computer games and IT	
	(4)	(5)	(4)	(5)
Attitude towards seeking an opportunity	4	28	10	19
Attitude towards innovations/novelty	14	18	4	24
Attitude towards business risks	15	17	10	18
Attitude towards the competition	14	18	11	17

Tab. 2. Assessment of entrepreneurial attitudes. Source: Own research, 2017.

When assessing their entrepreneurial competencies, the respondents were somewhat more critical by assigning some of these competencies a score at the level of 3 on a scale of five points, which indicates a need for improvement in these areas (and which was clearly emphasised in the comments). In both sectors, the respondents highly assess their competencies to exploit an opportunity and manage their company. Managers from the computer games and IT sector assess their competencies in implementing innovation higher than managers of the marketing and advertising sector.

Competencies	Sectors					
	Marketing and advertising			Computer games and IT		
	(3)	(4)	(5)	(3)	(4)	(5)
Exploitation of market opportunities	3	14	15	2	8	18
Implementation of innovations (designing novelty)	4	16	12	4	4	20
Company management	4	14	14	3	9	16

Tab. 3. Assessment of entrepreneurial competencies. Source: Own research, 2017.

The recommendation of consultants/a consulting company by another company/person using their services (16 responses in the marketing and advertising sector and 18 responses in the computer games and IT sector) is the main channel of obtaining business consulting providers for the surveyed companies. The surveyed respondents also browse the Internet and use knowledge and experience of family members and friends for this purpose.

	Sectors	
	Marketing and advertising	Computer games and IT
Recommendation	16	18
Internet	7	6
Family's and friends' assistance	9	4

Tab. 4. Channels of obtaining business consulting. Source: Own research, 2017.

The most common reason for using advisory services provided by the respondents from the marketing and advertising sector is a need to develop their business (12 responses), then a need to improve financial results, a need to expand their activities, and a need to come into contact with modern technology. In the computer games and IT sector, a need for contact with modern technology (12 responses) comes to the fore, and then a need for company development, improvement of financial results and expansion of the area of activity.

	Sectors	
	Marketing and advertising	Computer games and IT
Company development	12	8
Improvement of financial results	9	4
Expansion of activity	7	4
Need for contact with modern technology	4	12

Tab. 5. Reasons for making the decision to use advisory services. Source: Own research, 2017.

Enterprises in the marketing and advertising sector indicate that financial advice (10 responses) and operational advice (9 responses) are the most popular areas of business consulting for them. For small and medium-sized enterprises from the sector of computer games and IT, the most important element is IT consulting (both internal and external), that is, an opportunity to learn about the latest solutions in the field of modern technology implemented by other companies operating in the market (12 responses). In both sectors, business consulting at the strategic level plays an important role. The investigated companies when asked about the forecast for the need for advisory services indicate the desire to maintain the current demand for business consulting.

	Sectors	
	Marketing and advertising	Computer games and IT
Financial consulting	10	4
Operational consulting	9	3
IT consulting	4	12
Strategic consulting	5	5
HR consulting	4	4

Tab. 6. Demand for business consulting. Source: Own research, 2017.

Factors on the basis of which the entrepreneurs decide on the selection of a consulting agency comprise above all its experience and competence (14 responses in the marketing and advertising sector and 8 responses in the computer games and IT sector), as well as specialisation in the provision of a given service (11 responses in the marketing and advertising sector and 12 responses in the computer games and IT sector). Its price, brand and the possibility of obtaining financial assistance are less important. This shows a tendency to select higher quality services, not necessarily the cheapest, which reflects a positive change in the consciousness of the surveyed respondents.

	Sectors	
	Marketing and advertising	Computer games and IT
Experience and competence of the consulting agency	14	8
Specialisation in a particular type of service	11	12
Price	2	3
Brand of the consulting agency	2	2
Possibility of financial assistance	3	3
Other	–	–

Tab. 7. Criteria for the selection of consulting agencies. Source: Own research, 2017.

The representatives of micro, small and medium-sized enterprises who have experience with the business consulting industry declare their desire to continue this cooperation at the level of 28 responses in the marketing and advertising sector and at the level of 24 responses in the computer games and IT sector. These declarations are in accordance with generally

positive assessments of the quality of previously purchased services, most of which in the analysed sample of enterprises were assessed at the level of 4 or 5 on the scale of five points of satisfaction (29 responses in the marketing and advertising sector and 26 responses in the computer games and IT sector). It should also be noted that very often companies using advisory services cooperate with their providers not once but on a regular basis (30 responses in the marketing and advertising sector and 25 responses in the computer games and IT sector). It is worth highlighting that the investigated companies also provide advisory services in the field related to their own activities in the sector of marketing and advertising sector (18 responses) and in the sector of computer games and IT (21 responses).

Asked for the reasons why other companies in their sector do not use consulting, the respondents indicate: (i) a lack of financial resources, (ii); a lack of such need understood as independence on the part of the managing person, (iii) a lack of knowledge about benefits possible to achieve, (iv) a lack of confidence in consulting agencies, and (v) a lack of knowledge about advisory services.

	Sectors	
	Marketing and advertising	Computer games and IT
No financial resources	11	10
No need, independence	10	8
No knowledge about benefits possible to achieve	5	4
No confidence in consulting agencies	4	3
No knowledge about advisory services	2	3
Other	–	–

Tab. 8. The reasons for which enterprises do not make use of business consulting. Source: Own research, 2017.

6. Conclusions

The study presented in the paper is a pilot one and the issues contained herein will be subject to further verification. However, it can be concluded that nowadays the market offers advisers specialised in virtually every area of business operations in any sector. Even small companies have the ability to conduct their business activities using external knowledge tailored to their individual needs. Selective use of advisory services allows one to prepare a personalised action scenario that minimises business risk and

provides an opportunity for business development. If business consulting for SMEs is to develop faster, the services offered cannot be provided only to professionals by professionals, even though this approach yields positive results in the video game and IT industry (a need for contact with modern solutions). Business consulting should be more open to the issues related to micro, small and medium-sized enterprises and offer services understood by their recipients. The pilot study shows that business consulting in companies characterised by entrepreneurial features fulfils its role and will continue to develop as companies using this kind of services are mostly satisfied with the results and decide to purchase such services again.

References

- Analiza potrzeb i rozwoju przemysłów kreatywnych. (2009). Report prepared for the Ministry of Economy. Warszawa.
- Bławat, F. (2003). *Przedsiębiorca w teorii przedsiębiorczości i praktyce małych firm*. Gdańsk: Gdańskie Towarzystwo Naukowe.
- DCMS (2009). *Investing in creative industries – A guide for local authorities*. UK Government, Department of Culture, London: Media and Sport (DCMS).
- Drucker, P. (1992). *Innowacja i przedsiębiorczość, Praktyka i zasady*. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Glinka, B. and Gudkova, S. (2011). *Przedsiębiorczość*. Warszawa: Wolters Kluwer.
- Głodek, P. (2017). Zaufanie, a źródła doradztwa małej firmy. *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu* (in press). Wrocław.
- Głodek, P. and Łobacz, K. (2013). Model ryzyka w decyzjach strategicznych małych firm innowacyjnych. In: E. Urbanowska-Sojkin and P. Bartkowiak (eds), *Ryzyko w zarządzaniu strategicznym*. Poznań: Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu.
- Głodek, P. and Łobacz, K. (2012). Wpływ doradców biznesowych na decyzje w zakresie realizacji projektów innowacyjnych w MSP – perspektywa europejska. *Zeszyty naukowe Ekonomiczne Problemy Usług*, 714(90). Szczecin.
- Klimek, J. and Klimek, S. (2016). *Przedsiębiorczość bez tajemnic*. Toruń: Adam Marszałek.
- Matusiak, K.B. (2010). *Budowa powiązań nauki z biznesem w gospodarce opartej na wiedzy*. Warszawa: Wyd. SGH w Warszawie.
- Mole, K.F., Baldock, R. and North, D. (2013). *Who takes advice? Firm size threshold, competence, concerns and informality in a contingency approach* (ERC Research Paper, no. 9).
- Piecuch, T. (2013). *Przedsiębiorczość. Podstawy teoretyczne*. Warszawa: Wydawnictwo C.H. Beck.
- Safin, K. (2003). *Zarządzanie małą firmą*. Wrocław: Wyd. AE we Wrocławiu.
- Schumpeter, J. (1960). *Teoria rozwoju gospodarczego*. Warszawa: Polskie Wydawnictwo Naukowe.
- Stawasz, E. (2016). Rola doradztwa gospodarczego w zarządzaniu mikroprzedsiębiorstwami – wybrane oddziaływania i determinanty. *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu*, 419. Wrocław.
- Stawasz, E. and Grabowski, W. (2016). *Rola doradztwa gospodarczego w tworzeniu wiedzy i strategii rozwoju w mikroprzedsiębiorstwach*, *Studia i Prace Wydziału Nauk Ekonomicznych i Zarządzania Uniwersytetu Szczecińskiego*, 45/2. Szczecin.
- Stawasz, E. (2015). Rola doradztwa gospodarczego w zarządzaniu w mikroprzedsiębiorstwach. *Zeszyty Naukowe Uniwersytetu Szczecińskiego Ekonomiczne Problemy Usług*, 121(891). Szczecin.