

---

## STIMULATION OF CULTURAL AND CREATIVE INDUSTRIES CLUSTERS DEVELOPMENT: A CASE STUDY FROM CHINA

---

**Jianfei YANG,**

PhD, Senior Researcher,  
Cultural Development Institute,  
Communication University of China,  
Beijing, China,  
e-mail: gwyjf@126.com;

**Jūratė ČERNEVIČIŪTĖ,**

PhD, Professor,  
Vilnius Gediminas Technical University,  
Vilnius, Lithuania,  
e-mail: jurate.cerneviciute@vgtu.lt;

**Rolandas STRAZDAS,**

PhD, Professor,  
Vilnius Gediminas Technical University,  
Vilnius, Lithuania,  
e-mail: rolandas.strazdas@vgtu.lt;

**Manuela TVARONAVIČIENĖ,**

PhD, Professor,  
Vilnius Gediminas Technical University,  
Vilnius, Lithuania,  
e-mail: rmanuela.tvaronaviciene@vgtu.lt

---

**Citation:** Yang, J., Černevičiūtė, J., Strazdas, R., and Tvaronavičienė, M. (2019). Stimulation of cultural and creative industries clusters development: A case study from China. *Terra Economicus*, 17(3), 169–184. DOI: 10.23683/2073-6606-2019-17-3-169-184

*Cultural and creative industries cluster is currently playing an increasingly important and decisive role in the development of cultural and creative industries. This is especially relevant for China where cultural system reform promotes the clusters development from 2003. Bearing this in mind, the authors focus on the cultural system reform in China and attempts to find new ways and novel solutions for the promotion of the development of cultural industries clusters. The case of the first national level cluster of cultural and creative industries has been selected and elaborated upon as an example and a comprehensive yet inspirational case study with a purpose to demonstrate the experience with the CCI clusters development to the potential followers. Furthermore, the problems and functions of CCI clusters management are discussed from many angles and points of view and in greater detail. In addition, neo–endogenous model for CCI clusters development is*

*also presented and explained in greater detail. Overall, our results demonstrate that fast growth of the CCI enterprises in the zone might be achieved using the neo-exogenous model for CCI clusters development based on the neo-endogenous facilitators. Moreover, it appears that additional research might be required in order to grasp the mechanisms that would allow to understand how the increase in the efficiency of neo-endogenous model for CCI clusters development can be effectively achieved.*

**Keywords:** *cultural and creative industries; clusters development; neo-endogenous models*

**JEL classifications:** *D21, O31, O10, O32*

## СТИМУЛИРОВАНИЕ РАЗВИТИЯ КЛАСТЕРОВ КУЛЬТУРНО-КРЕАТИВНЫХ ИНДУСТРИЙ: ПРИМЕР КИТАЯ

**Цзянфэй ЯНГ,**

доктор наук, старший научный сотрудник,  
Институт культурного развития,  
Китайский университет коммуникаций,  
Пекин, Китай,  
e-mail: gwyjf@126.com;

**Юрате ЧЕРНЕВИЧЮТЕ,**

доктор наук, профессор,  
Департамент творческой коммуникации,  
Факультет творческих индустрий,  
Вильнюсский технический университет им. Гедиминаса,  
Вильнюс, Литва,  
e-mail: jurate.cerneviciute@vgtu.lt;

**Роландас СТРАЗДАС,**

доктор наук, профессор,  
Департамент творческой коммуникации,  
Факультет творческих индустрий,  
Вильнюсский технический университет им. Гедиминаса,  
Вильнюс, Литва,  
e-mail: rolandas.strazdas@vgtu.lt;

**Мануэла ТВАРОНАВИЧЕНЕ,**

доктор наук, профессор,  
Департамент бизнес-технологий и предпринимательства,  
Факультет управления бизнесом,  
Вильнюсский технический университет им. Гедиминаса,  
Вильнюс, Литва,  
e-mail: rmanuela.tvaronaviciene@vgtu.lt

**Цитирование:** Янг, Ц., Черневичюте, Ю., Страздас, Р., Тваронавичене, М. (2019). Стимулирование развития кластеров культурно-креативных индустрий: пример Китая // *Terra Economicus*, 17(3), 169–184. DOI: 10.23683/2073-6606-2019-17-3-169-184

*Кластер культурно-креативных индустрий (ККИ) в настоящее время играет все более важную и решающую роль в развитии культурной и творче-*

ской сфер по всему миру. Однако, его развитие особенно актуально для такой страны как Китай, где реформа культурной системы способствует развитию кластеров ещё с 2003 г. Учитывая всё это, данная статья посвящена реформе культурной системы в Китае. В статье мы пытаемся найти новые пути и интересные решения для содействия развитию культурной жизни, опираясь на отраслевые кластеры. Пример такого передового кластера культурных и творческих индустрий, существующих в Китае на общенациональном уровне был выбран и разработан в качестве образца для подражания и всестороннего, но в то же время вдохновляющего тематического исследования с целью продемонстрировать опыт развития кластеров ККИ потенциальным последователям. Кроме того, в данной статье обсуждаются проблемы и функции управления кластерами ККИ со многих сторон и точек зрения, а также с применением более подробного анализа этой проблематики. Помимо всего этого, в статье представлена и объяснена в деталях неэндогенная модель развития кластеров ККИ, что само по себе представляет большую новизну. В целом, наши результаты демонстрируют, что быстрый рост предприятий ККИ в зоне может быть достигнут с использованием неэкзогенной модели развития кластеров ККИ, основанной на неэндогенных посредниках. Более того, по итогам нашего исследования становится ясным, что могут потребоваться дополнительные исследования для того, чтобы понять механизмы, которые позволили бы определить подходы, с помощью которых можно эффективно повысить эффективность неэндогенной модели развития кластеров ККИ.

**Ключевые слова:** культурно-креативные индустрии; кластерное развитие; неэндогенная модель

## Introduction

The systematic reforms of cultural industries in China have gradually allowed some cultural public service institutions to function in the market economy and facilitated the development of a cultural economy. With the help of a series of cultural industry reforms since 2000, China is gradually shifting towards an economic structure that emphasizes innovation and knowledge. The dominance of the party monopoly is being challenged by creative entrepreneurs empowered by powerful consumers demanding creative content without state interference. The Communist Party of China (CPC) is attempting to solve the intrinsic contradiction between party dominance and market economy through a series of policy changes (Chan, 2008: 264).

In recent years, Chinese cultural industries clusters are developing fast, which have been the important carriers for cultural industries. Established in Beijing in July 31, 2014, the *National Cultural Industries Innovation Experimental Zone (NCIEZ)* is the first and the only national-level cultural industries cluster in China. The Zone organized the cultural enterprise resource and aimed to find new ways to promote Chinese cultural system reform. After more than two years development, the Zone has taken one seventh of the total income of cultural and creative industries in Beijing. In accordance with *The Beijing Cultural and Creative Industry Classification Standard (2016)*, Cultural and Creative Industries (CCI) refer to the inner-linked industry cluster with creativity and innovation as a fundamental means, cultural content and creative achievements as the core value, intellectual property rights to achieve or consumption for the transaction characteristics, to provide the public with the cultural experience. The scope of cultural and creative industries in Beijing includes nine categories: (1) Culture and art services; (2) Press and publication services; (3) Radio, television and film services; (4) Software and Information Technol-

ogy services; (5) Advertising and exhibition services; (6) Works of art productions and transactions services; (7) Design services; (8) Culture and entertainment services; (9) The production and sales of stationery products and other ancillary services (Beijing Cultural and Creative Industries White Paper, 2017: 47).

### Literature review

The rise of clusters as a concept emerges out of the business management literature, and particularly with the work of Michael Porter (Porter, 1998). In extending his competitive advantage model from firms to nations, Porter observed that understanding the dynamic and sustainable sources of competitive advantage required a shift of thinking away from costs and production efficiencies towards promoting productivity growth over time and innovation, in particular the spillover benefits that can emerge from being in particular locations, including the presence of related and supporting industries. Porter argued that location within particular clusters is able provide three sources of competitive advantage to the firms that are a part of them:

1. Productivity gains, deriving from access to specialist inputs and skilled labour, access to specialized information and industry knowledge, the development of complementary relationships among firms, and access to institutions providing public or quasi- public goods, such as universities and training institutions.
2. Innovation opportunities, derived from proximity to buyers and suppliers, ongoing face-to-face contact with others in the industry, and the presence of competitors which stimulates pressures to innovate in circumstances where cost factors are similar.
3. New business formation, as there is better information about opportunities, better access to resources required by business start-ups (venture capitalists, skilled workforce), and reduced barriers to exit from existing businesses as takeovers and mergers are more readily facilitated due to shared informational resources.

Porter emphasizes the part played by attributes of the proximate business environment in shaping the competitiveness in clusters - “local factor and local demand conditions”; “related and supporting industries”; “firm strategy and local rivalry”, which are supported by “chance” events and “government” actions. Sustained competitiveness for a given cluster can be achieved when these factors reinforce each other to form a “system” - if a clustering of economic activity (for example, Hollywood) is characterized by a systemic atmosphere, it follows that in case you want to be in-the-know, you might prefer “to be there”, since the advantages associated with it are difficult to gain from a distance, and it is hard to imitate the same system in another location, which reinforces the sustainability for the cluster.

Cluster theories bring together two trends in economic geography: 1) tendency towards *localization*); and 2) tendency towards *urbanization*. Marshall’s analysis pointed to the benefits in terms of labor market specialization, tacit knowledge and institutional specialization, and was developed in three directions in the 1980s and 1990s:

1. There was an interest in the industrial districts in those cities and regions that ignored trends towards de-industrialization and the shifting of manufacturing industry towards lower cost centers in the developing world.
2. There were those regions where value adding to a primary product had occurred through cluster developments that had a global impact, such as in the wine-making regions of Chile or South Australia.
3. The focus on developing new high-technology districts that could become the “next Silicon Valley” (Von Burg & Kenney, 2000).

Some clusters consist of businesses that work in the same field, but at different stages of the value chain; other clusters combine businesses and public institutions in a certain branches (Abrham et al., 2015; Monni et al., 2017; Žižka et al., 2018; Lisin et al., 2018;

Havierníková & Kordoš, 2019; Petrenko et al., 2019; Bublienė et al., 2019). Depending on what is to be clustered, clusters promotion will take a very different form. Often the adoption of a cluster approach highlighted local advantages for enterprise development by attempts to facilitate interaction between existing and potential enterprises, possible cultural consumption and the aspirations of the local policy regime (Černevičiūtė et al., 2012; or Yang & Černevičiūtė, 2017).

The cluster approach was widely adopted as ‘knowledge or creative economy’ strategy of economic development: creative economies as external agglomeration economies were explained in terms of both diversity and specialization. Feldman and Audretsch (1999) link them to innovation, while Lorenzen and Frederiksen (2008) underline the co-existence of creative cities and knowledge. Cities remain central to ‘knowledge or creative economies’ on the basis of factors such as the benefits of proximity for diverse businesses, concentrated consumer demand for services, culture and entertainment, diversity of populations, the concentration of business, professional and legal services in cities, and their location of corporate headquarters in “global” cities.

The presences of cultural resources in the territories - the basic reasons for the clustering of creative industries are still recognized based on the traditional concept of ‘agglomeration economies’ (Campbell-Kelly et al., 2010). According C. Chapain and L. De Propriis, “Agglomeration economies can be broadly defined as advantages in costs or quality due to the spatial concentration of productive resources and actors (population, firms, institutions and other collective agents)” (Chapain & De Propriis, 2009).

The economy of urbanization is related to the concentration of industry when the total economic size of a city increases (Florida, 2002). The urbanization economy explains the concentration of creative industries as they benefit from the size or capacity of the local consumer market, the combination of land use and the diversity of activities. They create a dense and diverse network of agents that promote mutual economic and social support and knowledge transfer through crossover mechanisms and encourage creativity and innovation (Lazzeretti et al., 2013: 45–48).

Moreover, Lorenzen & Frederiksen (2008) differentiate urbanization economics from those associated with localization on the basis of the place itself attracting a diverse range of industries and types of employment, in contrast to the concentration of a particular industry coming to define the location. The positive externalities that cities develop include their diversity of industries, the sharing of knowledge among unrelated firms and industries, the diversity of labor, skills, knowledge and ideas that act as stimuli to innovation and entrepreneurship, and the range and diversity of institutions and infrastructures (Lorenzen & Frederiksen, 2008: 159–160). Cities ‘have become more and more preoccupied by the notion that cultural industries ... may provide the basis for economic regeneration, filling the gap left by vanishing factories and warehouses, and creating an urban image that would make them more attractive to mobile capital and mobile professional workers’ (Hall, 1998: 8). The growing interest in creative cities has arisen in part out of the awareness that, in the 21<sup>st</sup> century, cities have become more important: because of the rise of the cognitive-cultural economy (Scott, 2008b), of the creative industries (Hartley, 2005) or the creative economy (UNCTAD, 2008). Scott linked the centrality of cities to three core elements of this economy:

1. The contractual and transactional nature of production in knowledge-intensive and creative industries, which involve ongoing relationships between shifting networks of specialized but complementary firms. Geographical proximity reduces the transaction costs of joining and maintaining such networks across projects and over time.
2. Specialist workers engaged in these industries are drawn to such urban agglomerations as the center of activity, thereby reducing job search costs, and as “talent magnets” for those aspiring to work in such industries.

3. The resulting local system of production, employment and social life in turn generates learning and innovation, and ‘a “creative field” or a structured set of interrelationships that stimulate and channel various kinds of creative energies’ (Scott, 2008a: 313).

The notion that city cultures could constitute a key source of location-based competitive advantage became one of the big ideas of urban economic geography in the 2000s. Landry drew attention to the role played by creative cities in catalyzing economic and social innovation, particularly through the formation of a creative milieu, who generate what he terms a soft infrastructure of ‘social networks, connections and human interactions, that underpins and encourages the flow of ideas between individuals and institutions’ (Landry, 2000: 133).

Alongside the resurgence of cities has been a rethinking of the role of culture, from a set of activities defined by their distance from the economy (the non-commercial arts), towards culture as a resource: “Culture, therefore, should shape the technicalities of urban planning rather than be seen as a marginal add-on to be considered once the important planning questions like housing, transport and land-use have been dealt with“ (Landry, 2000: 7). Culture was understood as the key to success in the Information Economy, because of the ability to create new ideas and new forms of expression. Cultural wealth no longer was regarded in the industrial terms, as something fixed, inherited, and mass-distributed, but as a measure of the vitality, knowledge, energy, and dynamism in production of ideas.

In terms of urban policy, thinking about culture as an economic resource and as an asset generating competitive advantage has given rise to as a new rush in urban planning and cultural policy alike, promoting strategies aimed at ‘fostering strategically the cultures of cities and regions ... [where] culture and creativity have become forms of “capital” ... traded in an international marketplace comprised of cities eager to compete with each other on the basis of imager, amenity, liveability and visitability’ (Stevenson, 2004:119). The creative cities debate can be understood at two levels (Cooke, 2008; or Costa, 2008).

First, there are debates about whether whole cities are creative, and whether some cities are more creative than others. Such claims have been made about cities such as London (Landry, 2005), New York (Currid, 2007), Los Angeles (Scott, 2000). ‘Creative city’ indexes inspired by the work of Florida & Landry generated discussions on comparison of which creative city is more creative. Storper & Scott (2009) observe that they are premised upon assumptions that urban growth and the capacity to attract creative and knowledge-intensive industries is primarily driven by “supply” factors, or the ability of local authorities or cultural elites to generate the right “settings” to attract creative workers, and systematically downplay the role played by global macro-economic forces in driving the location of such industries.

A second approach focuses upon creative clusters and the capacity of local authorities to incubate creative industries growth in particular parts of major cities, sometimes referred to as cultural quarters (or zones) (Cooke, 2008). Such strategies are closer to the Marshall-Porter tradition of cluster development, as they are premised upon the spatial agglomeration of related activities more than a creative ethos residing in some sections of an urban population. In an evaluation of creative cluster initiatives in four cities in the Netherlands (Amsterdam, Rotterdam, Tilburg and Utrecht), H. Mommaas (2004) observed that strategies have been driven by a heterogeneous mix of policy priorities including:

- Attracting globally mobile capital and skilled labour to particular locations;
- Stimulating a more entrepreneurial and demand-oriented approach to arts and cultural policy;
- Promoting innovation and creativity in the society more generally, through opening up possibilities for greater interaction between culturally vibrant locales and innovation in other sectors of the economy;

- Finding new uses for derelict industrial-era sites such as warehouses, power plants etc. as sites for post-industrial activities, such as residential apartments, arts centers and business incubators;
- Promoting cultural diversity and cultural democratization, and being more inclusive of the cultural practices of hitherto marginalized social groups and communities.

Given such mix of motivations, it is not surprising that the new ‘creative’ urban cultural policies is mixed. Development of new cultural infrastructures that have acted as catalysts for urban regeneration and given cities more of a cultural image that also acts as an attractor for tourism and possibly investment.

According to UNESCO, creative cluster is the company, group, institution, whose main activity is to work in one of the creative industries sectors, which combines the non-profit organizations, cultural facilities, art workshops and individuals for local/site specific needs (UNESCO, 2006). At the city level, creative cluster strategies are associated with particular industries or with assembling cultural premises (cultural industry quarters). A typical cluster of similar enterprises could be a gallery quarter in a city. The galleries usually do not compete with each other, but become a center of attraction for many visitors and complement each other. Clusters depend on chance, on location, on preconditions specific to a place. There is not much use for public policy to found a cluster approach on the pure will to promote a cluster: there must be something there around which a cluster can crystallise. Beyond public policy, clusters often develop where they make economic sense. According L. De Propriis and L. Hypponen, “Creative cluster is a place that brings together (a) a community of ‘creative people’ who share an interest in novelty, but not necessarily in the same subject; (b) a catalyzing place where people, relationship, ideas and talents can spark each other; (c) an environment that offers diversity, stimuli and freedom of expression; (d) a thick, open and ever-changing network of inter-personal exchanges that nurture individual’s uniqueness and identity (De Propriis & Hypponen, 2008: 260)”.

The cluster must count on an organizing capacity, which alone can generate fresh ideas and new infrastructures and attract clusters actors. Such capacity is based on the existence of a shared strategy and vision, the presence of a leadership, political and societal support and the recognition of clustering policies, and co-operation between public and private sectors (Cinti, 2008:72).

Culture clusters has already become policy-makers tools to promote culture-based development – as mean to attract tourism or as cultural districts or places where culture and inside and outside resources come together in defining the local development strategy. Culture-based development includes two alternative development models. The first is a bottom-up process that defined by a specific actor (e.g., at the institutional level). These cases occur when society self-organizes and eventually becomes regulated by the government. The second alternative is a top-down process which can be seen in Mediterranean Europe, especially in Italian cities (Lazzaretti, 2008: 91–120). The definition of new development strategies comes from the institutional level, without a participatory approach to the definition of aims and goals. Development strategies are promulgated by the government without refers mainly to the district model, in which the spatial agglomeration of immaterial assets and cultural policies is usually not consulting people at the local level. This strategy focuses on exploiting physical cultural assets to attract tourism.

Geographically centered cultural industries clusters such as *National Cultural Industries Innovation Experimental Zone* (NCIEZ) have big impact on the region where the cluster is established development. Such clusters could be treated also as substantial part of the region. For the stimulation cultural industries clusters experience of regional development could be applied. Currently there are three dominant approaches used to stimulate regional development —exogenous, endogenous and neo-endogenous. These approaches can be distinguished according to the different roles of the stakeholder groups: drivers,

who identify regional development strategy; implementers, who carry out the local development action; and, enablers, who facilitate action implementation (Ray, 2006). Similar stakeholders groups we can also identify in creative clusters. Exogenous development is a top-down approach that is driven, implemented, and enabled by external stakeholders. In case of creative clusters development it could be national and regional government responsible for culture industry development and creative clusters administration. Endogenous approach is focus on regional development actions, which are driven, implemented, and enabled by internal stakeholders. In creative clusters this role is played by creative enterprises. Neo-endogenous approach depends on 'bottom-up' activities that integrate external influences to increase local knowledge, local resources and empowering local people to be central to development processes (Bosworth, 2015; Ray, 2006; Bosworth et al., 2016). The efficiency of neo-endogenous approach is proven by many scholars and practitioners. As a good example are the results of LEADER program initiated by European Union to support rural development projects in order to revitalize rural areas and create jobs (Bosworth et al., 2016). Neo-endogenous approach could be applied for creative clusters development. In this case experts of creative and culture industry development could be integrated directly into creative enterprises to stimulate innovations, to increase cooperation between creative enterprises and assist in exploiting business opportunities for the creative enterprises. This approach could be called as neo-endogenous approach for creative clusters development. The model of neo-endogenous approach for creative clusters development is presented in the article. The development of the model is based on the case study of *The National Cultural Industries Innovation Experimental Zone* (NCIEZ).

Support from the city municipalities for the development of creative clusters and their creative industries enterprises is gaining popularity. However, the replication of creative clusters (media cities/digital hubs/creative hubs/fashion quarters/cultural quarters) raises questions about an oversupply of similarly targeted enterprises and possibly unrealistic expectations of assuming an ever-expanding creative economy. Therefore, future creative strategies are likely to require a more sophisticated and realistic assessment of the role of the creative industries in the knowledge economy, including a deeper understanding of the innovation and production links between the creative industries and other sectors (Foord, 2009). If the goal is to facilitate creative places, more attention must be paid to the specifics of the place. Creativity can be found everywhere, but not all locations can become "creative places" with the competitive advantages.

### **Results and outcomes**

The National Cultural Industries Innovation Experimental Zone occupies 78 square kilometers with Beijing CBD—Dingfuzhuang International Media Industry Belt as the core area. NCIEZ is such an experimental area established by the State Ministry of Culture and the Beijing Municipal Government aiming to find new avenues to adjust and upgrade the industries structure to promote the development of cultural industries in Beijing. Up to the end of 2016 were 34,848 cultural enterprises (units) registered in the experimental zone, 274 cultural and creative enterprises newly registered with a registered capital of 50 million or more, and 99 cultural and creative enterprises with a registered capital of over 100 million yuan. The experimental area took the lead in pushing ahead with the trial of various cultural industry policies in the country and gradually established a system of reform and innovation policy as well as the organizational structure that fitted its own characteristics (Beijing Cultural and Creative Industries White Paper, 2017:13).

In the November 2016, the team of researchers started a research aiming at finding how to stimulate cultural creative clusters development. The team has carried out the surveys in 19 cultural creative clusters in the Zone (see Table 1). Most of the analyzed clusters opened in 2011–2015 after the founding of the NCIEZ. These clusters still operating in the zone and became the economic bases of the Zone. 14 of the analyzed clusters are



invested by private capital, while just 4 clusters are invested by the state-owned capital and one is by joint ventures.

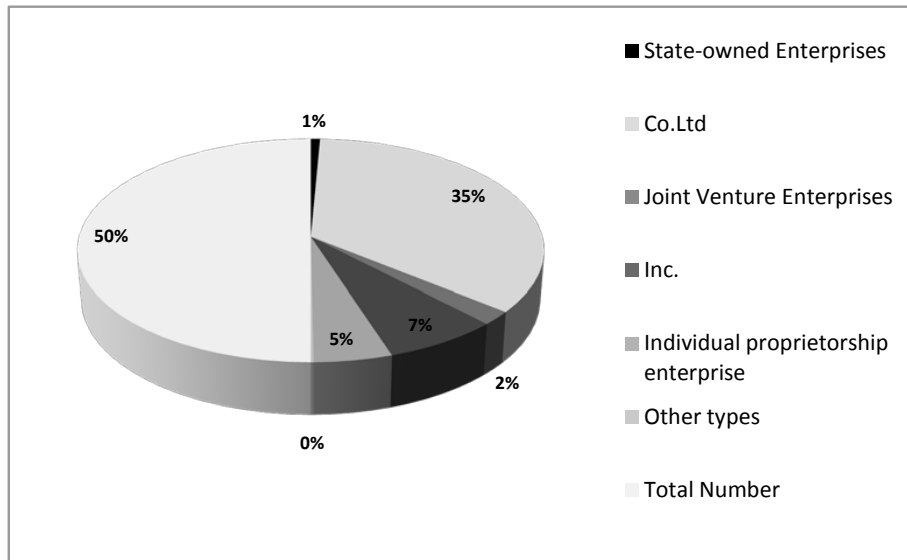
**Table 1****Clusters analyzed in the survey**

Name of the cluster	No. of enterprises
1. Donglang Film Creative Industry Park	42
2. Lang Yuan Vintage Cultural and Creative Industry Park	41
3. Beijing Media Headquarters Base	75
4. Cultural and creative garden of BFA	79
5. 718 Cultural and Creative Industrial Park	60
6. Huashanyuan International Media Culture Industry Cluster	46
7. Jili (Beijing) International Art Zone	80
8. Jingyuan International Image Industry Base	168
9. Laijin Cultural and Creative Industry Cluster	170
10. Shang 8 International Advertising Park	44
11. Iworksite cultural industrial park	40
12. Banbidian No.1 Cultural Industrial Park	40
13. Tongniu Film Industry Park	43
14. Mingji International Creative Park	58
15. Beijing Salon International Cultural Creative Cluster	65
16. Beijing National Advertising Industry Cluster	36
17. Huitong Times Square	35
18. Beijing Maolong Cultural Industry Creative Park	37
19. Beijing Dongyi International Media Industry Cluster	176
Total:	1335

**Source:** Own results.

In the first stage (from November 2016 to January 2017), 350 questionnaires have been distributed to the CCI enterprises in the Zone. 279 filled questionnaires received. Effective response rate is 79.7%. In the second stage, the team started the data analysis. In the third stage (from February 2017 to March 2017) 60 semi-open interviews were performed aiming at deeper understanding of the clusters development and help to assure the reliability and validity of the data from the questionnaires. Most interviews were face to face interviews. Some were performed by telephone. 38 interviewers are middle and senior officials, which are familiar with their companies and clusters development. Totally there are more than 86% of the surveyed enterprises established less than 10 years including 62 cultural enterprises set up in 2015 and 28 in 2016. After nearly 3-month research on the zone, there are some important findings referring to its sustainable development. 97.8% of enterprises in the Zone satisfied with their development, 91% of which believed that they have taken full advantage of the recourse in the Zone. The data shows that cultural industries enterprises are quite confident about their development.

The ownership of cultural industries enterprises in analyzed clusters is diversified (see Figure 1). With the reform, the government allows private capitals into most of cultural field and establishes cultural enterprises. Meanwhile the government still allows foreign investment into cultural industries but with strict regulations. In the past, both two are prohibited in culture field because culture is ideology and should be regulated by government to keep nation's cultural safety (Fan, 2013). The survey shows that cultural industries enterprises with different ownership have been developed fast with the cultural system reform and most of the surveyed enterprises are private ones.



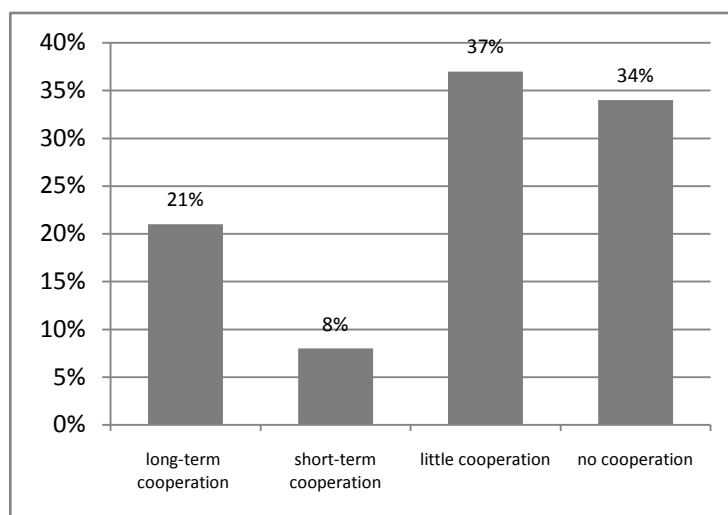
**Fig. 1.** The ownership of the cultural industries enterprises in analyzed clusters  
**Source:** Own results.

The industry type in analyzed clusters is quite varied. Surveyed companies belong to 9 sectors in cultural industries. The top four-industry sector is radio, TV and film industry, cultural art industry, design industry and software & computer service. After the cultural system reform, cultural enterprises are encouraged to produce diversified products and extend the industrial chain. In the past, government branches would censor the products of a company strictly. If one wants to produce another product across the boundary the industries, it was needed a number of applications to the governments. In the reform period, the enterprises have much more freedom and right to produce their product according to the market. The data shows that some of the enterprises referring to 2 or 3 sectors even more.

With the different industry map, the average income in 2015 research to 18.71 million RMB increased by 97% than that in 2014 and 64% in 2013. It abdicates that the income is increasing year by year, and it is also a symbol that Chinese cultural industries still developing steadily. Data shows that the income of the analyzed clusters mainly comes from Cultural and Art industries, Radio, TV and Film Industries, Advertisement and Exhibition industry and Design industry. The income of the cluster is increasing. Total income of analyzed clusters has increased by 97% in 2015, which shows that the establishment of the zone has stimulus the development of the industries. Creative idea is the most important element in Cultural and creative industries. It is reported that young and creative talents are the mainstream of workers in cultural industries. From the survey, we can see 95.7% of workers in the interviewed companies are between 21–40 years old. Nearly 70% of them are bachelors including 12% workers have received masters even doctor degrees. This is the strong evidence of high talent demand of cultural industries. Young and highly educated talent has been the most characteristic of the Zone. It is much more different than that in traditional manufacturing clusters.

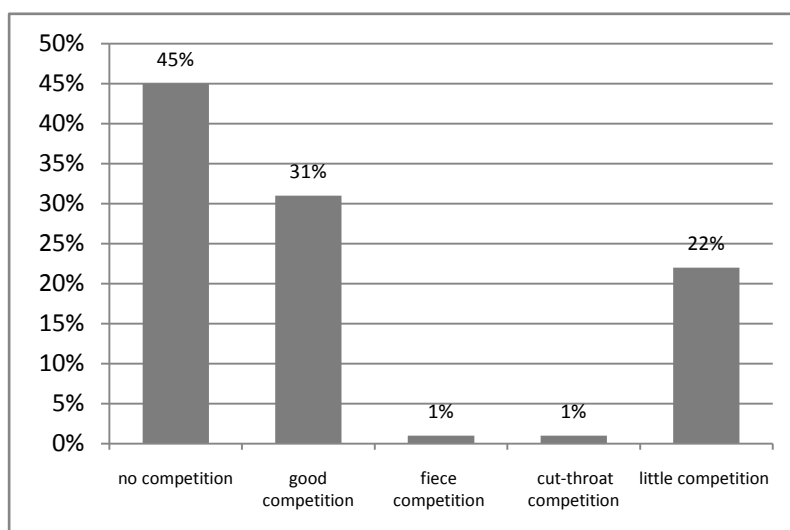
After nearly 3 year' development, there are some problems occurs in NCIEZ as the first and only national-level cultural industries cluster. From the survey, we can see some problems including low investment in R&D, low combined effect and its incomplete public service platform should be solved for the sustainable development. The data shows that the R&D investment is quite low in recent 3 years. It indicates that enterprises do not pay attention on innovation. 74.3% of interviewed cultural enterprises do not have their IP. There is only 3.7% cultural enterprises have more than 10 IPs. Cultural companies in the

cluster have little sense about the IP and R&D. The innovative environment should be improved. The cooperation ties among cultural industries companies in analyzed clusters are very loose (see fig. 2). 37% enterprises have weak cooperation with others. 34% have no cooperation with others in the cluster. Only 21% has steady cooperation. 8% has short-term cooperation. It shows that enterprise in the cluster should improve cooperation ties between each other.



**Fig. 2.** The cooperation ties of the cultural industries enterprises in analyzed clusters  
**Source:** Own results.

Figure 3 shows that the production in the cluster are quite diversified and there is little competition among the companies. 45% of interviewer said they have little competition ties with other companies in the cluster. 31% said they have good competition with others. 1% shows they have fierce competition in the cluster with other colleagues and 1% said there is cut-throat competition between itself and others.



**Fig. 3.** The competition ties of the cultural industries enterprises in analyzed clusters  
**Source:** Own results.

Cluster provides series of services for the CCI enterprises including infrastructure, marketing and so on. Surveyed enterprises were given a list to evaluate the cluster's service. The top 3 choices are: good infrastructure (93.3%), marketing (34.5%) and policy analysis

(32.2%). The other services are evaluated as following: commercial service (30.2%), professional support (15.7%), managing consultancy (10.6%), talent service (10.2%), investment and financial service (6.7%) and training (6.3%). The 50% of surveyed CCI enterprises think the cluster should establish a good cultural environment, which is the one of the main reasons that enterprises move into the cluster. 13% of CCI enterprises think that this is the national level cluster and government should give more support in enterprises' management policy and finance. The interviewers gave low evaluation on financial support, commercialization services and legal services, which are the real demands for the medium and small-sized CCI enterprises. It also shows there is a big gap between the service provided by the cluster and enterprises' needs. In the future, the cluster should pay more attention on soft infrastructure and to establish a good cultural environment for enterprises.

As the purpose of cluster is to promote economic development by improving the cooperation and competitiveness of one or several specific business sectors, the survey data indicates that the purpose does not realized and the combined effect with the cluster does not make influenced to promote the development CCI enterprises.

### **Conclusions and discussions**

Chinese Cultural system reform promotes the clusters development from 2003. Cultural and creative industries are quite new industry in China and its cluster development is also new. In the past, culture affairs have been considered as a kind of ideology managed by governments totally. The cultural unit has little thinking about sales of cultural productions and the government will pay for it and distribute them to different places. In 2003, the governments advocated to start reform and innovation of cultural system. The main aim of the reform was to make these cultural units become market orientated. It means that the cultural units should be changed into CCI enterprises to be able to generate profit. The government was intended to cut financial support for these organizations which gradually should gain market benefit and to become sustainable and competitive in the market.

After 16 years' reform, most of cultural units have been transformed into CCI enterprises. They needed to break the old rules and find new ways to develop. One of the effective methods in the reform is the cluster development strategy, which is to gather CCI enterprises of one or several related sectors to work together in a certain place as a cluster. The cluster would gain the preferential policies in funding, tax, infrastructure and etc. to stimulate the CCI enterprises in the cluster development. Chinese government invests much in CCI clusters development. The reform has unlocked the potential of cultural productions. For example, nearly all the provincial government included CCI industries as an important task in their eleventh five-year and twelfth five-year plans. In the thirteenth five-year plan, the cluster construction is still an important project.

With the support of government, the cultural industries clusters are developing fast. CCI enterprises are encouraged to gather together in a certain area on the geographical space in the perspective of production or industrial chain. Sometimes, government invites some big companies settled in the cluster. Gradually, some other medium and small sized companies arrive and start development in the cluster. At the same time, the cluster always provides space and equipment for the CCI enterprises at very low room rent rate. Besides, there are some other preferential policies which will help companies cut cost to a large extent for cluster residents. Governments pay more attention to promote public services for the CCI enterprises development in the cluster.

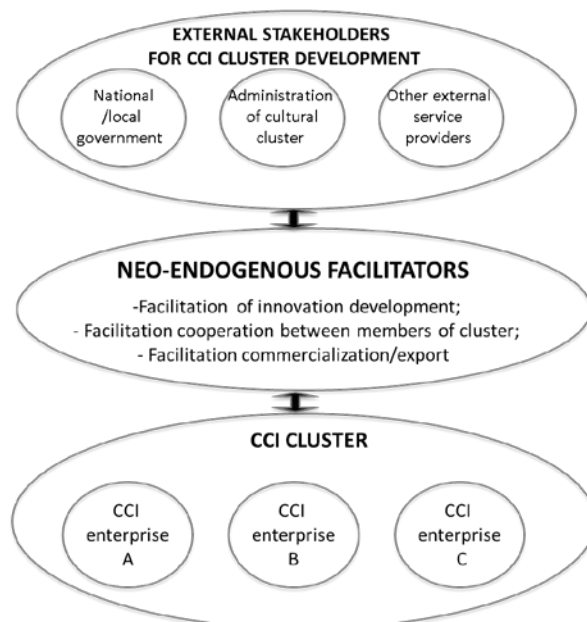
The cultural system reform has unlocked the potential of CCI enterprises and the NCI-IEZ has also provided much support as an industries cluster. From the survey data it is clear that the government of the zone should strengthen its function to promote NEIIEZ development. The innovation environment needs to be improved by the government of the zone. They should encourage enterprise to invest in R&D on new CCI production. Though

market-oriented has been a good tendency of cultural enterprises in the zone, the government in different level still need to construct platform to organize enterprises to cooperate in many ways with each other. All the enterprises in the clusters have to have something similar in the industries. They can help each other, learn from each other, cooperate and compete with each other. The combined effect has to be established in order to stimulate development CCI enterprises. One of the key roles of the government of the zone is not only to create good infrastructure (passive assistance) for the members of the clusters, but also to provide high quality services (active assistance) for the CCI enterprises. The survey shows that the active assistance most problematic area for the government of the zone.

The deep interviews mainly correspond to the data received from the questionnaires. Based on the information received from the interviews, three areas should be addressed in order to stimulate sustainable CCI enterprises development:

- **Stimulation R&D and product innovation.** The NCIEZ mainly composed of many small and medium-sized cultural enterprises; most enterprises do not have their own product innovation ability. Usually, large cultural enterprise's productions are always imitated by small enterprises. A large number of similar cultural products just wins little benefit from the market. Creating products with their own intellectual property rights and implementing a differentiated product competitive strategy is the key elements to upgrade the cultural industry cluster. By this, the enterprises will get more resources to maintain good business innovation and get sustainable development.
- **Promotion trust and cooperation between the CCI enterprises in the clusters.** The government of the zone should construct mutual trust among cultural enterprises in the zone. By cultivating trust-based social cultural environment, enterprises in the zone will get benefit from cooperation and the fire competition will promote the development of enterprises. The upstream and downstream enterprises in the same industry value chain should strengthen cooperation. On the one hand, it will help the enterprises in the zone to teach and promote each other. On the other hand, it will increase interaction and communication among enterprises and the government in the zone.
- **Providing high-quality public service for the CCI enterprises.** In the reform era of Chinese cultural system, the cluster will be the most important space for enterprise. As the bridge of governments and enterprise, the zone will be the best platform to promote enterprises. It should provide much more active assistance and services for CCI enterprises in joint training, marketing and innovation and so on. The survey showed that CCI enterprises pay more attention to those public services including policy analysis, financial solution and marketing rather than good infrastructure. By this mean, the zone should enhance it cooperation with experts in universities and build strong ties in government-academic and industry development.

Achieving the success in these areas is not an easy task for the government of zone as it requires very deep knowledge of the CCI enterprises (existing product, market situation, resources available, strategy and etc.). Direct administration of the CCI enterprises from the government of the zone (endogenous approach) in this situation is not efficient as it could lead to mistrust and negatively affect creativity and motivation of the CCI enterprises. From the other hand exogenous approach for the stimulation of the CCI enterprises development is also not very efficient as in many cases CCI enterprises lack knowledge and resources to establish effective cooperation in the cluster and to achieve fast growth. To stimulate fast growth of the CCI enterprises in the zone we propose to use neo-exogenous model for CCI clusters development (see fig. 4).



**Fig. 4.** Neo-endogenous model for CCI clusters development

**Source:** Own results.

The key element the model is the neo-endogenous facilitators. The role of the facilitators is to provide assistance to the CCI enterprises in the zone in order to stimulate innovation development, cooperation between members and increase sales of CCI products. These facilitators would be employed by the CCI enterprises, but the salary is financed by the government of the zone. Bonuses for the achieved results could be paid by the CCI enterprises. The facilitators have to report on the achieved results to the government of the zone and to the CCI enterprise. In this case the facilitator is semi-independent from the CCI enterprise, but from other hand he/she is a part of enterprise's staff. Neo-endogenous approach allows the government of the zone to establish very close ties the companies in the zone to have influence for the stimulation innovations development and cooperation between the CCI enterprises in the zone/cluster. The experts from the universities or even international consultant could be employed as the facilitators in order to stimulate CCI export development. In order to understand how to increase the efficiency of neo-endogenous model for CCI clusters development further research is needed.

#### **ЛИТЕРАТУРА / REFERENCES**

- Abraham, J., Strielkowski, W., Vošta, M., & Šlajs, J. (2015). Factors that influence the competitiveness of Czech rural SMEs. *Agricultural Economics-Zemедельска Ekonomika*, 61(10), 450–460. <https://doi.org/10.17221/63/2015-AGRICECON>
- Beijing Cultural and Creative Industries White Paper* (2017). Culture Development Institute of Communication, University of China: Culture Development Institute of Communication, University of China.
- Bublienė, R., Vinogradova, I., Tvaronavičienė, M., & Monni, S. (2019). Legal form determination for the development of clusters' activities. *Insights into Regional Development*, 1(3), 244–258. [https://doi.org/10.9770/ird.2019.1.3\(5\)](https://doi.org/10.9770/ird.2019.1.3(5))
- Campbell-Kelly, M., Danilevsky, M., Garcia-Swartz, D. D., & Pederson, S. (2010). Clustering in the creative industries: Insights from the origins of computer software. *Industry and Innovation*, 17(3), 309–329. <https://doi.org/10.1080/13662711003790593>
- Černevičiūtė, J., Strazdas, R., & Jančoras, Ž. (2012). Development of Vilnius Creative Industries by Promoting Clustering. *Transformations in Business & Economics*, 11(2), 162–179.

- Černevičiūtė, J., Strazdas, R., Kregždaitė, R., & Tvaronavičienė, M. (2019). Cultural and creative industries for sustainable postindustrial regional development: The case of Lithuania. *Journal of International Studies*, 12(2), 277–287. <http://doi.org/10.14254/2071-8330.2019/12-2/18>
- Chang, S. (2008). Great expectations: China's cultural industry and case study of a government-sponsored creative cluster. *Creative Industries Journal*, 1(3), 263–273. doi: 10.1386/cij.1.3.263/1
- Chapain, C., & De Propris, L. (2009). Drivers and processes of creative industries in cities and regions. *Creative Industries Journal*, 2(1), 9–18.
- Cinti, T. (2008). Cultural clusters and districts: the state of art, pp. 70–92 / In: Ph. Cooke and L. Lazzeretti (eds.) *Creative Cities, Cultural Clusters and Local Economic Development*. Cheltenham, UK, Northampton, MA, USA: Edward Elgar.
- Cooke, P., & Lazzeretti, L. (2008). Creative Cities: An Introduction, pp. 1–22 / In: Ph. Cooke and L. Lazzeretti (eds.) *Creative Cities, Cultural Clusters and Local Economic Development*. Cheltenham, UK, Northampton, MA, USA: Edward Elgar.
- Costa, P. (2008). Creativity, innovation and territorial agglomeration in cultural activities: the roots of the creative city, pp. 183–210 / In: Ph. Cooke and L. Lazzeretti (eds.) *Creative Cities, Cultural Clusters and Local Economic Development*. Cheltenham, UK, Northampton, MA, USA: Edward Elgar.
- Currid, E. (2007). *The Warhol Economy: How Fashion, Art and Music Drive New York City*. Princeton, NJ: Princeton UP.
- De Propris, L., & Hypponen, L. (2008). Creative clusters and governance: the dominance of the Hollywood film cluster, pp. 258–286 / In: Ph. Cooke and L. Lazzeretti (eds.) *Creative Cities, Cultural Clusters and Local Economic Development*. Cheltenham, UK, Northampton, MA, USA: Edward Elgar.
- Feldman, M. P., & Audretsch, D. B. (1999). Innovation in cities: Science-based diversity, specialization, and localized competition. *European Economic Review*, 43(2), 409–429. [https://doi.org/10.1016/S0014-2921\(98\)00047-6](https://doi.org/10.1016/S0014-2921(98)00047-6)
- Florida, R. (2002). *The Rise of the Creative Class: And How it's Transforming Work, Leisure and Everyday Life*. New York: Basic Books.
- Foord, J. (2009). Strategies for creative industries: an international review. *Creative Industries Journal*, 1(2), 91–113. <https://doi.org/10.1386/cij.1.2.91/1>
- Hartley, J. (2005). Creative Industries, pp. 1–43 / In: J. Hartley (ed.) *Creative Industries*. Blackwell.
- Havierníková, K., & Kordoš, M. (2019). Selected risks perceived by SMEs related to sustainable entrepreneurship in case of engagement into cluster cooperation. *Entrepreneurship and Sustainability Issues*, 6(4), 1680–1693. [http://doi.org/10.9770/jesi.2019.6.4\(9\)](http://doi.org/10.9770/jesi.2019.6.4(9))
- Laundry, C. (2000). *The Creative City: A Toolkit for Urban Innovators*. London: Comedia / Earthscan.
- Laundry, C. (2005). London as a Creative City, pp. 233–243 / In: J. Hartley (ed.) *Creative Industries*. Blackwell.
- Lazzeretti, L. (2008). The cultural districtualization model, pp. 91–120 / In: P. Cooke and L. Lazzeretti (eds.) *Creative Cities, Cultural Clusters and Local Economic Development*. Cheltenham, UK: Edward Elgar.
- Lazzeretti, L., Boix, R., & Capone, F. (2013). Why do creative industries cluster?, pp. 45–48 / In: L. Lazzeretti (ed.) *Creative Industries and Innovation in Europe*. Routledge, 328 p.
- Lincaru, C., Pirciog, S., Grigorescu, A., & Tudose, G. (2018). Low-Low (LL) High Human Capital Clusters In Public Administration Employment – Predictor for Digital Infrastructure

- Public Investment Priority – Romania Case Study. *Entrepreneurship and Sustainability Issues*, 6(2), 729–753. [http://doi.org/10.9770/jesi.2018.6.2\(18\)](http://doi.org/10.9770/jesi.2018.6.2(18))
- Lisin, E., Shuvalova, D., Volkova, I., & Strielkowski, W. (2018). Sustainable development of regional power systems and the consumption of electric energy. *Sustainability*, 10(4), 1111. <https://doi.org/10.3390/su10041111>
- Lorenzen, M., & Frederiksen, L. (2008). Why Do Cultural Industries Cluster? Localization, Urbanization, products and Projects, pp. 155–179 In: Ph. Cooke and L. Lazzeretti (eds.) *Creative Cities, Cultural Clusters and Local Economic Development*. Cheltenham, UK, Northampton, MA, USA: Edward Elgar
- Mommaas, H. (2004). Cultural clusters and the post-industrial city: Towards the re-apping of urban cultural policy. *Urban Studies* 41(3), 507–532. <https://doi.org/10.1080/0042098042000178663>
- Monni, S., Palumbo, F., & Tvaronavičienė, M. (2017). Cluster performance: an attempt to evaluate the Lithuanian case. *Entrepreneurship and Sustainability Issues*, 5(1), 43–57. [http://doi.org/10.9770/jesi.2017.5.1\(4\)](http://doi.org/10.9770/jesi.2017.5.1(4))
- Petrenko, Y., Vechkinzova, E., & Antonov, V. (2019). Transition from the industrial clusters to the smart specialization of the regions in Kazakhstan. *Insights into Regional Development*, 1(2), 118–128. [https://doi.org/10.9770/ird.2019.1.2\(3\)](https://doi.org/10.9770/ird.2019.1.2(3))
- Porter, M. (1998). Cluster and the new economics of competition. *Harvard Business Review*, 76, 77–71.
- Scott, A. J. (2008a). Cultural Economy: Retrospect and Prospect, pp. 307–323 / In H. Anheier, and Y. R. Isar (eds.) *The Cultural Economy*. Los Angeles, CA: Sage.
- Scott, A. J. (2008b). *Social Economy of the Metropolis: Cognitive -Cultural Capitalism and the Global Resurgence of Cities*. Oxford: Oxford UP.
- Stevenson, D. (2004). 'CivicGold' Rush Cultural Planning and the Policy Way'. *International Journal of Cultural Policy*, 10(1), 119–131. <https://doi.org/10.1080/1028663042000212364>
- Storper, M., & Scott, A. J. (2009) Rethinking Human Capital, Creative Growth. *Journal of Economic geography* 4(2), 351–370.
- UNCTAD – United Nations Conference on Trade and Development (2008). *Creative Economy. Report 2008*, Geneva and New York: UNDP and UNCTAD.
- UNESCO (2006). What are Creative Clusters? ([http://portal.unesco.org/culture/en/ev.php-URL\\_ID=29032&URL\\_DO=DO\\_TOPIC&URL\\_SECTION=201.html](http://portal.unesco.org/culture/en/ev.php-URL_ID=29032&URL_DO=DO_TOPIC&URL_SECTION=201.html)).
- Von Burg, U., & Kenney, M. (2000). Venture capital and the birth of the local area networking industry. *Research Policy*, 29(9), 1135–1155. [http://doi.org/10.1016/S0048-7333\(99\)00072-4](http://doi.org/10.1016/S0048-7333(99)00072-4)
- Yang, J., & Černevičiūtė, J. (2017). Cultural and Creative industries (CCI) and sustainable development: China's cultural industries clusters, *Entrepreneurship and Sustainability Issues*, 5(2), 231–242. [http://doi.org/10.9770/jesi.2017.5.2\(6\)](http://doi.org/10.9770/jesi.2017.5.2(6))
- Žižka, M., Hovorková, V., Pelloneová, N., & Štichhauerová, E. (2018). The effect of clusters on the innovation performance of enterprises: traditional vs new industries. *Entrepreneurship and Sustainability Issues*, 5(4), 780–794. [http://doi.org/10.9770/jesi.2018.5.4\(6\)](http://doi.org/10.9770/jesi.2018.5.4(6))