Master Degree Project in Knowledge-based Entrepreneurship

Challenges and Prospects for the Visual Arts Businesses in Gothenburg, Sweden

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ABSTRACT

Title: Challenge and prospects for the visual arts businesses in Gothenburg, Sweden
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Despite worldwide economic recession and unstable political situation, the global fine art market in 2014 has reached a new record in sales of 15.2 billion dollars, which is 26% more than in 2013 and 300% higher than in 2004 (Artprice annual report, date not available, online).

Does this trend mean that the global fine art market is becoming extremely overpriced? Is it some kind of a bubble that will crash as soon as people will stop investing their money in art? These questions are very difficult to answer even for an experienced art broker, but according to Artprice, recently many art collectors started to invest big sums of money in emerging artists. Often in young undiscovered artists under 30 years of age. The geographical location of art buyers also has shifted, in 2007 China replaced France as the third largest market in the world for art, after the United States and the United Kingdom (Smith, 2009, p.131).

The arts are usually seen as an important part of development and well-being of any society, however the individuals and companies within this industry often have difficulties to survive and sustain. This thesis will be focusing on getting a deeper understanding of causes of this problem and also drawing conclusions and recommendations on how the current situation on the visual arts market in Gothenburg, Sweden could be possibly improved.
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# TABLE OF CONTENTS

1. INTRODUCTION .......................................................................................................................... 1
   1.1 BACKGROUND .......................................................................................................................... 1
   1.2 PROBLEM DISCUSSION ........................................................................................................... 2
   1.1 RESEARCH QUESTIONS .......................................................................................................... 3

2. LITERATURE REVIEW .................................................................................................................. 4
   2.1 INTRODUCTION TO THE VISUAL ARTS AND ITS FUNCTION ............................................... 4
   2.2 THE UTILIZATION OF THE ARTS AND ITS CONNECTION WITH ECONOMY ......................... 6
   2.3 BUSINESS WITHIN VISUAL ARTS: OPPORTUNITY OR NECESSITY ........................................ 10

3. EMPIRICAL FINDINGS .................................................................................................................. 11
   3.1 RESEARCH STRATEGY ............................................................................................................. 11
   3.2 RESEARCH DESIGN .................................................................................................................. 11
   3.3 DATA COLLECTION ................................................................................................................... 13
   3.4 RELIABILITY AND VALIDITY OF THE STUDY .......................................................................... 13
   3.5 DISCUSSION ............................................................................................................................. 14

4. METHODOLOGY ............................................................................................................................ 16
   4.1 VISUAL ARTS INDUSTRY IN GOTHENBURG, SWEDEN .......................................................... 16
   4.2 ECOSYSTEM FOR VISUAL ARTS BUSINESSES DEVELOPMENT IN GOTHENBURG ............. 17
   4.3 CURRENT SITUATION WITHIN THE VISUAL ARTS SECTOR IN SWEDEN ............................ 21
   4.4 USE OF ARTISTIC POTENTIAL ............................................................................................... 22
   4.5 VISUAL ARTS VS. NEW BUSINESS DEVELOPMENT ............................................................. 25
   4.6 ENTREPRENEURSHIP POLICY IN RELATION TO VISUAL ARTS BUSINESSES DEVELOPMENT ................................................................................................................................. 32

5. CONCLUSIONS .............................................................................................................................. 36
   5.1 ADDRESSING RESEARCH QUESTION .................................................................................... 36
   5.2 FINAL CONCLUSIONS ............................................................................................................ 39
   5.3 SUGGESTIONS FOR FUTURE RESEARCH ............................................................................. 40

6. REFERENCES ................................................................................................................................. 42
1. INTRODUCTION

This chapter will begin with providing the background and problem discussion that serve as a basis for writing this thesis, and finishing with addressing research questions.

1.1 Background

The visual arts industry is very diverse and consists of many different visual forms that are created primarily for visual perception, such as painting, drawing, graphics, photography and the decorative arts. The society is shifting more towards consuming new experiences, rather than physical products or services. If to look at the visual arts industry from this perspective, one could tell that the demand for all kind of visual arts should be very high and constantly growing, however according to Grampp (1989) “the demand for art is income elastic, it is something people buy more of as they get richer – a “superior good” (Grampp, 1989, p.62). In the same book, the author claims that an “interest in art is the consequence of experience, training, and learning. The appreciation of art requires an investment in taste, and that, in turn, requires time and education” (Grampp, 1989, p.57).

Based on this reasoning, Sweden seems to be the right place for the visual arts to flourish, since the Swedish society in general goes along well with both criteria: high level of income and high percentage of educated people. However in real life situation, the Swedish artists are usually disappointed with the level of demand for arts within the country.

From the talk with the visual artist MW on 2016-02-17, it was understood that the higher art education system in Gothenburg is built around an ideological belief that artists are meant to be like reflective mirrors of the whole society. They are expected to produce products that they do not intend to sell, but to create a cultural value that can represent the entire nation and stay in history for many years as a heritage of the nation.

The similar idea was found in the book by K.Siegel & P.Mattick (2004) “The fine artist, like the aristocrat who has his ideal customer, worked in theory not for money but for personal and national glory” (p.18).
However in the same book by K.Siegel & P.Mattick (2004) is stated that “the situation artists face when they make an attempt to sell their work is shaped, at whatever distance, by economic forces that individuals may hardly be aware of” (p.12).

Economic forces might be of a different nature, such as the welfare of the population, the present situation on domestic and global art market, changing market demand for arts, and what will be interesting to look at is why and to what extend the artists are not aware of these economical forces and how better awareness can be spread and encouraged. Briefly this issue, along with the meaning and function of the visual arts will be discussed in the Literature review section.

1.2 Problem discussion

The topic of new business development is becoming very popular nowadays, “the nature of entrepreneurship is increasingly recognized as crucial to the economic well-being of nations” (Lundström, 2003, p.25). A lot of actions are taken both at the EU level and the national level in Sweden in order to increase emergence and survival among small and medium size enterprises (SMEs). However even if barriers and challenges for SMEs are known and discussed at all levels, the challenges for the businesses within visual arts are not very much presented in the literature.

Businesses within visual arts often experience difficulties with scaling, they face with the number of different challenges on the way to grow and generate sufficient amount of profit and income for their founders. It is possible to claim that the visual arts industry is special in a way, and it has its own mechanisms and relatively high entrance barriers. This stands not only for the competition among artists and companies as such, but for the whole infrastructure that surrounds this industry.

Since Sweden has the highest rank in a number of micro firms in percentage of all firms among Nordic countries (Lundström, 2003), many people there run their own private small businesses, where the visual arts industry is not an exception. Therefore, in order to help these businesses to operate more efficient, more in depth research is needed, the one that will take into account the most relevant aspects and specifics of the industry and comparing it with opportunities and supportive environment that already exists.
1.3 Research questions

The aim of this thesis is to figure out possible challenges that the visual arts businesses face with in Gothenburg, Sweden. The ambition is to draw a map of supportive ecosystem for visual arts and to test how effective it is working. The results of these findings will serve as a basis for drawing relevant conclusions and suggestions on how to improve the present situation within visual arts businesses development.

The following research questions will be answered in the thesis:

RQ1: What kind of challenges do artists and visual arts businesses face in Gothenburg?

RQ2: Why do these challenges exist?

RQ3: How can these challenges be reduced?
2 LITERATURE REVIEW

This chapter presents a theoretical basis that gives an overview of the visual arts industry, as well as its function in economy and society. An issue for utilization of arts is raised and discussed, and finally what type visual arts businesses belong to is discussed.

2.1 Introduction to the visual arts and its function

Art has its own reality and plays according to its own rules, it has been a «special» industry since many centuries back in time and is still considered to be so nowadays. “Art appears to stand outside the realm of rigid instrumentality, bureaucratized life, and its complementary mass culture. That it can do so is due to art's peculiar economy, based on the manufacture of unique or rare artefacts, and its spurning of mechanical reproduction” (Stallabrass, 2006, p.2).

By applying purely business language, the products of visual arts are a part of the experience economy, because every art piece within the visual arts industry has a visual nature by default, which means that it gets perceived by the audience through the visual aids and is often judged shortly after review. Judged collectively or individually by every reviewer, based on his/her taste, preferences, mood, expectations, and this is what serves as a basis of new experience for the audience, which it (audience) is willing to pay for.

Contemporary visual artists are often using new, sometimes extremely brave, forms for expressing their manifestations, and raise provocative topics that were never possible to raise before. They do this because of the need in the society to discuss modern challenges and issues openly. Contemporary art is normally reflecting the environment through the prism of philosophical and ideological believes of the artists, and the artists are usually seen as a sample of the whole population since artistic society is more sensitive and responsive to changes or problems that occur.

It is possible to say that the arts are not only enriching artists and the whole artistic subculture, but also producing cultural benefits for the rest of the society. According to Frey (1997), the possible sources of external benefits can be classified as following:
- **Education**
  Even if people do not attend artistic events and are not particularly interested in arts, they are still, most likely, culturally enriched by living in a community with developed arts sector.

- **Prestige**
  External prestige may be gained by owning pieces of art.

- **Option for future use**
  Some people may be consuming/collecting the arts in the future, therefore are benefiting from the preservation and cultivation of the arts.

- **Bequest to future generations**
  Good preservation of the arts is important, since it is a part of the heritage that must be collected for the future generations.

- **Economic improvement**
  The economic conditions of the community and nation can be improved by attracting high value people, who seek for artistic environment.

- **Expressive freedom**
  Society overall may benefit from an environment where there is a high level of tolerance for arts.

- **Diversity**
  Cultural tolerance that arises from easy access to different cultures is benefiting the society, through promotion and support of cultural awareness and loyalty.

Historically arts have been always supported by the governments and sometimes even private sector for a number of reasons, mainly because of the reasons described above. Any society is hard to imagine without arts and the more developed the society is, the more arts is expected to emerge.
Grampp claims that “Art as activity and as experience has a value that is beyond measure and therefore clashes with the form of money” (Klamer, 1997, p.31). This issue does not only touch the surface of price for the arts, but it is also related to an issue of art utilization and value.

There are number of different opinions regarding the utilization of arts that will be discussed in the next chapter.

2.2 The utilization of the arts and its connection with economy

“Contemporary art is the institutionalized network through which the art of today presents itself to itself and to its interested audiences all over the world. It is an intense, expansionist, proliferating global subculture with its own values and discourse; communicative networks; heroes, heroines, and renegades; professional organizations; defining events; meetings; and monuments; markets and museums – in sum, distinctive structure of stasis and change” (Smith, 2009, p.241).

The arts, and visual arts in particular, is a closed system that consists of many different actors, with artists themselves playing the major role. Furthermore, the audience for the arts is not less important for the whole industry to develop and sustain. At the same time for the audience it is crucial to understand the value of the arts that they wish to embrace before they consume it.

“The actual autonomy of art, which paradoxically accounts for its connection with and use to other systems. That autonomy, far from being illusory, is central to art’s ideological function, and is maintained by art’s various institutions, including academia (art schools, art history and visual culture departments), museums, and professional bodies” (Stallabrass, 2006, p.81).

The visual arts can be roughly divided into two extreme sections:

- art with high cultural value (object of experience)

- art with purely commercial/economic value (art as commodity)
Surely, there is a whole spectrum of subsections that are located in-between these extreme sections of purely cultural value art and purely commercial value art. But for the purpose of the present thesis, these detailed classifications are not taken into consideration. What is important to stress instead is that every masterpiece, regardless of its primary commercial or non-commercial nature, has its market price, always.

Grampp (1989) outlined the factors that make up aesthetic judgments. He saw aesthetic value as being just as expressible as economic value. However, he claims that “the value which the market places on works of art is consistent with the judgment which is made of their aesthetic quality; prices, therefore, are reliable indicators of priceless values” (Grampp, 1989, p.3).

“Normally, the price is matched against the buyer's desire for the product; and those prices fluctuate with supply and demand” (Stallabrass, 2006, p.72), meaning that the one of the strongest factors that are establishing prices for the piece of art is a customer desire to pay for that piece. This can also be called “a utility of art and utility is any kind of satisfaction an individual experiences from what he has” (Grampp, 1989, p.16). For example, “a painting has aesthetic value to a person if it gives him the satisfaction he calls aesthetic” (Grampp, 1989, p.20).

Economic value is the general form of value, and absolutely any object has an economic value if it yields utility. When talking about art, the utility of it would be aesthetic. While talking about any other object, it yields another kind of utility, which is its economic value. Meaning that the aesthetic value is a form of economic value just as every other form of value is.

Hutter (2007) claims that there was no big interest in researching the value issue until the 1970’s, when Scitovsky (1976) exposed the sources of utility and drew conclusions on the relevance of consumption of art. However his findings produced no interest from the art and business world and they were neglected up until 1980, when Baumol raised the value issue once again, this time focusing on the prices of art specifically. Baumol (1986) claimed that the artistic prices are random and unpredictable, which accounts for the low return on investment in art. At the same time Frey and Pommerehne (1989) assumed that the quality of any form of arts can be expressed in market terms, however they also claimed that the
reputation of artists themselves are stable and influence the market price of the art produced by these artists.

Grampp (1989) added to the discussion some other factors that shape the aesthetic value, he saw aesthetic value to be highly connected with the economic value and he claimed that “the value which the market places on works of art is consistent with the judgment which is made of their aesthetic quality” (Grampp, 1989, p.37).

Throsby (2001) in his earlier work clarified the difference between economic and cultural value. He wrote that the cultural value can be measured “by methods of economic analysis and expressible in monetary terms, the latter being multidimensional, deriving from a broadly cultural discourse and having no standard unit of account” (Hutter, 2007, p.2).

Klamer (1997) distinguished value as:

i  value in terms of function(s)

ii  value in terms of formal relations

iii  economic value, a painting can have a value as an experience, as a historical document, or as a psychological experiment (p. 45).

It is important to remember that the art market has a straight connection with business practices and public policy (Hutter, 2007, p. 284), so the commercial background of arts has been known for a long time already.

However, certain forms of visual arts, such as paintings, has not been seen as a good investment lately, since if to compare with stocks and shares, art is performing worse. Which means that many people and businesses collect art not because of the financial reasons, but for prestige and pleasure, which serves as another reason why cultural and commercial value of arts is highly interconnected and should not be separated from each other. As aesthetic value of an art piece is very subjective, and in some cases the same goes for cultural value of the art piece, the main indicator of the high level of values that are utilized in an object of art will always be price and readiness of the market to pay this price (commercial value).
At the same time, someone may buy a piece of art because she/he regards it as a good investment and “this person might be utterly indifferent towards its aesthetic qualities because from her/his economic point of view it doesn’t really matter at all” (Hutter, 2007, p. 34). To succeed in making investments in pieces of art for the speculator purposes, a person should have relatively high level of knowledge and be very much aware of the coming trends on the art market. As was discussed in the previous chapter, this knowledge requires special education and genuine interest in arts, which takes many years and many attempts. These kinds of deals are usually made by experienced brokers, who keep track of new emerging names or already established and promising artists for decades and decades before they reach the status of art professionals.

“Whichever a painting is – a capital or a consumer good – it is an object that in and by itself yields utility. It is valued for the satisfaction it provides someone” (Grampp, 1989, p.36). Ultimately the satisfaction that is gotten from the visual arts is the visual experience that it provides to someone, whether or not he/she is the owner.

It is also known that “the prices for art pieces are connected with the overall economical growth, for instance during the late 1990s - beginning of 2000 the prices for contemporary art were at their highest peaks. Though when the dotcom bubble burst – an entire art market went into serious decline” (Stallabrass, 2006, p. 77). Taking into consideration that the big share of collectors consists of corporate collectors, it is possible to say that the overall wellness of business is correlated with the wellness of the art industry, since the more financially profitable the business sector is, the more opportunity it has to invest in arts or sponsor arts in any other way. Nowadays “business has moved from occasional charitable sponsorship of the arts to building partnerships with museums or artists in which the brand of one is linked with the brand of the other in an attempt to inflate both” (Stallabrass, 2006, p. 89).

Another side of the coin is that “price for arts is not normally shaped by competition because of the unique nature of every art piece, thus no comparison with other objects is available” (Stallabrass, 2006, p. 72).
2.3 Business within visual arts: opportunity or necessity

As was discussed in the previous chapter, the commercial value of arts has a strong relation to its cultural value. There is nothing wrong with the fact that the artists sell their pieces and make a living out of it. Art as any other object can be bought and sold. Artists who decide to connect their art more with commercialization, open their own businesses. And it is interesting to see, how the businesses that they start can be defined.

The entrepreneurs can be divided into two big sections “necessity” and “opportunity” entrepreneurs. Where “necessity” entrepreneurs from the beginning don't have much interest in developing their businesses, and “opportunity” entrepreneurs, as opposite, have ambition to grow because they usually build businesses out of the market opportunity that they have identified.

“Necessity” entrepreneurs are people who are pushed to start businesses for the reason of poverty or job loss (Bygrave, 1989). They are not particularly interested in business development and economy, since they see their own business as the only opportunity to sustain financially.

On the other hand, “opportunity” entrepreneurs are normally not forced to start their own businesses by any other external forces, except of their own desire and motivation to exploit the market and test their ideas, they also often set their minds on self-employment (Deli, 2011).

“Necessity” entrepreneurs simply hire just themselves and will unlikely create jobs for others. They are not expected to generate innovative ideas either. They are most likely pushed into starting and operating business just because they are lacking alternative employment opportunities. They may not even be adequately prepared to launch their businesses (Caliendo & Kritikos, 2010).

Which category entrepreneurs, who operate within visual arts businesses belong to will be discussed in the empirical finding section.
3. METHODOLOGY

The second chapter elaborates on the chosen research strategy and design, data collection, and the reliability and validity of the study.

3.1 Research strategy

The aim of the methodology section is to describe how the research has been done, including the procedure of data collection and analysis. Qualitative research method is chosen for conducting the research, which helps to gain a better understanding of the topic discussed in this thesis, as well as identify challenges that the visual arts businesses might face with in Gothenburg. Qualitative research allows to looks deeper into the research question, trying to identify and evaluate important factors, reasons and opinions (Bryman & Bell, 2007).

3.2 Research design

In order to answer research questions, a set of interviews has been held. In total of 11 interviews were conducted, where all of them were unstructured. Based on the findings from interviews and secondary data analysis, a Map of the visual arts supportive ecosystem in Gothenburg has been created and is presented in the next section.

The interviews, that were held with the representatives of the institutions within visual arts supportive ecosystem in Gothenburg, were not designed to talk about the specific organizations and their functions only, since this knowledge would not anyhow help to draw relevant conclusions about how effective the whole ecosystem works. Thus, the links between different institutions were discussed with the interviewed people instead, as well as the functions that these links fulfill.

The selection of the interviewed people was made in the following order:
- Overview of the existing institutions within visual arts support online
- Emailing head institutions, such as VRG, Kultur i Väst for clarification of the structure of the supportive system in Gothenburg
- Emailing responsible people within each of the researched institutions, asking for interview
- Conducting interviews in order to better understand the overall picture of the ecosystem and also to see how do these institutions are interconnected with each other (if there is any link between players in the map)
- Each of the interviewed people were kindly asked to share their contact list of other people that operate or have relevant knowledge about visual arts industry in Gothenburg
- In total 11 interviews were conducted (10 in person and 1 over phone), each interview lasted in general from 60 to 120 min.

Some of the interviewees are current / former artists themselves, therefore not only issues related to the supportive map for visual arts were raised, such as Who are these organizations that aim to help and support visual arts development in Gothenburg? What actions do they take in order to reach this goal? How are they interconnected with each other? But also the practicalities and difficulties that these interviewees face with every day were discussed.

A list of interviewees for this thesis, include:

1. Representative of Konstepidemin, Gothenburg
2. Business coach of Drivhuset
3. Senior manager of Kultur i Väst
4. Art expert and manager of Göteborgkonst
5. Manager of ADA
6. General manager of Brewhouse
7. Dean of Valand academy

In addition:

8. current student from Valand Academy (named LN in the thesis)
9. artist in operation (named MW in the thesis)
10. artist in operation (named IO in the thesis)
11. former gallery owner (named KT in the thesis)
3.3 Data collection

Secondary data serves as a basis to identify the past and present situation of the visual arts market in Sweden, in Gothenburg city in particular, and to see what obstacles the industry faces and how these obstacles might be possible to overcome. The majority of secondary information was retrieved from books and official reports. Authenticity and credibility were the main criteria that all sources of information have to pass in order to be used for this thesis. A concept of authenticity means that the evidence and sources of information that are used for conducting a research is of a trustworthy origin. Authenticity criteria is used to validate how reliable, valid and rigor a qualitative research is. Credibility concept stands for the quality of the writing in term of research being error and distortion free.

Gothenburg University Library and Gothenburg State Library were the main channels that were used to retrieve secondary data, and also statistical reports that were found online on the official web-pages of the Swedish governmental agencies. All of these sources were considered to be credible.

Primary data for this thesis was collected through unstructured interviews. Interviews are among the most widely employed methods in research to gather primary data. Semi-structured and unstructured interviews are normally used for conducting a qualitative study (Bryman & Bell, 2007).

3.4 Reliability and validity of the study

A reliability criteria goes for the replicability of the study, meaning that the same study can be tested by somebody else with achieving the same results (Bryman & Bell, 2007). However, since the present thesis is a qualitative, and single case study research, the criteria of reliability is not relevant for this particular study.

The validity criteria goes for the accuracy of the research and is very important for this present paper, since there is risk that the data analysis and conclusions sections carry out some errors that might be a circumstance of a misunderstanding or lack of awareness regarding the subject, since the researcher of this paper is coming from abroad.
3.5 Discussion

This study is not very much related to start-up development issues within visual arts, instead the present paper focuses on already established businesses within visual arts. The aim of this study is to identify challenges that this type of businesses face with, and to draw recommendations on how these challenges can be overcome or at least reduced. This research is based on the information that was found in open sources, where the statistical data comes mainly from the Swedish Arts Grants Committee.

The statistics that was found and used for the thesis, does not include information about exact amount, level of income and any other facts, regarding businesses within visual arts in form of limited liability companies, NGO, partnerships. The statistics only includes data regarding sole traders within different art fields, including visual arts industry. Therefore it is not possible to say exactly how many businesses of different forms within visual arts industry exist and operate in Gothenburg.

In some cases the statistics by the Swedish Arts Grants Committee uses terminology, such as “art-related” businesses, which makes it difficult to understand for the reader, what exactly is meant by this expression, and how does the Swedish Arts Committee make a distinction between “art-related” and fully related to art businesses. This issue remains unsolved and the present thesis provides own interpretation of this phenomenon, based on the information from other secondary sources.

Also there is no information found regarding the topic of support, raise and development of visual arts businesses in Gothenburg as specific class of businesses, however as discussed in the present paper, the visual arts industry is quite complex and, therefore, probably needs to be paid special attention to. Visual arts industry has many specific and complicated mechanisms that sometimes might not be taken into account, therefore it is not appropriate to compare this industry and development of the visual arts businesses to other, more traditional, types of industries and companies what operate within them. However common business practices, as well as challenges that small businesses face with might be considered to be similar for every industry and any type of business.
Above all, the present research does not include information and discussion about freelancers and hobby visual artists, only professional artists with already registered business were taken into account.

The map of the main players within visual arts in Gothenburg excludes galleries and museums, as well as suppliers of artistic materials and expendables, including frame shops. The main reason of why these actors are not represented in the thesis is that their main function is not directly correlated to the development and support of the entrepreneurial potential of the visual art industry.
4. EMPIRICAL FINDINGS

This chapter consists of empirical findings, that have been collected during a set of unstructured interviews, concerning ecosystem for visual arts development in Gothenburg, current situation on the visual art market, proper use of artistic potential in Gothenburg and new business development issues within visual arts.

4.1 Visual arts industry in Gothenburg, Sweden

“There were 21 140 artists in Sweden in the field of image and form in 1990, and out of the total amount, 7 500 artists were registered in the appropriate artists’ organizations. At the same time, many young artists did not belong to any artists’ organization, thus were not included in the data analysis” (Engbloom, 1998). Even though these statistics has been done over 25 years ago, more recent statistics show that similar amount of the artists can be found in Sweden today.

According to the statistics made by the Swedish Arts Grants Committee (2011), the biggest art field in Sweden is considered to be visual arts and design with 6 045 artists under its umbrella, which equals to 29% of the total number of artists in Sweden.

<table>
<thead>
<tr>
<th>Art Field</th>
<th>Number of Artists</th>
<th>Share, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Musical</td>
<td>733</td>
<td>3</td>
</tr>
<tr>
<td>Literature</td>
<td>3 272</td>
<td>16</td>
</tr>
<tr>
<td>Music</td>
<td>5 750</td>
<td>27</td>
</tr>
<tr>
<td>Dance</td>
<td>841</td>
<td>4</td>
</tr>
<tr>
<td>Visual arts &amp; design</td>
<td>6 045</td>
<td>29</td>
</tr>
<tr>
<td>Theatre</td>
<td>3 415</td>
<td>16</td>
</tr>
<tr>
<td>Film</td>
<td>1 129</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21 185</td>
<td>100</td>
</tr>
</tbody>
</table>

*Table 1: Number of artists in Sweden in relation to different art fields.*

Source: Swedish Arts Grants Committee, 2011
The precise statistics regarding the number of visual artists in Gothenburg has not been found in the open sources, but the level of income was researched and it resulted to be around 148 000 SEK per year, while the total population has around 217 900 SEK/year (Swedish Arts Grants Committee, 2011). At the same time, hours that artists spend at work is higher than the vast majority of full time jobs in Sweden, meaning that artists have much lower hourly wage than in average in the country. According to a recent survey, Swedish visual artists work a total of 47 hours per week, of which 67 per cent go to their creative works and related administrative work. However, only 47 per cent of their total income is derived from the principal arts occupation (Swedish Arts Grants Committee, 2011).

The problem of low income and long working hours among visual artists are well-known and the Swedish government is trying to support artists in form of providing artists’ stipend. However this type of financial support becomes more and more rare to receive, even though the state is still sponsoring different artistic projects if they are properly presented by the artists and also have a strong cultural meaning for the country. There is a number of institutions in Sweden and Gothenburg in particular, that help individual artists and artists who run their own businesses to survive on their art. These supportive organizations were researched and mapped according to their roles and functions, they will be described more in detail in the next section.

4.2 Ecosystem for visual arts businesses development in Gothenburg

The Swedish government cultural department is taking care of the development of the cultural policy, which includes visual arts development, at the national level. After the approval of the plan, including budgeting, the State provides guidance and recommendations of how this plan should be implemented at the regional and city levels. Gothenburg and its region is not an exception, with Region Västra Götaland (VGR) as a key partner in relation to competence and financial distribution for the plan to be put in practise. “The Region drives renewal issues in the area of cultural policy – inquisitively and flexibly in order to capture the new forms of culture of our times. The committee gives assignments to 80 departments, institutions, organisations and associations and every year provides support for about a hundred. All to further strengthen the role of culture and practitioners of culture in society” (retrieved from VGR official homepage on 17 May 2016).
One of the local players, that to some extend gets supported in issued related to culture by VGR, is the city of Gothenburg which is in charge of local cultural development (among its other functions) and is helping to maintain the whole structure of domestic ecosystem for arts development. The municipality is also responsible for controlling money expenditure and its distribution among different actors that are working on practical implementation of the development plan. One example of this type of institution at the municipal level is Göteborg Konst.

Göteborg Konst is the obvious hub for a prospering art and cultural life in the city. Thanks to knowledge and contacts within art, we have built a competence which will benefit both citizens and actors within art. (translated from Swedish, retrieved from Göteborg Konst official homepage on 17 May 2016).

Another authority that is based under the State is the Swedish arts council, “whose task is to promote cultural development and access, based on the national cultural policy objectives. It focuses on developing activities of artistic and cultural merit relating to (among others) graphic art and design plus museums and exhibitions“ (retrieved from the Swedish arts council official homepage on 17 May 2016).

Some of the other big organizations that support artistic and cultural development, are located at the regional, and some - at the national level. One of the examples of the national actor that is helping artists to sustain is The Arts Grants Committee. The Arts Grants Committee has two main functions. “Firstly, it awards grants and allowances to individual artists in the fields of visual art, design, music, dance, theatre and film. Secondly, it monitors and compiles information on the financial and social situation of artists, including those working in the literary sphere. In other words, the committee always adopts the perspective of the artist – as it does in this anthology, which constitutes a response to the task assigned to it under the national action plan” (The Arts Grants Committee, 2011)

Among regional players, one of the most important one, when it comes to arts and its development is Kultur i Väst. This authority describes its main purpose as “we strive to strengthen and develop arts and culture in society. We want everyone in Västra Götaland to have the opportunity to experience as well as create art and culture” (retrieved from Kultur i
Väst official homepage on 17 May 2016). Kultur i Väst initiates different projects within various art fields, including visual arts, in order to grow cultural awareness in the society. However this organization, as well as The Arts Grants Committee, Göteborg Konst and the Swedish arts council have no such objectives in their agenda, as arts businesses development in the region and in Gothenburg in particular. All organizations, presented below are working only with overall issues, related to culture and arts, they are not responsible for the issues of business development, even if these businesses are operating within arts.

However, there are some organization in Gothenburg whose direct aim is to help emerging or already established businesses within creative sector to develop and sustain. These organizations are Drivhuset, Brewhouse and ADA.

**Drivhuset** in Gothenburg is a non-profit business coaching organization, that support newly formed or already established small businesses in the city. They position themselves as a coaching, educational and meeting place, where everybody could have easy access to all necessary business knowledge (retrieved from Drivhuset official homepage on 17 May 2016). Drivhuset does not focus specifically on arts businesses coaching.

**Brewhouse** is an incubator for small companies that operate within creative industries. Brewhouse supports these types of companies with all issues related to different steps of new business development. The organization invests significant amount of resources into business education of their residents, so that they (residents) feel more secure and prepared to market their product. Same as Drivhuset, Brewhouse, does not help visual arts businesses specifically, but rather all kind of businesses within creative sector.

**ADA** is daughter organization under Business region Gothenburg that supports creative projects in the city. This organization does not necesserary focus on visual arts businesses development issues, but it helps companies within this category, as well as artists who wish to start their own companies. ADA put great enthasis on networking and educational activities for all kind of creative entreprenuers, or the ones who wish to become one.
Picture 1: Map of the visual arts supportive ecosystem in Gothenburg
4.3 Current situation within the visual arts sector in Sweden

“It has been estimated that only a few hundred artists are able to live entirely by their art in Sweden today. To those we may add a few artists who receive a guaranteed income in the form of a central government artist’s stipend” (Sören Engblom, 1998, p. 126).

A central government artist’s stipend is a form of grant that is given to a full-time artist in order to help an artist financially. From a talk with an artists MW on the 2016-02-17 it was understood that to get a central government artist’s stipend is not easy nowadays and only a small amount of artists are getting granted recently and normally this stipend lasts only, for a year, where after the stipend ends, an artist is expected to take financial care of him/herself. However in old days, artists were able to apply and be granted a life-long stipend, which was not very big in amount, but was enough to live on. During the same interview, MW also assumed that around 900 artists apply for this kind of stipend every year, where only approximately 150 of them actually get the stipend, which means that 750 artists or 83% get rejected and they have to find other jobs and support themselves in any other possible way.

If to talk about pros and cons of the stipend approach, one could tell that the biggest advantage of the artists could be a possibility to fully dedicate him/herself to the creative process and do not think about the financial circumstances. In this case, an artist can create pieces of art of a high cultural value, without thinking too much about the commercial side of the business. As was said by MW, many artists are stressed by an issue of commercialisation of their art, they have no interest in commercialization process, because normally many of the artists care more about the aesthetic value/cultural value, instead of commercial (which in fact can not be separated from one another and this issue is discussed in p. 3.2 of this thesis).

It can also be argued whether this kind of sponsorship approach is anyhow effective in terms of stimulating creativity within arts in Sweden, however it might have had a positive effect on overall climate within arts and also on the increased number of operational artists. Without sponsorship approach, which was widely spread in Sweden before, artists nowadays have to think more about the ways of gaining money, and they might even choose to leave their art activities as a hobby instead of the main occupancy, and find themselves elsewhere doing other jobs, most likely jobs that generate more money if to compare with doing arts.
Why does this happen? An assumption, which is drawn out of the interviews with the operational and former visual artists, is that many artists experience a "call" for creating art, but due to different factors they do not consider commercial aspect of creating art at all. This goes for the cost of expendable materials that they need to buy before they can produce any piece of art, which is often underestimated by the artists and are excluded from the costs structure.

Other than that, the costs for producing a painting, for example, lay not only in time and material investment by the artists, but also in marketing and promotion of this painting. Surely, well-established artists with good reputation and a set of clients most likely have less difficulties with selling their art pieces, since they usually get promoted by art magazines, galleries and maybe even museums. But if we look at the emerging artists or not very well-known artists, it takes a lot of capital and effort for them to start selling their paintings.

However the truth is that not every artist is actually striving to sell, they even might put such a high price for the painting that is not corresponding with the market price, thus narrowing the amount of people who can afford to buy that painting. Normally, every collector is very much aware of the situation on the art market and will not invest in art which is overpriced in any account.

So there is actually no issue with the level of creativity within arts, an issue is how to connect this creativity with the market and how to encourage more artists to look at the commercial side of their art, not only at the esthetical or cultural side.

4.4 Use of artistic potential in Gothenburg

The terminology of improperly utilized “artistic potential” is used in this thesis to describe the complicated phenomenon that is widely spread on the visual arts market in Gothenburg. Such as when graduates from art educational institutions cannot continue doing their arts as full-time activity, after they finish school, because this activity does not generate sufficient pay in order for them to sustain themselves.
On the other hand, these graduates are highly skilled artists, they know a lot about the history as well as practicalities of art. But for the number of reasons that will be discussed in the last section of the thesis, these graduates cannot find themselves in the arts sector, thus have to continue with their careers doing something completely different.

The main and only academy of arts in Gothenburg is Valand academy. As known from the interview with visual artists IO on 2016-03-01, some of the future artists, before applying for the Valand academy, have to have their college education in arts completed, this happens for a reason that there is a high competition to get into Valand, so the more prepared the candidate is the better chances she/he has to become a Valand student.

This results in many years of academic education, the State and the families expenses per every art student. Where after the graduation for some people all this time and money become “wasted”, as the majority of art graduates are not able to survive on their earnings from art. Meaning that they have to reeducate themselves in other professions, in order to find other jobs. Or study basics of business development process, if they wish to run their own businesses within arts.

Is there any institution in the whole ecosystem that gives this type of knowledge to the artists or are the artists expected to get this information through their own sources? As it seems at this time, after all the research that has been done including interviews with different actors, there are no organizations that are specifically focusing on this issue. There is no institution in Gothenburg that is taking care on start-up development of the companies within visual arts. Where the author of this paper argues that it is something that is absolutely needed in order to help educated artists to become independent and give them opportunities to continue doing their arts non only in their spare time, but as a professional activity that generates monthly income.

According to the Sören Engblom, 1998, there are two main ways for the visual artists in Sweden to earn money.

The first is “scholarships and grants of various shapes and sizes. A number of private funds and foundations contribute, but the most significant source is to be found in the means allocated annually by central government as display compensation for works in government
possession, as these works are seen by the general public. In 1997, this sum amounted to 49 million kronor. This compensation is distributed by the Swedish Visual Artists’ Funds in the form of project contribution and working scholarships” (Engblom, 1998, p.127).

Another way of earning money is “individual display compensation for artists that is collected by the copyright monitoring body ”Bildkonst Upphovsrätt i Sverige”... This support is individual, linked to the artist whole work is being used in such settings” (Engblom, 1998, p.127).

It is still unknown whether the Swedish State provides any fully-sponsored exchange programmes for the artists that allow them to get in touch with their colleagues abroad, or maybe to get a valuable experience of exhibiting their art abroad. As was discussed during the interview on 2016-02-22 which was conducted with the former art gallery owner in Gothenburg - KT, contemporary Swedish artists are non-collaborative in general, they do not like to be involved in collective exhibitions and are sensitive to criticism. Swedish artists have hard time to collaborate with other artists, why does this happen?

An assumption might be that they have never been explained the advantages of working as a team as R. Florida (2002) describes the necessity for creatives to cluster. He explains it as a natural way of survival for people in creative industries, where they can share resources and ideas with each other.

The same can be applied for the purely artistic environment, if artists get together and form a union or similar group, it will become much easier for them to reach the market as well as to deal with other daily issues, as sharing costs and knowledge will create a competitive advantage for the collaborative group if compare with individuals who work solely. There are a number of artist-run galleries and collectives in Gothenburg, (such as Konstepidemin, Gallery 55, Gallery Box) but obviously not every artist, especially emerging, has access to these places.

Another part of the visual arts industry is a gallery business, which is known to be very closed and based on personal contacts, both when it comes to exhibiting artists and to sell masterpieces to the clients. The networking part seems to be important, because without an impressive list of previous successful exhibitions, for the artists it is very hard to start
exhibiting in galleries. So it is possible to say that in art business, everybody knows everybody and the progress is possible only though the right connections (from a talk with the art student LN on 2016-03-07).

As was also told by the former art gallery owner KT, the Swedish market is very small and people in general have little knowledge about fine art, thus art sales in Sweden are not high. But the US or Asian markets might be very profitable for the Swedish artists, however the artists themselves are not interested to do any kind of market research and promotion. According to KT, normally an artist does not have a business-minded approach, only a wish to create something that he/she likes or believes in. This creates some difficulties with the selling process, since the artists tend to «close down» if their art is not perceived by public as was wished by the artist.

4.5 Visual arts vs. new business development

If we take a look at the left side of the Map of the visual arts supportive ecosystem in Gothenburg (picture 1), it is possible to see that main role of the institutions allocated there is to provide help on solving daily issues in sustaining the whole art industry in Sweden and/or in Gothenburg. The main roles and functions of these organizations are presented in section 4.2 of this thesis, all of these organizations are vital of the arts development as an industry, however what has been noticed through interview sessions is that the majority of these institutions know very little about the missions of each other. An observation showed that the links between these organizations are not very strong and sometimes might even be missing. However, it is fair to say that the main roles of these institutions very much vary from each other, therefore it might be challenging to find that necessary link that can optimize and maximize their input on the entire industry.

The left side of the map represents the agents that help with collecting statistical data of the arts in Sweden, some of them work as networking organizations for the artists, some have other development projects within arts, for example working with art schools, some work at the city level, some at regional and national levels. Göteborgs konst, for instance, contributes to the arts development in the city by supporting local artists and exhibiting their pieces of art in public places.
None of the presented organizations have a direct impact on increasing the level of business development within visual arts in Gothenburg, nor to support already existing businesses within visual arts, as was briefly discussed in section 4.2. These institutions mainly support projects and individual artists, who work with so called cultural value products.

**Picture 2: Supportive organizations for the cultural value products within visual arts**

The right side of the Map of the visual arts supportive ecosystem in Gothenburg presents the local organizations that are aiming to help emerging and existing businesses within creative industries to survive. Three main players who are responsible for this task are Drivhuset, Brewhouse, Ada. More detailed description on the mission and function of these organizations can be found in section 4.2. But as was mentioned before, none of these organizations are focusing exclusively on visual arts businesses development.
Looking at the data that is collected and analysed by the Swedish Arts Grants Committee (2009), in 2004 the number of artists working as sole traders with their own single-owner operated private firms was 7,800. However, the survey was limited to those individuals who (i) “had been awarded the Swedish Arts Grants Committee’s or the Swedish Authors’ Fund’s guaranteed income for artists grants, guaranteed public lending remuneration, or stipend or grant in 2004 or 2005”; (ii) “applied for [such] a stipend or grant during 2002 through 2006”; (iii) or were “members of the Swedish Musicians’ Union, the Swedish Federation of Professional Musicians, or the Swedish Union for Theatre, Artists and Media” (Swedish Arts Grants Committee, 2009, p. 11).

This means that the actual number of artists who are registered and operate as sole traders might be much higher. Between 2004 and 2007, their share of sole-traders artists had thus
increased by two percentage points (from 40 to 42 per cent) (Swedish Arts Grants Committee, 2011, p. 49).

The number of artists, depending on their geographical location, is presented above. The statistics, presented in table 2, makes it possible to assume, that if the total number of artists in Gothenburg is around 2 870 artists, while an estimated average share of sole traders among artists is 42%, an approximate number of sole traders within arts in Gothenburg should be around 1 205 people.

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Artists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Stockholm</td>
<td>9 855</td>
</tr>
<tr>
<td>Big Gothenburg</td>
<td>2 870</td>
</tr>
<tr>
<td>Big Malmö</td>
<td>1 744</td>
</tr>
<tr>
<td>Götaland</td>
<td>2 541</td>
</tr>
<tr>
<td>Svealand</td>
<td>1 654</td>
</tr>
<tr>
<td>Norrland</td>
<td>1 133</td>
</tr>
<tr>
<td>TOTAL</td>
<td>19 794</td>
</tr>
</tbody>
</table>

Table 2: The number of artists in 2004, in relation to their geographical location
Source: Swedish Arts Grants Committee, 2009

The estimated number of artists in Gothenburg and surrounded areas (which is named big Gothenburg in the table 2), who operate within their own businesses in form of sole-trader is accounted to be 1 205. However it is still unknown how many firms of other organizational forms such as limited liability companies, economic associations and non-profit organisations within arts operate in Gothenburg, since they were not included in the evaluation of income from businesses “as income gained from these activities is accounted for as salary in the tax return” (Swedish Arts Grants Committee, 2009).

According to the statistic, presented in table 3, the biggest share of sole traders are accounted to be within visual arts and design field, which can serve as a basis of the rough calculation regarding the number of visual arts and design sole traders in Gothenburg: 1 205 (number of
sole traders within visual arts in Gothenburg, table 2) * 65.5% (average amount of sole traders within visual arts and design among men and women) = 789 people (approximately).

<table>
<thead>
<tr>
<th>Art Field</th>
<th>Sole traders,%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Musical</td>
<td>22.5</td>
</tr>
<tr>
<td>Literature</td>
<td>46.5</td>
</tr>
<tr>
<td>Music</td>
<td>30</td>
</tr>
<tr>
<td>Dance</td>
<td>15.5</td>
</tr>
<tr>
<td>Visual arts &amp; design</td>
<td>66.5</td>
</tr>
<tr>
<td>Theatre</td>
<td>25</td>
</tr>
<tr>
<td>Film</td>
<td>48</td>
</tr>
<tr>
<td>TOTAL</td>
<td>42</td>
</tr>
</tbody>
</table>

Table 3: Percentage of sole traders in artist group, 2007, average between men and women
Source: Swedish Arts Grants Committee, 2009

It is hard to say how many artists, among the accounted number above, are working with visual arts only and how many people are working with design. There is also a possibility, that in some cases, artists in “visual arts & design” group, work both with different forms of visual arts and with design.

“In its labor market forecasts, the Swedish Public Employment Service has identified a trend in which the number of self-employed workers in the cultural sector keeps steadily increasing while the opportunities for salaried and wage employment continue to diminish. In the estimates of the Employment Service, 3,500 new businesses will be set up in the cultural sector each year” (Swedish Arts Grants Committee, 2011, p. 49).

However cultural sector is a broad definition and estimated number of sole traders does not give a proper basis to assume that the number of sole traders within visual arts increases in the same steady path.

Table 4 is representing the income levels that artists, who are doing art-related businesses, reported in year 2007, the amounts are calculated as average income of men and women.
Table 4: Income from art-related businesses in artist group, 2007, average between men and women

Source: Swedish Arts Grants Committee, 2009

Table 4 shows that the median income from business in the field of visual arts and design in was critically low. It is hard to say how the structure of income has changed since 2007, since no later reports about the income from art business were found. However the business activities “here should primarily be considered as something the artists carried out on the side, rather than their main source of earnings” (Swedish Arts Grants Committee, 2011). What is specifically meant with my statement above, which was announced by the Swedish Arts Grants Committee, remains unknown. In particular, what is meant by “art-related” businesses, since the present statistics was done upon registered sole traders within arts.

“In a 1997 survey Arbete åt konstnärer, it was estimated that approximately 50 per cent of all artists were freelance workers, 40 per cent were self-employed, and 10 per cent worked in temporary positions” (Swedish Arts Grants Committee, 2011). How much do freelance artists earn in Sweden was not researched for this thesis.

But it is still reasonable to assume that if no action for increasing the profitability of the businesses within arts will be taken, there is a big chance that more people within arts will be in need of monetary support in form of unemployment allowance. In 2007 the total amount of

<table>
<thead>
<tr>
<th>Art Field</th>
<th>Profit in SEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Musical</td>
<td>66 500</td>
</tr>
<tr>
<td>Literature</td>
<td>48 120</td>
</tr>
<tr>
<td>Music</td>
<td>15 860</td>
</tr>
<tr>
<td>Dance</td>
<td>19 200</td>
</tr>
<tr>
<td>Visual arts &amp; design</td>
<td>560</td>
</tr>
<tr>
<td>Theatre</td>
<td>45 660</td>
</tr>
<tr>
<td>Film</td>
<td>29 040</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15 120</td>
</tr>
</tbody>
</table>
people who were provided with allowance within visual arts and design was 997. (Swedish Arts Grants Committee, 2011).

According to Swedish Arts Grants Committee (2011), “entrepreneurship and private-market orientation have been proposed as one possible solution to the artists’ vulnerable position in the labour market” (p. 49). If proper actions will be taken in the direction, this probably will increase the level of wealth for the entire industry, as well as reduce the number of unemployed artists and artists who earn less money on their arts than the population in general.

According to the same source, Swedish Arts Grants Committee (2011), one in four artists earns less than SEK 8 000/month and one in ten - less than SEK 2 500 per month. Despite this, artists do not receive more social benefits, such as housing allowance or economic benefits, than the general population, with the exception of unemployment benefit (30 per cent, compared to 13 per cent for the general population).

In order to sustain, the majority of people who operate as businesses within arts, had to support themselves through other sources (62,2%), in 2013. (KRO/KIF, 2014). Maybe this was something that was named by Swedish Arts Grants Committee as “art-related” businesses, since due to difficulties with earning money on arts as a main income, artists have to find other activities that they do within the same enterprise (sole trader), but that generate bigger income for them, thus is considered to be the main activity.

In 2004, the total share of sole traders among all artists was 44 % (42% in 2007), which is compared to some 10 per cent of the general population. (Swedish Arts Grants Committee, 2011). Meaning the artists start their own companies 4 times more often than general population. If to combine this fact with another fact, that in average artists are highly educated professionals, where approximately two thirds have a university degree (Swedish Arts Grants Committee, 2009), it will be reasonable to assume that the businesses, that are created by them, should attract more attention on different level in order to help them to develop.

Especially if considered that the number of businesses within arts is growing “in 2013 the percentage of artists who operated through their registered companies was higher than in 2007, and reached the amount of 66,5%” (KRO/KIF, 2014).
As seen from the analysis, regarding big share of registered companies and the low level of income, retrieved from these businesses, it is possible to assume that the majority of businesses, that are run by the artists, and in particular visual artists, belong to the category of “necessity” entrepreneurs. As “necessity” entrepreneurs simply hire just themselves and will unlikely create jobs for others. They are not expected to generate innovative ideas either. They are most likely pushed into starting and operating their business just because they are lacking alternative employment opportunities or because of the other financial reasons. They may not even be adequately prepared to launch their businesses (Caliendo & Kritikos, 2010).

Since the level of income of the arts businesses in Sweden is very low, it is possible to assume that these businesses were not created out of strong intention to develop and grow them bigger. Probably, they were established by the artists with the aim of occasional selling of their artistic products, not to investigate the market opportunities as “opportunity” entrepreneurs normally do. It seems that the visual arts businesses, as well as other artistic businesses, are established by their founders as lifestyle enterprises out of necessity, where they do not intent to create working places or impress with innovations. This can serve as a basis for the reasoning that the artists, who own businesses within arts, can be categorized as “necessity” entrepreneurs, rather than “opportunity” entrepreneurs.

4.6 Entrepreneurship policy in relation to visual arts businesses development

As was discussed above, the number of businesses that operate within arts, if compare with total number of artists, is much higher than in general in Sweden. Why is it so and if the Swedish entrepreneurship policy has any influence on this fact, will be discussed below.

According to the Entrepreneurship and SME’s policy by the European Commission, “Europe’s economic growth and jobs depend on its ability to support the growth of enterprises”. One of the Commission’s objectives, as they name it, is to “encourage people to become entrepreneurs and also to make it easier for them to set up and grow their businesses” (European Commission, 2016).

Main directions, that the Commission is focusing on are education, access to finance and markets, administrative procedure and bureaucracy. The Commission also stresses the
importance of transferring businesses, and is working towards direction of increasing the “the fear of punitive sanctions in case of failure” (European Commission, 2016).

Above all, the European Commission (2016) is emphasizing the importance of fostering “entrepreneurship drive more effectively”, since new, thriving firms are the basis for successful functioning of the whole European Union economy.

As Sweden is one of the member states of the European Union, it actively participates in actions that are stressed by the European Commission within Entrepreneurship and SME’s policy. As stated on the official homepage of the European Commission, “Business Region Göteborg (BRG) is dedicated to strengthening and developing trade and industry in the Göteborg region” (European Commission, 2016). Meaning that all activities within the mentioned policy implementation in Gothenburg city go through BRG. This organization is fully responsible in putting actions into practice within Entrepreneurship and SME’s policy in Gothenburg city.

“Sweden has relatively a very high share of so-called solo firms, which could be seen as surprising regarding the fact that there are few nascent entrepreneurs in the country” (Lundström, 2003, p.221). As Lundström (2003) claims the explanation of this phenomenon could be the high personal tax in Sweden, meaning that the people who run companies, allocate revenue to a company instead of to a person. This trend is true for the visual industry as well, since over 65% of all the visual artists operate as sole traders, and it is possible to assume that these artists opened their businesses to make sales of their products, such as paintings, in a legal way, as well as avoid too high personal taxes.

“The annual growth in the number of SMEs is ranked high but the annual growth in the SMEs employment is negative” (Lundström, 2003, p.222). Meaning that the majority of small and medium companies in Sweden do not have employees, where the founder is the only employed person in the company. The reasons for this should be discovered by more specific and detailed research, which cannot be conducted within this thesis due to limited time. But it will be fair to say, that the visual artists are not an exceptions and they also tend to solely operate within their companies without hiring additional personnel.
However, there is definitely a potential of developing more working places in visual art industry, by encouraging and educating already operational entrepreneurs, for growing their businesses in size. “Promotion of entrepreneurship and working with entrepreneurship in the schools were cited as necessary investments to create a good business climate” (Lundström, 2003, p.226). As is known from an interview with dean of Valand academy in Gothenburg on 07 March 2016, the Academy does not have specific courses on entrepreneurship or economy, it does not have ongoing projects on increasing entrepreneurial spirit among their students either. Lundström (2003) argues that most of the universities in Sweden have courses in entrepreneurship. “Jönköping International Business School provides a SME consultancy projects. Similar approach has been taken by Växjö University, Umeå University and Gothenburg Business School” (Lundström, 2003, p.234). There are other examples of how the schools work with the entrepreneurship policy in Sweden, meaning that there are a lot of steps taken in the direction of increasing the attraction of starting up new businesses among young people. Why Valand Academy is not a part of this strategic plan, needs to be further investigated.

The objective of the government is, in other words, to promote institutionally favorable preconditions for small and medium-sized enterprises in general, i.e., rules of the game, access to markets, financial support, etc. (Lundström, 2003, p.223). But not only these, since “in the Nordic countries there is a lack of what we call entrepreneurial spirit” (Lundström, 2003, p.268). Therefore the MOS (motivation, opportunity and skill measures) model has to be taken into consideration. In Sweden the MOS model looks like in the picture 4.

![MOS model for Sweden](source: Lundström, 2003)
Sweden has invested a lot of resources in Skills area, such as financial programs and entrepreneurs’ meeting points, but it has less focus on Opportunity and a little focus on Motivation measures. Where Opportunity factor stands for building more competence centres, strengthen business networks, reducing bureaucracy in legislation and administrative sector. The Motivation factor goes for projects concerning entrepreneurship education, intentions and behavior. However, an education players one of the crucial roles, since through education entrepreneurs get to discover not only Skills, but also Opportunities, as well as Motivation. Therefore more research within topic of education within visual arts in Sweden and in Gothenburg should be investigated and analysed, as well as what effects the increased awareness about entrepreneurship among visual artists will have on development of their new and already existing businesses.
5. CONCLUSIONS

In this chapter researched questions will be answered, which will be continued by final conclusions, and suggestions for future research.

5.1 Addressing research questions

In this section the research questions will be answered based on secondary and primary data, collected through the entire research. Final conclusions, based on presented below findings will be described in the next section.

RQ1: What kind of challenges do artists and visual art businesses face in Gothenburg?

Four main challenges have been investigated, while working on this research, among them:

(i) Low level of sales

Sweden is relatively small country with around 9,5 mln in population and three major cities Stockholm, Gothenburg and Malmö.

As was figured out, the demand for arts in Sweden is not high, if to compare with other markets, such as the United States, United Kingdom, France, meaning that the sales of art in Sweden is lower than in any of mentioned above countries, which results in lower amount of sales for the Swedish artists on their domestic market. Gothenburg is not an exception, to sell art there is not easy neither.

(ii) Low level of income derived from art businesses

As was discussed in chapter 4 of this thesis, an income, which is gained through doing visual arts businesses is very low. Much lower than generally among Swedish population. This causes issues with self-sustainability for the artists, since they have to find other ways of gaining their incomes, besides of making art and selling it. This also puts pressure on the government, that in case of unemployment and no income, has to support artists with unemployment funds.
Lack of education / experience in business
As it appeared, there is a big number of artists in Sweden, who operate as sole entrepreneurs, around 65% of all artists have their own businesses, which is a very big share. But the businesses that they are running do not have a tendency to grow, either to generate big income. Possible reasons for this phenomenon were discussed in the previous chapter, as well as the fact that The European Commission and Sweden in particular puts a lot of emphasis on promotion and implementation of business education among population. However, it seems that the art sector should be included more in movement of increasing business knowledge. Increasing Opportunity and Motivation area, as discussed in p. 4.6, among visual artists who already have their businesses or who plan to start one, should also encourage them to operate within their businesses with more enthusiasm.

Networking and clustering
As stated in Entrepreneurship and SMEs policy for Sweden, networking is an essential part of any business development. Through networking and collaboration, newly created and already operational businesses gain necessary competences and connections. BRG in Gothenburg is taking active role in organizing different networking events for start-ups. However these events are not very popular among visual artists that were interviewed for the thesis. One of the reasons for this might be a lack of promotion of these events among artists, another reason can stand for lack of interest in participation in general from artists side.

RQ2: Why do these challenges exist?

As was described above, Sweden and Gothenburg in particular provides a small market for selling art. Mainly because big part of the population is poorly educated in arts, therefore does not have a special interest in purchasing arts (discussed in chapter 2 of this thesis). Another reason of low sales of arts can be relatively undeveloped art infrastructure in Sweden and Gothenburg. As was mentioned during the interview with Art expert and manager of Göteborgskonst on 08 March 2016, art galleries in Gothenburg are not popular among artists, so
artists rather go abroad to exhibit. What is the reason of why galleries are neglected by artists is unknown.

(ii) One of the reasons that cause low level of income derived from doing businesses withing arts is limited access to external capital. The amount of start-up funds, sponsored by the government or private actors is not very extensive in Gothenburg, and the arts sector is not attractive enough for the venture capitalists. Therefore, it might be difficult for the artist to find necessary capital to start a new company or project, as well as develop it further.

(iii) The opportunities for business education in Gothenburg exist in many different levels, the information about the business classes/course/coaching is easily accessible on Internet, or by calling business development agencies, such as ALMI. However it seems that these options are not very popular within artistic type of businesses. Reasons causing these reaction, should be investigated with more in-depth research on this issue.

(iv) No evidence has been found, that the State or private organizations in Gothenburg have an interest in organizing meeting points and networking events particularly for the artists. Nevertheless, there is a number of well-known and emerging events on networking that take place in Gothenburg, why many artists doesn't take the opportunity to network with representatives of other industries during such meetings was not investigated.

**RQ3: How can these challenges be reduced?**

(i) An ideal situation would be to educate the population more about the arts, which will naturally lead to better awareness and interest towards art, and probably bigger number of sales. However the educational process might take some years, or even decades, so the quicker solution of solving an issue with low art sales for the artists might be to sell abroad.

(ii) In order to draw conclusions on how to reduce the challenge of low income derived from art businesses, more specific research on this topic in needed. As
assumed, a limited access to the capital might be one of the causes of this problem, but it seems that this problem is complex and could consist of many different elements.

(iii) Public institutions that are involved in development of the arts in Gothenburg should have closer collaboration with Valand students, graduates and other artists in order to increase their level of business knowledge and other disciplines that might help them to build more sustainable businesses on their own. The actors that are involved in supportive ecosystem in Gothenburg, that were discussed in chapter 4.2, should be interconnected with each other more and possibly create more common projects, since they all have different competences that might be of a very high value if combined. This type of collaboration will probably have a positive influence of increasing the level of willingness to collaborate among artists as well, even possibly increase the level of overall motivation among art business owners.

(iv) A strong network of artists on national and international levels can be considered as a good option to increase the networking and clustering among art businesses and artists in general.

5.2 Final conclusions

There are a number of challenges that exist and that, most likely, the majority of owners of businesses within visual arts face in Sweden and Gothenburg. But these challenges may, as well, be seen as good opportunities for artists to expand and develop their businesses more effectively.

The first thing that should be done in order to use the artistic potential in the city as efficient as possible is to maximize and optimize the collaboration between different actors in the supportive ecosystem, that has been created and described in the present thesis. One of the possible projects that can unite all actors is to start attracting more private sector into visual arts industry, which could possibly lead to more available start-up and venture capital for businesses within visual arts, as well as open more possibilities for networking and finding important contacts among people from different industries, backgrounds and knowledge.
Another project could tackle an issue of educating more art agents and any kind of intermediaries to help artists to sell their works and to be more successful in their businesses. More activities within cultural exchange will obviously be beneficial for the visual arts businesses and their founders. As was mentioned in the previous section, Swedish market is rather small, therefore more geographical sales locations should be discovered to sell abroad.

One more thing to keep in mind could be, that the artistic community and visual arts development should be seen as a specific group that requires special approach and knowledge. It cannot be perceived as a «normal» type of business and cannot be developed according to «normal» business mechanisms. Why is it so? First of all, because an art market has its own rules and is quite conservative, meaning that it is not very much prone to changes and innovations, therefore it should be approached accordingly. Second, it might take some time for the artists and society in general to change the perception of the commercial art. This stands for the idea that commercial art doesn't mean mass-market art and something that is produced exclusively for the purpose of making money, instead commercialization and price of art is to some extent illustrating its value. This goes hand in hand with educational issue, both for the artists educating them in business related subjects and for the general population, educating them in arts.

This last issue needs to be researched more and involve as many artists as possible in order to draw more relevant conclusions, and maybe even to extend this research in order to see if different generations of artists see this issue differently. It also remains unknown, how do other countries that are seen as the strongest players on the international art market, such as the United States and the United Kingdom, develop their strategies and also build an image of the arts on their local markets.

5.3 Suggestions for future research

Some suggestions for the future research have been written along this thesis, and below will be presented some other suggestions that could be researched more in detail.

For instance, to which degree the visual art industry has its commercial potential and if this industry has perspectives to grow and generate bigger income and new jobs, as well as innovations. To research more in details, what factors have the most effect on development of
the businesses within visual arts, and what kind of help is needed in order to diminish the negative influence of these factors. More extensive research is necessary in order to understand, what reasons push artists to open their businesses and why do they have no incentives to grow their businesses.

Actions that comply with Entrepreneurship and SMEs policy on the local level should be also researched more in detail, in order to make sure that the visual arts industry is not left behind and is taken proper care of. It is also necessary to investigate, what activities have been taken already in order to increase the quality of the companies that operate within visual arts in Gothenburg.
REFERENCES


