

Organizational Performance Evaluation in Cultural and Creative Industries Organizations: the Example of Estonia

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Estonian Business School

**ORGANIZATIONAL PERFORMANCE
EVALUATION IN CULTURAL AND CREATIVE
INDUSTRIES ORGANIZATIONS:
THE EXAMPLE OF ESTONIA**

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by
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LIST OF ORIGINAL PUBLICATIONS

The dissertation is based on the following academic publications:

- STUDY 1 – Sassi, M., Urb, K. and Pihlak, Ü. “The Evaluation of Organisational Performance: Estonian Cultural and Creative Industries Organisations.” In *Management, Participation and Entrepreneurship in the Cultural and Creative Sector*, pp. 189–218. Springer, Cham, 2020.¹
- STUDY 2 – Sassi, M., Pihlak, Ü. and Haldma, T. 2017. Factors affecting strategic management attitudes and practices in creative industries organisations. *Journal of Cultural Management and Policy*, 7, 71–87.²
- STUDY 3 – Sassi, M., Jyrämä, A. and Pihlak, Ü. 2019. Using the Strategy Tripod to Understand Strategic Management in the “Evaluation-Friendly” Organizations of Cultural and Creative Industries. *The Journal of Arts Management, Law, and Society*, 324–346.³
- STUDY 4 – Sassi, M., Pihlak, Ü. and Birnkraut, G., 2021. Organizational performance evaluation and performance paradox in CCI organizations. *International Journal of Productivity and Performance Management*.⁴

¹ The first author’s contribution – selecting the research object, deciding on the focus of the research, collecting and analyzing data, writing the paper. The second author contributed partly to theory writing and proof-reading the last versions of the paper. The third author, advised the first author throughout the process.

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LIST OF CONFERENCE PRESENTATIONS

- 17.12.2020 – presentation *Organizational Performance Evaluation (OPE) in Cultural and Creative Industries (CCI) Organizations in Estonia* at the EIAM Conference “7th Workshop on Managing Arts and Cultural Organizations” (MINES ParisTech).
- 30.11.2018 – presentation *Contradictory Goals and Response to them in Cultural and Creative Industries* at the EIASM “6th Workshop on Managing Arts and Cultural Organizations” (University of Oxford).
- 06.07.2018 – presentation *Organizing and Performing Paradoxes and Strategic Response to them in “Evaluation-Friendly” and “Evaluation-Hesitant” CCIOs* at the EGOS conference “Surprise in and around Organizations: Journeys to the Unexpected” (Estonian Business School).
- 13.09.2017 – presentation *Reasons for Planning and Measuring Organizational Performance in Creative Industries* at the EIASM conference “9th Conference on Performance Measurement and Management Control” (EIASM).
- 06.10.2016 – presentation *Typology of The Organizations of Creative Industries based on the Factors Affecting Strategic Management* at the ENCATC conference “Cultural Management Education in Risk Societies – Towards a Paradigm and Policy Shift?!” (ENCATC).
- 13.11.2015 – presentation *Improving the Efficiency of Cultural and Creative Industry Organizations* at the conference “International Symposium on Cultural Trajectories: Cultural Governance, What’s Next?” (National Taiwan University of Arts).
- 28.06.2015 – presentation *Developing Organizational Performance Measurement Tool for Cultural and Creative Industry Using Design Research* at the AIMAC conference Ph.D. Symposium (Aix-Marseille University and Kedge Business School).

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LIST OF ABBREVIATIONS

- CCI – Cultural and Creative Industries
- EAS – Enterprise Estonia
- EKI – Estonian Institute of Economic Research
- ETIS – Estonian Research Information System
- EU – European Union
- NESTA – National Endowment for Science Technology and the Arts
- NGO – Non-Governmental Organization
- NPO – Nonprofit Organization
- OPE – Organizational Performance Evaluation
- RQ – Research Question

ABSTRACT

This thesis investigates Organizational Performance Evaluation (OPE) in Cultural and Creative Industries (CCI) organizations in Estonia. Both, the CCI as a business sector and OPE as a strategic management function are well researched by academics. However, CCI-specific causal OPE research has so far been rather limited and some key questions are not yet answered. **Therefore, the purpose of the current thesis is to analyze the different factors that affect attitudes towards and implementation of Organizational Performance Evaluation in CCI organizations and to develop a model explaining internal and external factors affecting the usage of OPE in CCI organizations.** Below, the need for the study is explained followed by the key points of the research design, findings and contribution.

The topic of the current doctoral research was chosen based on the paradoxical nature of the research object – *Organizational Performance Evaluation (OPE) in Cultural and Creative Industries (CCI) organizations* – as uniting both control and creativity which peaked the author's curiosity. As a quality expert for the Creative Europe programme (of the European Commission), the author has witnessed within the last four years a certain lack of management skills and limited understanding of the impact of their performance in CCI organizations. At the same time, the existing body of literature does not provide definite answers to either of these phenomena. Therefore, the dissertation seeks to explain the factors affecting strategic management, especially OPE in CCI organizations in Estonia.

The existing problems concerning CCI are well mapped in the grey literature from Baltic and Nordic countries, while less attention has been paid to explaining the relations between any internal and external factors affecting the management in CCI organizations. However, the latest CCI mapping study in Estonia revealed that the main difference between CCI sub-sectors lies in their setting of goals – not all are business oriented, and there are also organizations aiming to contribute to the image of Estonia, and therefore their performance cannot be measured on an equal basis (Eesti Konjunkturiinstituut, 2018). The existing body of research tends to be rather descriptive and could be interpreted as lacking a deeper understanding of the problems and solutions of OPE in CCI organizations, particularly in this part of the world. Without understanding the reasons for practicing or not practicing OPE, it is difficult

to improve the sustainability of the sector. Nevertheless, in an uncertain environment with high labour costs (both factors typical of CCI), a focus on long-term effectiveness and quality through self-inspection provides significant advantages (Davis, Schoorman and Donaldson, 1997). Therefore, there are reasons to believe that OPE practice accompanied with a supporting mindset has the potential to improve not only the CCI organizations' survival skills but hopefully also their growing competitiveness (Lasserre, 2017; Winch and Schneider, 1993). This supportive mindset is not only about the vision and strategy but the general mindset of the organization also needs to be long term (Ingelsson and Bäckström, 2017). Nevertheless, Parkman, Holloway and Sebastiao (2012) have found that entrepreneurial orientation leads to innovation capacity which on the other hand leads to both project success and competitive advantage in CCI. Even though different in essence, the mission of CCI organizations are competitive, and they are compete for funding (Alexander and Bowler, 2014). The current thesis aims to fill this gap (specifically for CCI) by analyzing the polarities of OPE attitudes (“evaluation-hesitance” vs “evaluation-friendliness”) in CCI organizations. Consequently, the current PhD thesis is expected to prepare the ground for the potential development of an evaluation tool and in the longer run, to contribute to the improved competitiveness and sustainability of CCI organizations in Estonia.

The current thesis is based on Sequential Explanatory Mixed Method Designs (Creswell, 2014), having *OPE in CCI organizations* as its research object. This two-phase mixed-methods strategy allows the researcher to analyse the quantitative results first and then use these results as input for the qualitative phase (Creswell, 2014). The quantitative data was collected using an online survey and after analysis, the quantitative findings were explained in more detail via qualitative interviews. The current research consists of four studies relying on two data sets. First, data was collected using a quantitative survey completed by 460 CCI representatives. Subsequently, eight CCI managers were interviewed to gather the qualitative data. The first three studies relied purely on quantitative data, while the 4th study combined the quantitative and qualitative data. Adding the qualitative approach to the quantitative was necessary to validate the results using post-survey interviews. The following quantitative data analysis methods were used throughout the research – correlation analysis, factor analysis, cluster analysis, multinomial logistic regression, moderation analysis and content analysis. Four studies (and altogether five research questions) were linked content-wise and complementing each other method-wise – while the first study used mainly descriptive statistics, the final study used a

mixed-methods approach. In the following paragraphs, the background and answers to the five research questions are presented.

The European Commission has claimed that CCI organizations in the European Union face common challenges (Official Journal of the EU 2013, L 347/225). In spite of that conclusion, CCI is quite a heterogeneous industry (consisting of a variety of organization types representing multiple sub-sectors and business models), and the performance management practices have been found to be affected by this organizational heterogeneity (Askim, 2015). Therefore, it was important to understand whether the OPE practices differ among the different sub-sectors within CCI and how and on the basis of other demographic characteristics of the CCI organizations. This resulted in RQ1 being formulated as follows: **How do OPE tools and practices differ in different types of CCI organizations?** The survey findings in regard to RQ1 show that the majority of the CCI organizations in Estonia tend not to have a methodology or system to analyse their performance and the key challenges for CCI organizations are linked to strategic management in general. Empirical evidence was found that CCI organizations that do not have any paid staff members struggle the most with skills gaps. The results also revealed that the biggest struggle for most of the organizational forms, but also sub-sectors tend to be coping with “making profit”. The findings also suggest that older organizations struggle more with financial management and strategic planning than younger ones.

As RQ1 focused on the actual OPE practices without taking a deeper look at the reasons behind these practices, it was important to also understand the mindsets behind the existing practices and on a wider scale, the attitudes to strategic management. The mindset and experience of managers have been found to influence the choice of managerial tools in particular organizations (Prahalad and Bettis, 1986); nevertheless, the circle of “influencers” may be broader. Therefore, RQ2 was formulated as follows: **Which factors affect OPE attitudes and practices in CCI organizations?** The quantitative findings suggest that the following factors – evaluation practices, strategic challenges, and mindset – describe the latent trends that have a major impact on the strategic management of CCI organizations. The results revealed that there is no single and uniform strategic mindset in CCI organizations as the strategic management depends more on available resources and attitudes towards the enthusiastic mindset. The study also resulted in clustering five categories of CCI organizations describing them mainly based on their OPE practices and mindsets. As a result of those categories, two new concepts

were developed – “evaluation hesitance” and “evaluation-friendliness” – referring to existing OPE practices and positive or negative mindsets about OPE in CCI organizations.

Based on the Strategy Tripod, RQ3 focused on the different factors influencing OPE in the context of one of the previously defined polar OPE attitudes. The factors influencing OPE in “evaluation-friendly” CCI organizations were categorized as industry-based (profit-orientation of staff), resource-based (level of confidence in regard to income, challenging to analyze and report) and institution-based (organizational orientation to expand, learning and development orientation). Therefore, RQ3 reads as follows: **What factors affect the implementation and perception of OPE in CCI organizations?** The quantitative results concerning “evaluation-friendly” organizations, revealed that profit oriented CCI organizations are more likely to have a positive perception of OPE. On the other hand, CCI organizations with “no confidence in regard to income” are more likely to compare the achieved results with the set goals (thus 1 element of OPE). It was also found that learning and development orientation tends to affect analysing performance as a natural part of daily work.

Nevertheless, not all aspects of performance can be analyzed and, for instance, efficiency or productivity cannot be measured in all contexts (DiMaggio and Powell, 1983) and the willingness to measure performance differentiates tremendously. It was expected by the author that “evaluation-hesitant” CCI organizations are driven by different factors than “evaluation-friendly” CCI organizations, especially in regard to the Performance Paradox (contradictory goals between creative freedom and survival challenges). Therefore, RQ4 focused on the “evaluation-hesitant” organizations and aimed to find out if practicing OPE is related to creative freedom and survival challenges and how. Performance paradox had already been widely studied in the context of CCI organizations, but its connection to OPE was unclear in these previous studies. This resulted in formulating RQ4 as follows: **Which factors deter CCI organizations from practicing OPE and how?** The quantitative findings suggest that creative freedom boosts OPE practices, while survival challenges have the opposite effect – higher levels of survival challenges lead to lower levels of OPE. Therefore, it is possible to explain OPE in CCI organizations through the challenges accompanied with attitudes, at least in those organizations that are not too eager to practice OPE (“evaluation-hesitant” organizations).

After having studied different factors affecting OPE in CCI organizations, the final stage of the study took a qualitative look at the reasons for uncertainty and being out of balance (with contradictory goals) that remained unclear. This led to RQ5 that was triggered by the claim that it is possible to balance economic and symbolic concerns in CCI organizations. Therefore, instead of focusing on the (financial) success of the organizations practicing OPE, a broader open-ended question was developed – **What do CCI organizations need to be strategically balanced?** The findings revealed that the following conditions restrict the balance between contradictory goals in CCI organizations the most: lack of professionalism and competences, short-term planning caused by instability of funding and non-profit orientation.

To conclude, the theoretical contribution of the thesis is summarized in a model that integrates all findings from the RQs together explaining how different factors interact with different aspects of OPE in CCI organizations. The usage of OPE in CCI organizations has proven to be dependent on how these factors and combinations of the factors are handled in the corresponding CCI organizations. Even though the findings are specific of the context, the conclusions are also relevant for CCI organizations in other small developed European economies.

The major conceptual contribution of the thesis is the development of a typology of CCI organizations and as a result, two new concepts – “evaluation-friendly” and “evaluation-hesitant” CCI organizations. This enables a deeper understanding of the reasons for practicing or not practicing OPE in Estonian CCI organizations. Before the current study, the evaluation attitudes and practices have not been interpreted as distinguishing elements of organizations in the academic literature. Furthermore, five conceptual models were created to visualize the findings of RQ 1–4, linking the theoretical and empirical evidence of OPE in CCI organizations in Estonia and contributing to the existing strategic management theory. As a result of the current study, OPE in CCI organizations can be better explained through the relationships between OPE and different internal and external factors affecting it.

In addition to the theoretical contribution, the study has at least two practical contributions. First, the results provide important evidence for the managers of CCI organizations (as the potential implementers of OPE) that organizations practicing OPE do not (have to) struggle for survival as OPE tends to contribute to the stability and/or sustainability of CCI organizations.

Second, as the study also mapped the skills gaps (being in compliance with laws, analysis and reporting, financial management, strategic planning) in CCI organizations, policymakers could use the list of lacking skills as input to contribute to skills development in CCI organizations by providing training to improve the level of competences and to develop evaluation/assessment tools. Therefore, based on the findings, raising awareness of the benefits of OPE and the variety of tools available could help decision-makers in developing the sector and especially improving its management level.

Keywords: *Cultural and Creative Industries (CCI) organizations, Organizational Performance Evaluation (OPE), Organizational Studies, Performing Paradox and Strategic Management.*

1. INTRODUCTION

The current chapter presents the motivation and aim of the study and its methodology. To start with, the core concepts related to the research object – *OPE in CCI organizations* – need to be introduced. In the current thesis, CCI is used on the basis of the definition provided by the Ministry of Culture of Estonia, where CCI is – “an economic sector that is based on individual and collective creativity, skills and talent, and is capable of creating welfare and jobs through the generation and use of intellectual property” (Ministry of Culture, 2019). In the current context, OPE in CCI is defined by the author as a “conscious strategic process that takes the specifics of a particular CCI organization into account while using the regular analysis of previous organizational performance as an input for planning the future performance of that CCI organization”. In the current thesis the term “organization” refers to both the private and public sectors, thus covering for-profit business organizations, non-profit organizations, and organizations in the public sector.

Strategic Management in CCI organizations differs considerably from that of more traditional businesses and one of their key issues seems to be the difficulty in balancing artistic and business objectives, and managing and planning effectively (Küttim, Arvola and Venesaar, 2011). This might be due to the different business logic that many CCI organizations follow (Tafel-Viia, Viia, Terk, Ibrus and Lassur, 2011; Pallok, 2015) the aim of which is usually not to earn profit (Manzoni and Caporarello, 2017; Gstraunthaler and Piber, 2012) but to produce symbolic capital (Townley and Gullede, 2015). Traditionally, leadership in arts organizations has primarily focused on the quality of the artistic vision while earning a profit has not been a central issue (Caust, 2005). This is most probably because of tradition – “business logic” is not appreciated by the employees of CCI organizations and even management terminology like “quality” or “strategy” are avoided. This might affect how much awareness is dedicated to their business development; among others it may also influence their choices between the profit orientation and creative freedom. Therefore, management principles that work well in more traditional industries are often not appreciated nor followed in CCI and the reasons for that are not fully clear. Gilbert and Sutherland (2013) have found that the performance management system has an important role in balancing autonomy and control. Therefore, it is possible to assume that OPE impacts creative freedom (equivalent to autonomy) in CCI organizations, but whether this relates to survival challenges and how remains so far unclear. Therefore,

within the current thesis, the relations between creative freedom, survival challenges, and OPE shall be tested to understand if OPE could bring the desired balance to CCI organizations, especially in the current turbulent times.

Management of CCI organizations is a rather novel research field and its performance is usually researched using an entrepreneurial lens (de Klerk, 2014). To analyse the theoretical background of OPE in CCI organizations, OPE as a strategic management function in CCI organizations is the focus. OPE in the context of Estonian CCI organizations is an underdeveloped concept and hardly any academic research exists on the strategic management of CCI organizations (on the sector level) in Estonia. After an analysis of the theoretical background and grey literature relevant to the Estonian context, the main research gaps related to OPE in CCI shall be identified. Throughout the 4 studies, different factors affecting OPE in different CCI organizations shall be empirically tested.

Since 2006, the author has witnessed through her evaluation and assessment jobs that one of the differences between CCI organizations and more traditional business organizations is that the former prefers to go with the flow instead of following a well-defined strategy. Why and how is it possible to survive without a proper strategy in today's business world? Would being more strategic improve the chances for survival and perhaps also be more competitive? The set of interrelated issues resulted in the author picking the most intriguing aspect for research – OPE in CCI. The author successfully defended her MA thesis on “Evaluating Performance in Cultural Organizations of Estonia” but had still not closed the research gap in relation of identifying the reasons for practicing or not practicing performance evaluation. Therefore, she decided to continue with OPE as the primary focus of her research but widening the scope from cultural organizations to CCI organizations to build a basis for the whole Cultural and Creative Industry to work more effectively. Contributing to the efficiency of CCI is especially important in the current Covid-19 situation as due to the restrictions, only the managed CCI organizations are likely to survive.

Decision-making in CCI organizations is not considered to be very rational (Elmqvist, 2012) and the need for efficient management in CCI organizations is highlighted not only by practitioners but also by different scholars (Townley, Beech, and McKinlay, 2009; Chong, 2002; del Barrio and Herrero, 2014) in terms of their purview, their significance within political economy, and the extent to which, and how, they may differ from other sectors. Arguing that

the ‘motley crew’ is a very broad church, and management must not confine itself solely to the management of production but should also consider the role of consumption, the authors suggest that research into the creative industries may be considered in relation to the capitals that inform its domain: intellectual capital creative ideas. OPE is considered to be one of the key elements of strategic management (Bredmar, 2015; Dickel and Moura, 2016) focusing on how organizations can identify whether they are successful or not (Bredmar, 2015; Dickel and Moura, 2016). Therefore, the current thesis first tries to understand what factors affect OPE in CCI organizations. To understand the complexity of OPE in CCI organizations, all the sub-sectors of CCI organizations will be addressed and subsequently, they will be clustered based on their OPE attitudes and usage. As a result, the current research is expected to explain which factors and combinations of factors affect OPE in CCI organizations positively and which negatively.

The importance of CCI in the Estonian economy was growing before Covid-19 due to its role in the creation of employment and added value in the economy. According to 2017 and 2019 data, the share of cultural employment in total employment in Estonia was the highest or 2nd highest in the EU (Eurostat, 2018). As approximately 5% of total employment are employed in CCI in Estonia (Eurostat, 2019), the effectiveness of this sector should not be ignored.

CCI in Estonia is under the responsibility of the Ministry of Culture, but the majority of its financial support has been administrated by Enterprise Estonia (EAS) using EU Structural Funds. Even though the trends in CCI in Estonia have been regularly mapped since 2005, there exists no state-level development strategy for CCI in Estonia. Nevertheless, since 2009 a regulation “Conditions and modalities of support for creative industries support structures” has regulated the financing of the state priorities within the industry. This document aims

to increase the entrepreneurial activity in the creative industries, to increase the international competitiveness of creative entrepreneurs and to stimulate cooperation between creative entrepreneurs and entrepreneurs in other fields by creating a favourable operating environment and developing cooperation (Loomemajanduse tugistruktuuride toetamise tingimused ja kord, 2009).

As a result, the document (the current valid version is from 2014) opens up the cornerstones of state support available to creative entrepreneurs and CCI

organizations in their ambition to develop themselves and grow internationally. As a result of the support, the following indicators are expected to improve: number of exporting enterprises, value added per employee, income per enterprise and per employee. Nevertheless, the meaning of competitiveness or the way it shall be measured has not been defined in the corresponding document. This might be interpreted as a sign of a lack of clarity on the state level about what it takes for a CCI organization to be competitive. In spite of this lack of clarity, this is the most significant document and proves that the need to develop CCI has been acknowledged on the state level. Nevertheless, it is mainly one-off projects that have corresponded to the EAS funding priorities and improving their managerial capabilities has been rather irregular for most of the organizations. Therefore, in addition to the research gap, there also seems to be a “practical gap” in the field – problems have been acknowledged but no systematic solution has been addressed. Therefore, the author expects her empirical findings to be useful in establishing the groundwork for improving the performance evaluation awareness of CCI managers that might lead to developing an evaluation tool for use in the self-assessment of CCI organizations in Estonia.

Collecting the data for the current research started in 2016, and the timing was relevant as there was no certainty about whether EU support would be available for Estonian CCI organizations from 2021 onwards or whether CCI organizations would have to compete for support on equal grounds with more traditional industries. CCI organizations in Estonia were not managerially strong enough to compete with projects from more traditional industries already before the arrival of the Covid-19 pandemic. Covid-19 has affected weakly managed organizations the most and overcoming the consequences of the current crisis requires implementing future-oriented solutions for the survival of CCI organizations. Practicing OPE may provide managers necessary input to understand where they stand and which direction they should move; therefore, it helps to develop and implement stronger strategies. OPE is usually seen as a learning and change management tool (Birnkrant, 2011) integral to each organization’s practice (Woolf, 2004). For the last 50 years, an ideal organization has been considered to be “self-evaluating and therefore continuously monitoring its own activities so as to determine whether it was meeting its goals or whether these goals should even prevail” (Wildavsky, 1972, p. 509). OPE contributes to the improvement of an organization and its performance towards being successful (Waheed, Mansor and Noor, 2010), sustainable (Gstraunthaler and Piber, 2007) and gaining competitive advantage (Ates, Garengo, Cocca and Bititci, 2013; Cocca and Alberti, 2010). Therefore, the

common understanding tends to be that OPE is essential for organizational competitiveness (Jensen and Sage, 2000). In spite of the fact that OPE is considered beneficial for organizations, resistance to it in CCI organizations tends to be quite common (Birnkraut, 2011) and the reasons for not practicing OPE have not been widely discussed. In addition, Pattyn (2014) has called for research into the causal mechanisms behind the lack of evaluation activity. The current thesis aims to fill this gap (specifically in CCI) and analyse the evaluation attitudes and practices in CCI organizations.

There is also one more research gap to address, as there seems to be no universal understanding about what form of OPE is suitable for CCI organizations. Nevertheless, scholars seem to agree that one-size-fits-all evaluation tools do not work for CCI (Chiaravalloti and Piber, 2011; Belfiore and Bennett, 2010; Birnkraut, 2011), and methods proven to be efficient in the business sector need to be adapted to fit CCI needs. As a result, there has been a wide range of OPE tools developed by Cultural Councils in many countries to make it easier for CCI organizations to understand whether they are heading in the right direction. For instance, the UK and Australia have already developed evaluation and assessment tools for their cultural organizations for decades; Finland has also made at least one attempt to develop an instrument to measure the performance of arts organizations (Sorjonen and Uusitalo, 2005), but so far there are no publicly known state-level efforts in Estonia. In Eastern Europe, OPE has not been widely researched, especially compared to the Nordic countries. In addition, the CCI management practices across Northern Europe are not fully comparable to the Estonian context, mainly due to major differences in the state support systems for CCI organizations.

State support for CCI organizations during the Covid-19 crisis has grown; nevertheless, it is surprising that the funding is primarily intended for improving the technological basis of CCI organizations, paying salaries and much less targeted at improving the competences or level of strategic management. In addition to this, there is one more concern – despite the crisis, there is still no obligation for the funded organizations to introduce regular assessment practices. The reasons for this (passive) approach remain unclear, especially as there is evidence that in countries where accountability is set as a priority, CCI organizations are more strategically oriented.

Therefore, the purpose of the current research is **to analyse the different factors that affect the attitudes towards and implementation of Organizational Performance Evaluation in CCI organizations to develop a model explaining internal and external factors affecting**

the usage of OPE in CCI organizations. This is met by answering the following research questions:

RQ1 – How do OPE tools and practices differ in different types of CCI organizations?

RQ2 – How are OPE practices affected by strategic management attitudes in CCI organizations?

RQ3 – What factors affect the implementation and perception of OPE in CCI organizations?

RQ4 – Which factors deter CCI organizations from practicing OPE and how?

RQ5 – What do CCI organizations need in order to be strategically balanced?

Answering these research questions will help build a new understanding of how OPE affects CCI organizations in Estonia and what kinds of support systems could help CCI organizations to survive and compete in a constantly changing environment. To answer these research questions, four separate studies are conducted. The first three will use quantitative methods from primary data collected by the author. The fourth study also relied on the same primary data but combines qualitative and quantitative approaches.

The current thesis shall use an explanatory mixed-methods research design for data collection and data analysis. This type of research enables the researcher to combine quantitative and qualitative research by starting the data collection and analysis using quantitative data. The second, qualitative research stage “follows from the results of the first quantitative phase” (Creswell and Plano 2006, p. 72) and can be used to explain the anomalies found in the quantitative data among other aims.

The next (second) chapter of the thesis presents the theoretical background to research into OPE and CCI management. Chapter 3 introduces the design of the four studies and justifies the methods employed. The fourth chapter summarizes the key results of the four studies. In the final chapter, the findings of the doctoral research are discussed, implications are proposed, limitations are explained and suggestions for further research are drawn. The dissertation ends with a Conclusion and Summary in the Estonian language. Figure 1 visualizes the layout of the full thesis.

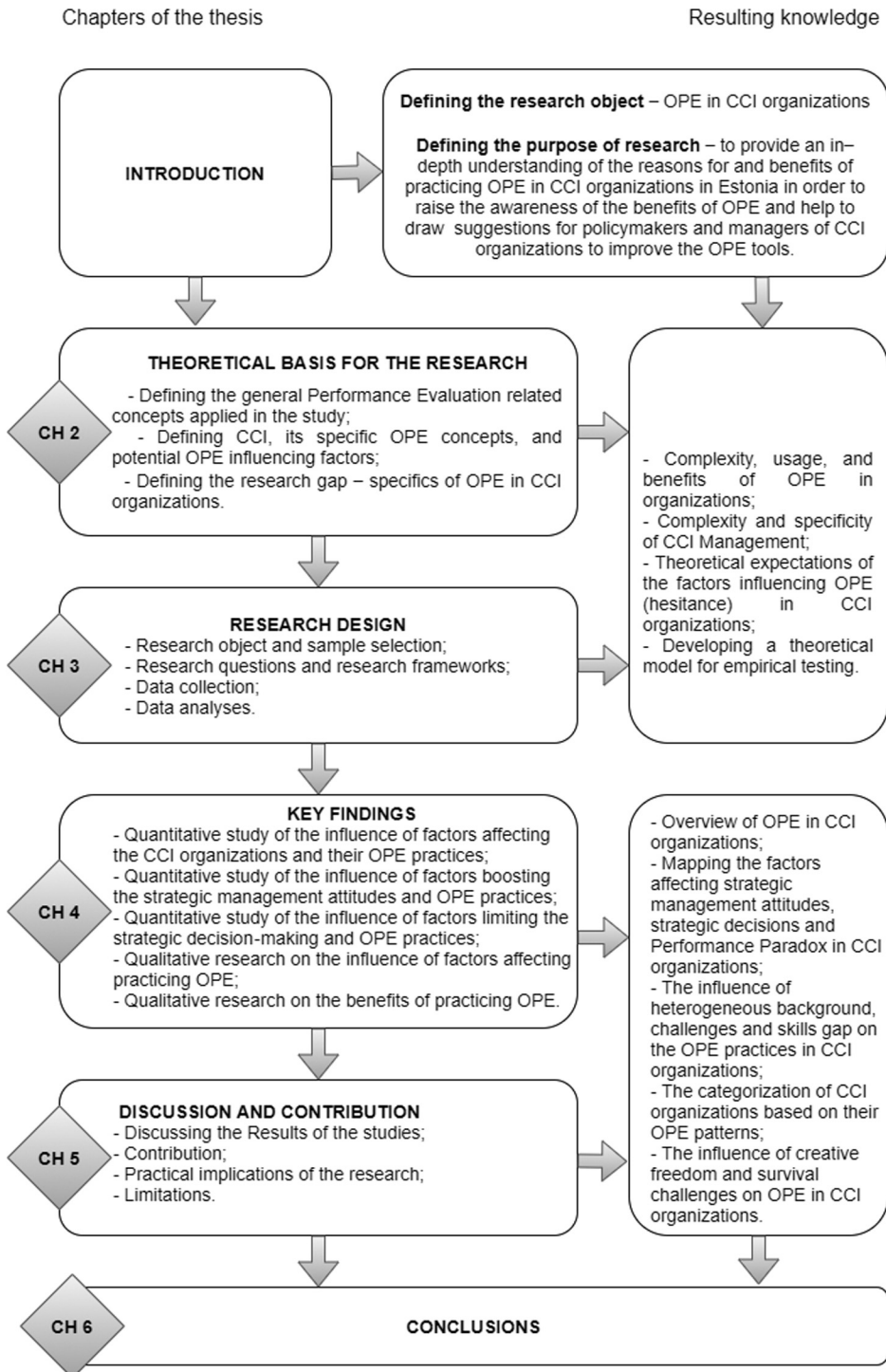


Figure 1. Structure of the thesis. Source: Composed by the author.

2. THEORETICAL FRAMEWORK

The focus of the current PhD thesis is Organizational Performance Evaluation in CCI organizations in Estonia. Within the current chapter, the essence of OPE and its benefits are addressed from a general perspective. Then key terminology and overlaps between OPE and related concepts are analysed. This is followed by an analysis of the essence of CCI, its management and CCI-specific OPE. The last part focuses in on potential factors that are expected to impact OPE in CCI and results in developing a conceptual model.

2.1 Concepts Related to Organizational Performance

2.1.1 Performance and its measures

Performance is a dynamic concept defined differently in various disciplines. It can be interpreted either in terms of goals, system resources or processes (Schellenberg and Ford, 1982). Nevertheless, performance is usually interpreted as an umbrella term covering concepts contributing to the success of the organization, and therefore related to different economic and operational aspects (Tangen, 2005). Performance has been defined as “a complex set of time-based and causality-based indicators bearing on future realizations” (Lebas and Euske 2004, p.78). Most authors seem to agree that performance is development-oriented and refers to results, objectives, targets or outputs of actual activities or the quality of those activities (Lebas and Euske, 2004; Brudan, 2010; Lönnqvist, 2004). In management as a discipline, performance is usually closely connected to achievement, while in the cultural field it may refer to a concert or a play (Brudan, 2010). In CCI, performance has been defined on the basis of three core dimensions – commercial performance, artistic merit, and societal impact (Hadida, 2015).

Performance within organizations in general can be challenging to measure, as it has many levels – strategic, operational and individual (Brudan, 2010) – and each level may be influenced by different factors. Organizational performance is defined “in terms of the value that an organization creates using its productive assets in comparison with the value that the owners of these assets expect to obtain” (Verweire and Berghe, 2004, p. 6). Therefore, it is said to consist mainly of the following financial and non-financial outcomes: financial performance, product market performance and

shareholder return (Richard, Devinney, Yip and Johnson, 2009). Latilla, Frattini, Petruzzelli and Berner (2018) define organizational performance in the context of CCI organizations as:

realizing unique and exclusive products that satisfy a specific niche of customers who appreciate the handmade quality of the artifacts, their uniqueness and the value of the tradition and history that is embedded and reflected in each specific artifact (p. 1312).

In other words, mainly from a non-financial performance perspective. The current thesis focuses on both the financial and non-financial performance of CCI organizations.

Performance indicators

To measure (any aspect of) performance, performance indicators are usually used. Performance indicators or measures of success or success criteria (Woolf, 2004) show whether a set objective is achieved or not. Gilhespy (2001) refers to two types of benefits of performance indicators in cultural organizations – usage for monitoring purposes and for advocacy purposes. Performance indicators can also refer to a social change (Woolf, 1999) or social impact (Matarasso, 1997). Weil (1994) has differentiated between the following types of performance indicators: inputs, output and outcome indicators; thereby, differentiating the purpose of the indicators. According to Reeves (2002), the Arts Council of England for Culture has adopted highly relevant performance indicators, and among these the only qualitative indicator is “*adoption by the authority of a local cultural strategy*”. In spite of the fact that the potential list of performance indicators is never-ending, they always need to be adopted for a concrete context. In the following, concepts that are closely linked to performance but describe only some (measurable) aspects of performance are introduced.

Efficiency

Efficiency is considered to be a quantitative concept, referring to the economical use of the firm’s resources (Neely, Gregory and Platts, 1995). In general, measuring efficiency is challenging as it requires comparing the goals, resources used and outputs (Sorjonen and Uusitalo, 2005). Usually, it is interpreted in relation to improvements or cost savings (García, 2008). Nevertheless, Gilhespy (1999) addressed efficiency in cultural organizations as related to socially desirable aspects of performance. Two types of efficiency are relevant for CCI organizations – managerial and technical. Managerial

efficiency within the performing arts is interpreted as “the technical efficiency of transforming the resources cultural managers have available into a determined cultural output” (Marco-Serrano, 2006, p.1). Technical efficiency has been defined as the “ability to maximize the amount of output given the input available or to use smaller quantities of input to achieve the same amount of output” (Basso and Funari, 2004, p. 197). Despite the challenges of interpreting and measuring efficiency, both types of efficiency are considered important in the framework of CCI organizations and in the current thesis, as efficiency tends to be underestimated in CCI organizations compared to more traditional industries.

Effectiveness

Authors seem to agree that effectiveness is a relative term that “often requires some subjective means of combining multiple measures or a judgement to use a single aggregate measure” (Lewin and Minton, 1986, p.528). Neely et al. (1995) state that effectiveness is related to customers and refers to the extent to which customer requirements are met. Pfeffer, Salancik and Leblebici (1976) tend to agree with that by claiming that organizational effectiveness arises from the way they can handle the demands of different interest groups upon which the organization depends for resources and support. In museums, the criteria for effectiveness is usually measured over the long term (Reussner, 2003). Concerning organizational effectiveness, there seems to be no common agreement on the indicators to use (Lewin and Minton, 1986; Cameron, 1986). Therefore, both being effective and measuring effectiveness might be challenging for organizations.

2.1.2 Performance evaluation within a performance management framework

Organizational Performance Evaluation

Some terminological confusion is caused by the overlap of Organizational Performance Evaluation and related concepts. Sometimes evaluation, measurement, monitoring, controlling and assessment are used as synonyms and usually associated directly with quality management. Birnkraut (2011) specifies the relations between the abovementioned concepts by stating that the evaluation uses monitoring and controlling to make statements about an organization; therefore, monitoring and controlling in the context of the current research are seen as tools or techniques for OPE.

There seems to be almost unanimous agreement in academic literature that OPE covers multiple criteria and “different organizational functions have to be evaluated using different characteristics” (Waheed et al., 2010, p.331). Nevertheless, definitions of OPE tend to be inconsistent because it is seen as a multidimensional concept and “each field of research regards performance evaluation distinctively and according to its own perspectives” (Ensslin, Ensslin, Dutra, Nunes and Reis, 2017 p. 73). OPE is rooted in management accounting literature and was originally associated with budgetary and accounting controls (Ensslin et al., 2017).

Atkinson, Kaplan, Matsumura and Young (2012, p.64) define OPE through management accounting lenses and refer to it as a process where “managers compare the actual results from the budget period with expectations that were reflected in the budget to assess how well the organization did in light of its expectations”. Marshall, Wray, Epstein and Grifel (1999) have defined OPE “as the development of indicators and collection of data to describe, report on, and analyse performance” (p.13). According to Waheed, Mansor, and Noor (2010, p. 330), OPE is about “assessing if the organization is functioning well and whether the managerial decisions are good or bad” within relations between the organization and its environment (Schellenberg and Ford, 1982). Usually, OPE is associated with transparency and is seen as an inward-looking process (García, 2008) that covers the organization as a whole in order to understand how well the organization is achieving its stated mission (Murray, 2004).

The literature of the current century tends to address OPE mainly from the process and strategy perspective (Ensslin et al., 2017). Kaplan and Norton (2008) see OPE’s role in linking the strategy to operations. At the same time, Trkman (2010) uses business process management lenses and sees OPE as crucial for achieving sustainable improvement. Most of the definitions of OPE see it as a process “of quantifying the efficiency and effectiveness of action” (Neely et al., 1995, p. 80). OPE definitions tend to refer to regularity – “ongoing monitoring and reporting of accomplishments, particularly progress toward pre-established goals” (United States Government Accountability Office, 2005, p. 1). Furthermore, Marshall et al. (1999, p. 13) define OPE as a process to work out the indicators and collection of data, but also to add purpose – “it is needed to describe, report and analyse the performance”.

Consequently, in the context of the current thesis, OPE is defined as a conscious strategic process that takes the specifics of a particular CCI organization into account while using the regular analysis of previous organizational performance as an input for planning the future performance of that CCI organization. In

spite of using a wide range of partly overlapping concepts, there have not been many studies directly addressing how overall organizational performance should be measured (Ferris, Munyon, Basik and Buckley, 2008). The concepts introduced below will help to contextualise the variety of partly overlapping terminology for measuring performance and related issues.

Performance measurement

Performance measurement has been studied from the perspective of management control systems (management accounting) and performance management systems (operational management) (Garengo, Biazzo, and Bititci, 2005) and is usually employed either for monitoring or learning purposes (Brudan, 2010). Most scholars agree that performance measurement plays an important role in performance management systems (Brudan, 2010; Garengo, et al. 2005) as it “deals with the evaluation of results, while performance management deals with taking action based on the results of the evaluation and ensuring the target results are achieved” (Brudan 2010, p.111). Therefore, even though performance measurement supports the managerial process, it is not sufficient alone to manage an organization (Melnyk, Bititci, Platts, Tobias and Andersen, 2014). A well-functioning performance measurement system should enable continuous improvement in organizations and prepare it for any internal or external changes (Garengo et al., 2005). In the current thesis, OPE and performance measurement are considered synonyms.

Performance monitoring

“Monitoring” and “evaluation” have been addressed sometimes as synonyms. For instance, Turbide and Laurin (2009) use “monitoring” as a synonym for “evaluation” claiming that in arts organizations financial monitoring is more widespread than artistic monitoring, as it is easier to collect and interpret. Nevertheless, the term “monitoring” has also been used to describe the routine collection of data, such as attendance figures, or checking materials and equipment to make sure they are of good quality. The measurement of employee or visitor satisfaction in a continuous manner in order to learn from this can also be seen as monitoring activity (Birnkrout, 2011). Stockmann (2004) refers to the controlling function of monitoring, as it focuses on control in regard to the planned execution. Woolf (1999) has described monitoring as being different from evaluation, although evidence, like documentation, might have been collected through monitoring. Monitoring focuses on measurable results like the jobs created, and aims to ensure that “specific outputs and ‘milestones’ are achieved on time and in a cost-effective manner”

(Johnson, 1998, p.261). It is said to be different from evaluation, as the latter measures mainly outcomes (Johnson, 1998). Birnkraut (2011) emphasizes the differences between monitoring and evaluation by stating that besides strong and structural issues monitoring also focuses on process and system issues and may therefore be seen as one part of the evaluation.

Organizational performance monitoring provides information about the performance of an organization according to key indicators (McDermott, Conway, Cafferkey, Bosak and Flood, 2019) and is often used in order to enhance the internal quality (Johnson, 1998; McDermott et al., 2019). Therefore, like all concepts introduced so far, performance monitoring is also improvement-driven and should lead “to smoother, higher performing organizations and hence fewer operational and personnel problems” (Amsler, Findley and Ingram, 2015, p. 9). Therefore, performance monitoring is considered an important element of performance management.

Performance assessment

Both performance assessment and performance evaluation are tools of performance management; the former focuses usually on the individual performance of staff members, while the latter on the organizational level. In some papers it refers to either individual or unit level or organizational unit level of assessment (Iskandar, Rismawati, and Rahim 2018). Nevertheless, as a continuous process (Krlev, Münscher and Mülbert, 2013), performance assessment is expected to contribute to overall organizational performance (Wynn-Williams, 2005). “It looks at past performance in order to attain future aims” (Enache, 2011, p. 75). Performance assessment is never an end in itself (Wynn-Williams, 2005) as its information should lead to adjustments (Kadak, 2011). It requires clear standards and solid evidence (Armstrong, 2006) and it tends to have a learning focus, nevertheless it can also result in unjust sanctions (Cohen, 1998) like punishing staff or departments for not achieving set goals. Therefore, performance assessment may turn out to be challenging, as it responds to complex accountability relationships (Wynn-Williams, 2005) and its results can be easily misused.

Performance appraisal

The term performance appraisal targets the level of performance of the employees (Van Dijk and Schodl, 2015). It is seen as a narrower concept than OPE as its focus is on the performance of an individual employee even though both concepts share the same goal – “to enhance organizational

effectiveness” (Daley 2005, p. 557). Performance appraisal is also seen as one human resources technique and used to be associated with “a rather basic process involving a line manager completing an annual report on a subordinate’s performance and discussing it with him or her in an appraisal interview” (Fletcher 2001, p. 473). Nowadays, its aim, process and regularity has been specified:

the performance appraisal is usually conducted periodically within an organization to examine and discuss the work performance of a subordinate so as to identify the strengths and weaknesses as well as opportunities for improvement among employees (Yee and Chen, 2009, p. 304).

Consequently, performance appraisal can be interpreted as one of the components of OPE to assess whether the organizational goals have been achieved through individual performance (employees’ individual goals).

Performance management

The concepts “performance management,” “performance evaluation” and “performance measurement” have caused some confusion from how they overlap and need to be looked at in detail. Performance management is said to provide an academically and practically important integrating framework (Otley, 1999). To start with, Kadak (2011) has looked at the linkages between performance measurement and performance management and pays attention to the fact that performance measurement was first introduced by Kaplan and Norton, while discussions on performance management and further developments in performance management followed only four years later. Nevertheless, the authors tend to agree that the “ultimate goal of performance management is to achieve sustainable organizational performance” (Verweire and Berghe, 2004, p. 6) and performance evaluation or performance measurement helps achieve that. De Waal (2007) confirms this by saying that performance evaluation refers to data collection, but performance management takes one step further – acting based on the collected information. Usually, performance management is defined as an instrument for implementing strategies and policies and to improve the general evaluation of the organization; therefore, it is often seen as a broader concept than OPE (Nielsén, 2008).

Lebas and Euske (2004) see performance management as a process of creating alignment that is “dialogue-based and de-emphasize local optimization focusing on the development of integrated business processes”

(p.78). Therefore, OPE focuses on one of the sub-processes of performance management. Dooren, Bouckaert and Halligan (2015) define performance management through learning, steering and controlling, and account giving. Figure 2 summarizes the connections between performance evaluation and performance management and highlights the key differences through the elements and functions of these two concepts.

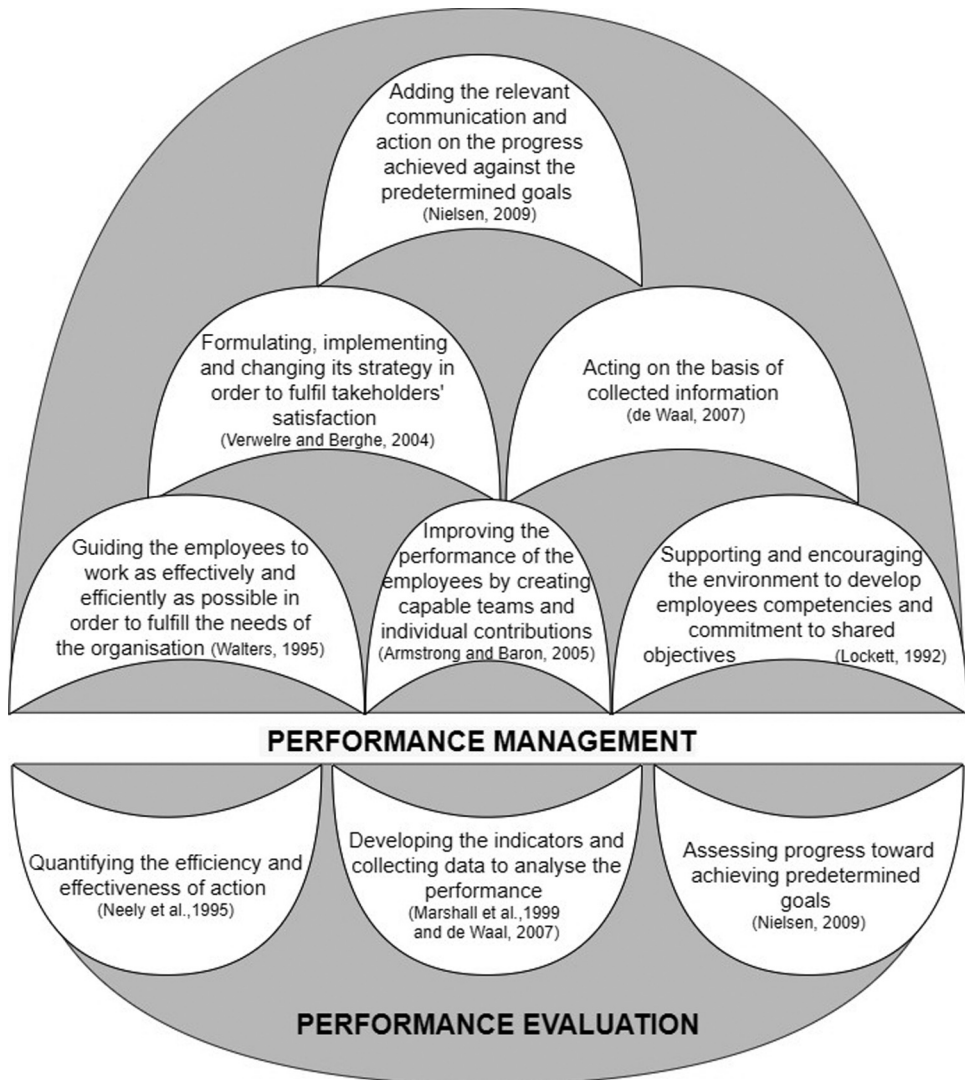


Figure 2. Performance evaluation within the performance management framework. Source: Composed by the author based on de Waal 2007; Marshall et al. 1999; Neely et al. 1995; Nielsén 2008; Armstrong 2006, Lockett 1992, Verweire and Berghe 2004.

As the figure demonstrates, performance evaluation forms the basis for performance management and indicates if the performance management has been well implemented or not. To sum up, OPE plays a crucial role in performance management as the performance management system functions based on the evidence collected through OPE. Nevertheless, strategic planning is as crucial for the development of an organization as OPE, the essence of which is in comparing the results with planned indicators and using these to improve the organization with the help of other performance management elements. Performance management works on the individual and organizational level, serving both external and internal stakeholders' interests.

2.1.3 The essence and benefits of Organizational Performance Evaluation

Often OPE is used to inform strategic planning (Carman, 2011), especially as it creates clarity in goal setting and the implementation of the strategy (De Waal, 2013). These arguments are internally driven. There is also another angle to it – the results of OPE can be used to inform fund-raising efforts (Carman, 2011) for external accountability. No matter what the intentions are, when detailed planning and goal setting are accompanied with collecting feedback, it can diminish uncertainty (Algera, Monhemius and Wijnen, 1997) instability (Waheed et al., 2010) and help to adapt to external changes (Ates, Garengo, Cocca and Bititci, 2013). Once OPE is practised systematically, it also contributes to the improvement of an organization and its performance towards being successful (Waheed et al., 2010), sustainable (Gstraunthaler and Piber, 2007) and gaining competitive advantages (Ates et al., 2013; Cocca and Alberti, 2010). Therefore, the common understanding tends to be that OPE is essential for organizational competitiveness (Jensen and Sage, 2000), and therefore should be widely used in CCI organizations.

In order to benefit most from OPE, leaders' support for evaluation is crucial, as it is considered an important precondition to carrying out OPE (Boyne, Gould-Williams, Law and Walker, 2004). On the one hand, leadership competencies are key factors that contribute to organizational performance (Almatrooshi, Singh, and Farouk, 2016), on the other hand, a lack of competencies may be the reason for avoiding OPE or not using it appropriately. Nevertheless, Caust (2003) recommends looking at

performance measurement from the sociological perspective, suggesting its “emphasis should be on community values and involve active participation by all the stakeholders” (p. 61). But she also claims that it can still be doing “bad” art (ibid.). Therefore, it is not just the creative process, that is specific to CCI organizations, but also managerial decisions, especially the aims and goals of CCI organizations, that are multifaceted (Hadida, 2015) so it makes perfect sense that OPE is also specific in CCI organizations. The following sub-chapter opens the specifics of CCI research.

2.2 Strategic Management Research of Cultural and Creative Industries Organizations

Management practices are found to be different in different industries (Spreitzer, Cohen and Ledford, 1999). Consequently, not only do CCI organizations have different features compared to more traditional industries but the research traditions in CCI organizations are also different. Research on CCI has always been context specific (Gibson and Klocker, 2004) and conducted mainly in the following sub-disciplines: organizational studies (DeFillippi, Grabher and Jones, 2007), cultural economics (Throsby, 2001; Potts, 2016), cultural policy (Bilton, 2010; Flew and Cunningham, 2010), creative workforce (Hesmondhalgh and Baker, 2011), cultural entrepreneurship (Hotho and Champion, 2011) and creative cities (Hall, 2000; Scott, 2006). Even though OPE is quite a widely researched domain in management and accounting disciplines, CCI-specific research on OPE is less widespread.

2.2.1 Specifying and conceptualizing the Cultural and Creative Industries

Cultural and Creative Industries is not a globally universal concept. The creative economy, creative industry/ies, creative sector, copyright economies, copyright(-based) industries, experience industry/economy (Haraldsen, Flygind, Overvåg and Power, 2004), cultural economy, cultural industry/ies, cultural sector; cultural and creative economy, cultural and creative industry/ies, cultural and creative sector – even though these terms cover similar sets of sub-sectors, they are not considered synonyms.

There is also no standard definition of CCI, as different countries adapt the concept to meet their own needs. Most countries use the CCI definition of the UK – “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (Department of Culture, 2001, p. 5) or adaptations of it. The European Commission defines CCI as follows:

sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed (Official Journal of the EU 2013, L 347/225).

In the current thesis, the definition given by the Ministry of Culture (in Estonia) for CCI is used – “an economic field that is based on individual and collective creativity, skills and talent; it can provide well-being and jobs by creating intellectual property and using this as the primary sales argument” (Ministry of Culture, 2020).

CCI appears to be a highly fragmented industry (Fesel and Söndermann, 2007), as it encompasses several small businesses and individual entrepreneurs as well as nonprofit organizations. The industry is made up of several different sub-sectors which do not always consider that they belong to the same sector in spite of the fact that their business potential and challenges coincide in many ways. In Nordic countries, the sub-sectors of CCI are said to not be able to fully “draw up a joint agenda and much less provide input to political decision-making processes, which makes it difficult to accommodate and understand the overall needs and interests of the sector at a political level” (KreaNord, 2012, p.10). Nevertheless, O’Connor, Cunningham and Jaaniste (2011) claim that the fact that they are all involved in the production of goods and services with cultural value (sometimes called symbolic value) is the main unifying factor of different CCI sub-sectors, as other industries focus on material or functional goods (Bilton and Leary, 2002). According to Caves (2000), the CCI is distinguished from other industries in being characterised by the following features (see Table 1):

Table 1. How CCI is distinct from other industries. Source: Caves (2000).

| KEYWORD | EXPLANATION |
|----------------------|--|
| ‘Nobody knows’ | It is hard to predict both the outcome of the production and consumer demand |
| ‘Art for Art’s sake’ | Artists will choose low-paid creative work over better-paid humdrum labour |
| ‘Motley Crew’ | The creative industries are highly diverse, and cross disciplinary tasks, which form part of the creative production, put great strain on abilities to coordinate and mediate the work |
| ‘A list/B list’ | A vital worker in artistic work cannot be replaced with someone with less skills |
| ‘Infinite variety’ | None of the productions in the cultural and creative industry are 100% identical |
| ‘Ars Longa’ | Intellectual property rights and the durability of creative products are of essence within the creative industries |
| ‘Time Flies’ | ‘Timing’ is central to the creative industries mainly because of their production processes |

The list presented in Table 1 gives some insights into the specific position of CCI organizations. Nevertheless, there are more categorizations and models of the creative/cultural industries, including the Concentric circles model, DCMS model, Symbolic texts model, WIPO copyright model, trade-related model of UNESCO Institute for Statistics, Americans for the Arts model, etc. Most of them are summed up in the classification developed by the UN (United Nations, 2008) in Table 2.

Table 2. Classification systems for the creative industries derived from different models. Source: Reproduced from the United Nations (2008).

| 1. UK DCMS model | 2. Symbolic texts model | 3. Concentric circles model | 4. WIPO copyright model |
|---|--|---|---|
| Advertising Architecture Art and antiques market Crafts Design Fashion Film and video Music Performing arts Publishing Software Television and radio Video and computer games | Core cultural industries Advertising Film Internet Music Publishing Television and radio Video and computer games Peripheral cultural industries Creative arts Borderline cultural industries Consumer electronics Fashion Software Sport | Core creative arts Literature Music Performing arts Visual arts Other core cultural industries Film Museums and libraries Wider cultural industries Heritage services Publishing Sound recording Television and radio Video and computer games Related industries Advertising Architecture Design Fashion | Core copyright industries Advertising Collecting societies Film and video Music Performing Publishing Software Television and radio Visual and graphic art Interdependent copyright industries Blank recording material Consumer electronics Musical instruments Paper Photocopiers, photographic equipment Partial copyright industries Architecture Clothing, footwear Design Fashion Household goods Toys |

CCI consists of a number of different sub-sectors and business models (KreaNord, 2012; Potts and Cunningham, 2008). The NESTA refined model of the creative industries incorporates the differences between the sub-sectors of CCI. It segments CCI into 4 groups, bringing those sectors that have sufficient commonalities (in terms of business models, value chains, market structure and so on) as to warrant a common policy approach (NESTA, 2006) (Figure 3).

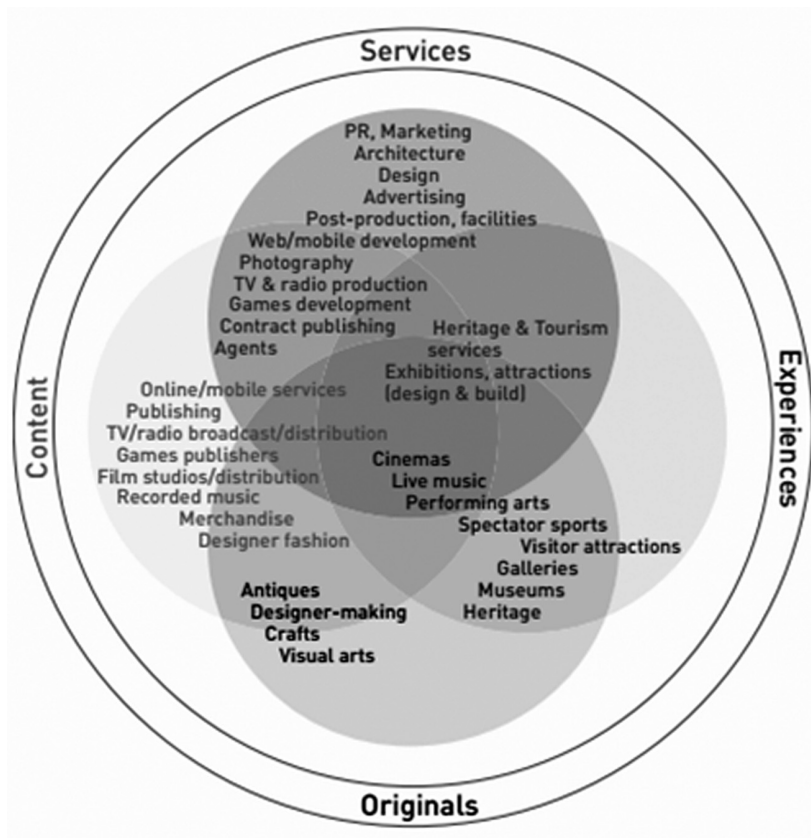


Figure 3. NESTA refined model of the creative industries. Source: Reproduced from NESTA (2006).

The NESTA model indicates that the business models of different CCI organizations differ. Therefore, traditional business evaluation models are not directly transferable to the cultural nor creative industries. Nevertheless, there are a few concepts that are common in the different sub-sectors – most of all, it is “the creative content” (Galloway and Dunlop, 2007), something “mystical” (Keane, 2013), “symbolic value” of the outcome (Townley and Gullede, 2015) or the “uniqueness of the products” (Berziņš, 2012). Therefore, most authors consider CCI as a heterogeneous sector.

It is possible to conclude that there is little clarity about CCI related terms (Galloway and Dunlop, 2007). Foord (2008) claims that it is difficult to define where the “cultural industry” ends and “creative industry” starts, as these definitions are often used either together as “cultural and creative industries” or interchangeably. Originally, the cultural industries (broadcasting, film, publishing, recorded music) were incorporated into cultural policy (Galloway and Dunlop, 2007), while today there are lots of overlapping concepts, and therefore potential misinterpretation in the terminology. The ‘bull’s-eye’ (see Figure 4) by Throsby (2008) represents where pure creative content is generated – at the heart of the creative economy there are the cultural or creative industries. This illustrates that creative industry is a much wider term than cultural industry. “It is the ‘creative sector’ where culture becomes a ‘creative’ input in the production of non-cultural goods” (KEA European Affairs, 2006, p.44).

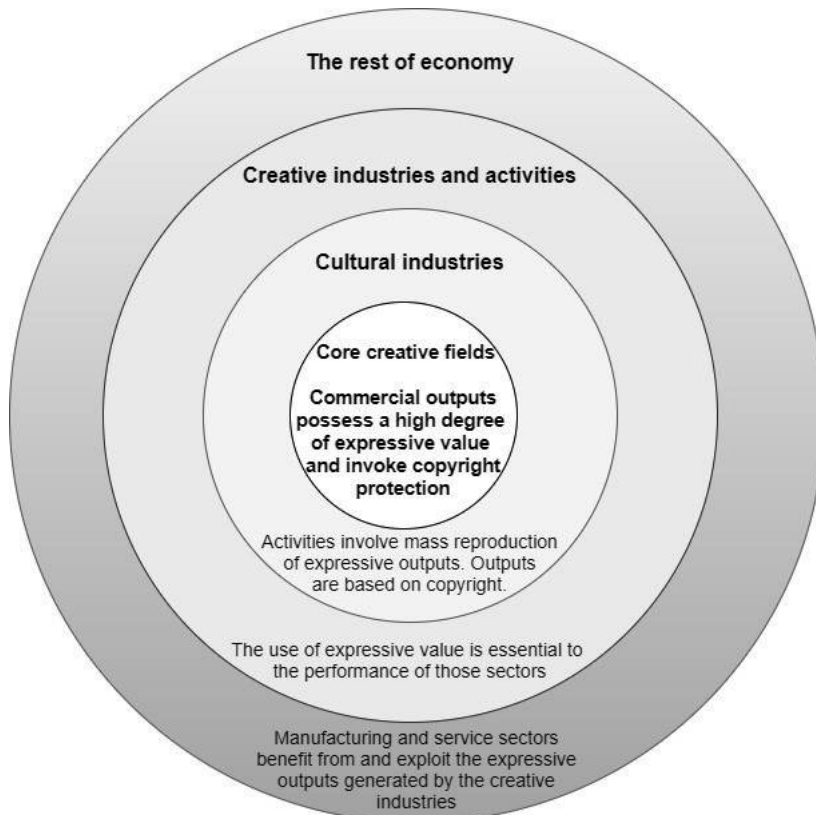


Figure 4. Concentric Circles Model. Source: Reproduced from Throsby (2008).

As Figure 4 shows, the Concentric Circles Model is based on a very clear distinction – creative industries include the cultural industries, and the current thesis focuses on the joint area of the cultural and creative industries (CCI). In Estonia, the term “creative industries” is used as synonymous with the term “cultural and creative industries” in the EU (Ministry of Culture, 2020). Therefore, all the core fields of the creative arts, other core cultural industries, related industries and wider cultural and creative industries are included in the current research, based on the classification of Throsby’s concentric circles model of the cultural industries (Throsby, 2008).

To conclude, it is also important to emphasize that the following terms – *creativity*, *creative organization*, *creative people*, *creative management*, *creative leadership*, and *creative staff* – do not necessarily refer to CCI organizations only, as these can also be found in and applied to more traditional industries. Nevertheless, current thesis covers these concepts only in CCI.

2.2.2 Cultural and Creative Industries management

To approach Organizational Performance Evaluation in CCI organizations, both the essence of management and OPE for CCI organizations are explained through different theoretical lenses. Strategic management of CCI organizations has so far not been formalised in strategic management research, even though scholars from the University of Music and Performing Arts in Vienna did make an attempt in 2005 to launch a new research discipline called “cultural institutions studies” (Hasitschka, Tschmuck, and Zembylas, 2005) that would cover the focus of the current research. However, as it has not yet become a fully acknowledged research discipline, other lenses are used in the current research.

Usually, CCI organizations are characterised by controversy (Banks and O’Connor, 2009), uncertainty (Howkins, 2009), innovative nature (Berziņš, 2012; Mitchell, 2016) and ambiguous business logic (Pallok, 2015). In the current context, innovation covers a wide range of resources – artistic, creative, technical, scientific, entrepreneurial and managerial (Marinova and Borza, 2015). In addition to previously listed characteristics, Dodd (2012) or women leaders, in the higher levels of organisations is an increasingly debated issue. Comments in the media regarding the lack of women in senior management positions in the creative industries have attracted much attention, both for and against. Despite opposing viewpoints there is little

doubt that this is an issue that requires investigation. However, understanding the under-representation of women in senior management, leadership and ownership roles has been problematic due to a lack of “hard data”. The purpose of this paper is to provide a quantitative understanding of the under-representation of female leaders in the UK’s creative and cultural industries. Research by Berziņš (2012) also showed that employment relations in CCI organizations are often partnership-like and far from the classic hierarchical superior-subordinate employment relations. All in all, CCI organizations are usually considered to be creative by nature, and therefore supposed to be managed differently than more traditional businesses. However, the main problem for managers working in CCI organizations seems to be balancing artistic and business objectives, and planning and managing effectively (Küttim et al., 2011). This is highly relevant, as the management, and especially OPE in the performing arts, and most probably also in other sub-sectors of CCI, is defined by conflicting managerial, political and artistic logics (Knardal, 2020). To sum up the issue of Cultural and Creative Industries management, CCI requires creative leadership at all managerial levels (White, Gunasekaran, and Roy, 2014); therefore, a different approach is required to those used in more traditional industries.

2.3 Organizational Performance Evaluation in Cultural and Creative Industries Organizations

2.3.1 Organizational Performance Evaluation research in Cultural and Creative Industries organizations

The management of CCI organizations has mainly been researched using pluralist or instrumental lenses. Instrumental research assumes that CCI organizations practice OPE once they are required to do so, usually by funders or policy makers. Therefore, instrumentalist researchers believe that the motivation for CCI organizations to carry out OPE is predominantly extrinsic (Davila, Epstein and Manzoni, 2014). However, having focusing solely on motivation (either intrinsic or extrinsic) might be insufficient for understanding the full complexity of OPE in CCI organizations. Organizational realities in general are pluralist; therefore, suggesting that it is the challenges, tensions, and paradoxes that form the reality for CCI organizations, among others also OPE practices. The pluralistic lens is preferred by the author of the current thesis, as it considers the specific character and position of CCI organizations.

Due to the collective nature of both the creative process and the decision-making process being specific to CCI organizations (Paris and Ben Mahmoud-Jouini, 2019), one could assume that OPE is also specific to CCI organizations. Caust (2003) has claimed that the adoption of business-based OPE methods in CCI organizations increases the risk of artistic sacrifices, while Chiaravalloti and Piber (2011) complement this with the claim that a one-size-fits-all approach simply cannot work in CCI organizations.

The prevalent focus of the research on OPE in CCI organizations seems to be on problematizing the very meaning of performance and evaluation in CCI organizations. However, there seems to be no agreement about how OPE in CCI organizations should be addressed, as it remains unclear “why and how individual organizations and their communities practice evaluation” (Chiaravalloti and Piber, 2011, p. 262). As a result of this recognition, they call researchers to use new pragmatism that should “facilitate the integration of practical knowledge into theories from different disciplines that would enable a better understanding of artistic processes and their embeddedness in organizational and societal contexts” (ibid, p. 263). In addition, other scholars tend to believe that so far in arts management research, evaluation practices have not been fully understood and as a result of this, the gap between theory and practice is growing (Wicks and Freeman, 1998). The same could also be claimed in regard to OPE in CCI organizations, which still requires specific research.

Chiaravalloti published the first critical perspective on the study of performance evaluation practices in arts and cultural organizations in 2014 – “Performance Evaluation in the Arts and Cultural Sector: A Story of Accounting at its Margins” (Chiaravalloti, 2014). Based on the analysis of 20 articles, he claimed that “arts management research has so far been unable to propose a theoretical framework for a contextualised, in-depth study of the practice of evaluation in the arts and cultural sector” (Chiaravalloti, 2014, p. 62). Considering previous academic discussions, Chiaravalloti (2014) called for the need of new research on “the embodiment of accounting rules and procedures in specific organizational and societal contexts than has been the case in the financial accounting literature reviewed so far” (Chiaravalloti, 2014, p. 72). The complexity of OPE in CCI is expressed well by the following: “to measure the quality of an opera performance, we would have to install a hydrometer among the audience so as to be able to measure any increases in humidity” (Nørreklit, 2011, p. 40).

The current doctoral research focuses on OPE in CCI organizations in Estonia. According to ETIS (Estonian Research Information System), since 2000 six studies relevant to the current research have been published and only in relation to libraries and museums. No evidence could be found of whether OPE has been academically researched in any other sub-sector of CCI in Estonia. One of the few studies focusing on OPE in Estonian museums, claimed that so far no holistic approach had been used and instead “too narrow approach to the museum performance and performance management of the museum” is in common in Estonia (Haldma and Lääts, 2013, p. 183). Anu Nuut concluded her research by claiming that research in the field of OPE in libraries needs to be improved and she called for the implementation of internationally approved research methods (Nuut, 2006) to understand culturally specific aspects of OPE. This is what the current thesis aims to do. Therefore, it is possible to claim that OPE is not widely researched in the context of Estonian CCI organizations.

So far the “literature has by and large been evaluation-centric, leaving critical organizational and institutional factors at the periphery of most scholarly endeavours to test and refine the main theories of evaluation use and influence” (Raimondo, 2018, p. 37). Therefore, the current thesis aims to investigate OPE in the framework of different external and internal factors. The results of OPE can be used for external accountability; for instance, to inform fund-raising efforts (Carman, 2011). Nevertheless, issues related to accountability have so far been tackled mainly in specific sub-sectors of CCI. At the same time, the authors of the European Creative Industries Alliance study (2012) argue that currently available frameworks to measure output, outcome and impact of non-CCI clusters are applicable to clusters of CCI. They are confident that despite the specificity and diversity of CCI, there is no need for a unique or even individual framework for each CCI sector. This is also the standpoint of the author of the current thesis as long as there is some flexibility involved in using a specific OPE tool.

2.3.2. Measuring and evaluating in Cultural and Creative Industries organizations

Woolf (1999) has claimed that making judgements about the success or quality of cultural performance (either from the individual or organizational level) might be difficult for two reasons. First, because the results of performance

in CCI might be unpredictable, and second, because the definition of high-quality art can vary to a great extent according to different people. Caust (2003) considered OPE critical in the cultural field, claiming that “aesthetic and cultural considerations must have greater value in performance measurement, than the financial return realised by the organization” (p.60). Furthermore, not only are judgements on the performance itself subjective but so also is the understanding of what should be measured and how, and taking this a step further, what the collected data actually tells us, and which set of criteria they relate to.

Hadida (2010) claims that it is the most expensive films that generate the highest box office revenues, and at the same time also the highest artistic recognition. In spite of the fact that connections have been found in the film industry between budget, commercial performance and artistic recognition, it might not be the case in all CCI sub-sectors. There seems to be no common understanding in the literature about what comes first – is it the commercial success of CCI organizations that signals high-quality performance, or is it the other way round – high-quality performance is expected to attract audiences or is the link totally different. Towse (2010) has found evidence that effective organizational work might be a prerequisite to commercial performance, artistic merit and societal impact in CCI. Nevertheless, it must be decided what kind of data are worth collecting already before carrying out an evaluation in order to be able to compare the results with the set goals (Woolf, 1999) and in addition to this, what is the purpose of collecting and analysing.

Surprisingly, artistic excellence has not been codified by the Arts Council England although its decision-makers consider judgement of artistic quality as central to the Council’s work (Belfiore, 2004). There is a substantial body of research on differences, similarities and overlaps of Artistic Quality, Effectiveness, Efficiency, Organizational Performance, Performance and Quality in CCI organizations. Table 3 summarizes the content of the terminology related to OPE through art management and entrepreneurial lenses. The latter is considered relevant “to explore the characteristics and performance of the Cultural and Creative Industries” (de Klerk, 2014, p. 833). Consequently, it addresses customer feedback as critical to success (Creative Amsterdam, 2013) and competitiveness. Therefore, both success and competitiveness consist of sub-terms that are discussed below.

Table 3. Definitions of OPE related concepts specific to CCI organizations.

Source: Composed by the author based on Gilhespy (1999); Belfiore (2004); Boerner (2004); Lönnqvist (2004); Sorjonen and Uusitalo (2005); Marco-Serrano (2006); Gerlach (2006); Hadida (2015); Eko Prasetyo and Zainul Dzaki (2020).

| TERM | DEFINITION AND/OR MEANING |
|-------------------------|--|
| Performance | <p>According to Lönnqvist (2004), performance can refer to the results or output of the actual activities or to the quality of the activities carried out or to the ability or potential to achieve results.</p> <p>Performance is often defined in economic terms, but also in terms of artistic merit (Hadida, 2015) and tensions will only be resolved through the provision of a clearer understanding of this complex and multifaceted concept.</p> |
| Effectiveness | <p>Effectiveness is about the output of achieved objectives (Gilhespy, 1999).</p> <p>Sorjonen and Uusitalo (2005, p. 5) define organizational effectiveness “as an external standard of how well an organization meets the demands of the various groups and organizations that are concerned with its activities.”</p> |
| Productivity | <p>Productivity tends to be more result-oriented rather than output-oriented and can be interpreted as a measure of effectiveness or benchmark for assessing whether the offering is produced as efficiently and effectively as possible (Prasetyo and Dzaki, 2020).</p> <p>“Productivity is determined by a series of factors like production technology, environment and the efficiency of the above-mentioned process” (Marco-Serrano, 2006, p. 169). It is about the ratio of the products to resources – indicating how much output is needed per unit of input used (ibid.).</p> |
| Quality | <p>Quality in the arts is discussed usually as artistic achievement and degree of commercialisation (Gerlach, 2006).</p> <p>“Aesthetic quality can be defined according to criteria of aesthetic value, a position exemplified” (Belfiore, 2004, p. 197).</p> |
| Artistic quality | <p>The “quality” of an artistic performance can be “defined by the individual audience member’s personal definition of quality based on her or his experience of the performance” (Radbourne, Johanson, Glow and White, 2009, p. 22).</p> <p>Boerner (2004) defined the artistic quality of an opera company in two ways: profile quality (that is about the choice and combination of the works performed) and performance quality (the musical dimension and the stage dimension).</p> |

In summary, (organizational) performance is usually measured through effectiveness, productivity and quality indicators. Therefore, it is possible to measure any of these once the organization has a strategic mindset – to analyse these, the plans or strategy need to be compared with the outcome

or results. Artistic quality is most probably the most subjective of these concepts; especially if before beginning the evaluation, the criteria are not well-defined. Therefore, what matters most is the common understanding of the specific performance indicator and the level of detail when defining the criteria that shall be assessed within OPE. Less effort should be put into understanding how effectiveness, productivity and quality overlap.

2.3.3. Different approaches to evaluating performance in Cultural and Creative Industries organizations

Barr, Rinnert, Lloyd, Dunne and Henttinen (2016) have claimed that the benefits of evaluation activities have not yet been fully listed. In spite of its benefits, CCI managers are less eager to use OPE than the managers of more traditional industries. The existing literature addresses mainly the reasons for and benefits of using OPE (Pattyn, 2014), while the reasons behind not practicing it have been discussed less. The non-use of evaluations has not been explained fully by any evaluation theory (Højlund, 2015). As a result, the author claims that the reasons for not practicing OPE in CCI organizations remain partly unclear.

The essence of cultural performance is most probably the main factor to take into consideration when discussing reasons why not to practice OPE, especially as its results are considered unpredictable (Woolf, 1999). While the performance itself is rather unique, the process of evaluating it involves a wide array of team members and stakeholders (Woolf, 1999) and is considered difficult (Lampel, Lant and Shamsie, 2000). Mueller, Rickman, Wichman-Tao, and Salamon (2006) have claimed that time spent on OPE distracts managers but also stakeholders from their “core business”. Therefore, as long as OPE is not considered part of the core business or an important element contributing to the core business, it is most probably also not actively practised.

In addition, strategic management in CCI is different compared to other industries “as it must take into consideration additional factors and parallel functions when implementing the classic management functions: planning, organizing, motivating and control” (Berziņš, 2012, p.22). There are also claims that “operational efficiency and strategic planning” are considered less important than “creative values” when focusing on competitive advantage in CCI (Bilton and Leary, 2002). OPE itself might also be more challenging in

CCI organizations as the preconditions, namely well-defined organizational aims, objectives, and success measures, are not there. It is challenging to make any conclusions about quality in the field of arts management, as it is generally characterised by a universal lack of data (Heidelberg, 2018). Nevertheless, strategy and data about its implementation are essential for evaluating an organization (Woolf, 1999). Pattyn (2014) has found that if there is no demand for evaluation from the organization's management, this may lead to evaluation inactivity. The demand for evaluation can either be internally or externally driven.

In Australia, where OPE is common in CCI organizations, OPE results and support structures are closely tied – to be eligible for governmental funding, formal evaluations of projects need to be carried out, while the outcome of evaluation reports is a condition of investment (Gattenhof, 2017). To make this more explicit, Australian arts funding bodies provide extra resources to CCI organizations to assist them in the evaluation of events and programmes and there is a quarantined percentage of money for the evaluations (Gattenhof, 2016). Both activities enforce the need in Australian CCI organizations for OPE and encourage a willingness and readiness to use it. This is not the case in Estonia – though funding is given on a competitive basis, OPE results do not play any role and assessment and evaluation is not encouraged by the funders. Consequently, the decisions to evaluate or not evaluate are born inside the CCI organization in Estonia without any external pressure. Pattyn (2014) has found that evaluation activity is boosted by easily measurable outcomes. German evidence shows that there should be no direct link between the results of the evaluation and funding decisions, as being honest (and as a result perhaps development-driven) might lead to a penalty from the funding bodies (Birnkrant and Heller, 2008). Epstein and McFarlan (2011) have stated that especially low-performing organizations might not be fully honest in reporting their results to cover the potential problems. In the following sections, all factors expected to influence OPE in CCI organizations are targeted separately.

2.4 Factors Influencing Organizational Performance Evaluation in Cultural and Creative Industries Organizations

Organizational realities are pluralistic – a wide range of challenges, tensions, and paradoxes form the reality for CCI organizations. Some are directly related to OPE practices. Therefore, the pluralistic lens is preferred by the author of the current thesis to understand the complexity of OPE as it takes into account the specific character and position of CCI organizations.

CCI organizations face numerous challenges daily both internally and externally. Nevertheless, their greatest challenge may not be external, but instead rooted in entropy or inertia (Rumelt, 2011). As Pick, Weber, Connell and Geneste (2015) have claimed that CCI management requires new thinking, the current sub-chapter aims to analyse CCI organizations through a variety of concepts. The set of factors and their relations to OPE are tested throughout the current study.

All in all, the reasons for practicing OPE are associated with the need to ensure organizational survival (Cezarino, Junior and Correa, 2012). Therefore, as it directly contributes to survival, it helps to “define the positive difference that it can make to the community from which it solicits its necessary support” (Weil, 1994, p. 349).

Challenges affecting CCI organizations

The resources obtainable in the external environment shape the survival of players in CCI (Noyes, Allen and Parise, 2012), especially because production process in CCI organizations consist of high-risk development phases (European Creative Industries Alliance, 2012), and therefore also require finances. Quite often, CCI organizations tend not to have a horizon for long-term commercial planning and face major challenges concerning strategy and business development (Tscherning and Boxenbaum, 2011).

Furthermore, Jeffcutt and Pratt (2002, p. 10) have highlighted that in practice most managers of CCI organizations “do not have either a core task or a core competency in management.” Therefore, most probably the most important challenge the industry faces is the competence of its managers (Tscherning and Boxenbaum, 2011). The same study also stressed that CCI organizations are in great need of development of support services, as

they require more know-how and coaching in different aspects of business strategy (Tscherning and Boxenbaum, 2011). As challenges are expected to be country-specific, it is important here to correspond to the existing body of literature by collecting empirical data describing the challenges specific to Estonian CCI organizations.

Even though CCI organizations are often associated with innovation, many deal with limited resources and a lack of financing on a daily basis (Viia, Terk, Ibrus and Lassur, 2011). Environmental pressures are found to influence the adoption of performance measurement practices as “they limit the set of envisioned pressures and organizational choices” (Munir and Baird, 2016, p.114). There seems to be no universal definition for survival challenges in management literature despite it being a relatively common concern. Nevertheless, survival challenges are not necessarily entirely negative (Miron-Spektor, Gino and Argote, 2011), as “constraints can help to frame the decision problem in such a way that creative thinking is actually required because standard solutions will not do to meet all decision parameters” (Speklé, van Elten, and Widener, 2017, p.78). Consequently, limited resources can even boost creativity and lead to better performance. Herrero-Prieto (2013) found in his research that the greater the level of public funding and the greater the involvement of volunteers in museum tasks, the lower the efficiency measured in terms of numbers of visitors. This finding clearly refers to the need to find a perfect balance between survival challenges and creative freedom, which shall be empirically measured in the current thesis.

Skills gaps in CCI organizations

It is quite typical of small organizations (i.e. many CCI organizations) to have a skills gap in management in general (Jeffcutt and Pratt, 2002). Financial challenges and lack of entrepreneurship and strategic management skills (among others marketing, strategic planning and decision-making skills) seem to affect CCI organizations in Nordic and Baltic countries the most (Küttim et al., 2011; Noyes et al., 2012; Tscherning and Boxenbaum, 2011). Studies have also shown the lack of a wide range of competencies: the lack of knowledge of the business environment, financial and accounting skills, weakness in management in general, but also in financial management, business law, strategic thinking, and planning, and others (Küttim et al., 2011). Therefore, the current thesis will not focus on skills gaps in general, but on these skills that are expected to affect the strategic mindset and OPE in CCI organizations.

Strategic management attitudes to OPE held by managers of Cultural and Creative Industries organizations

In order to understand how OPE is practised, it is important to examine attitudes (e.g. organizational values) to strategic management, the OPE activities actually carried out by organizations (e.g. evaluation routines) and formal rules (mainly seen as the external environment). Caves (2000) has paid attention to the fact that employees in CCI organizations pay little attention to the practical side of their production and the focus of management issues is often on the “here and now” (Jeffcutt and Pratt, 2002). Evidence has been found that the strategic planning period in CCI organizations is shorter and strategic flexibility is correlated with how management decisions comply with the external environment of the organization and the specifics of CCI (Berziņš, 2012). The majority of creative enterprises are lifestyle oriented and much less of them can be called “growth-oriented” or even possessing “features of growth orientation” (Viia et al., 2011). As strategic management attitudes are associated with the success of organizations, they are expected to affect or be dependent on OPE as well.

Industry-based factors

The industry-based view stresses the importance of conditions within an industry as determinants of firm strategy and performance (Peng, Wang and Jiang, 2008), mainly regarding external challenges. Organizational strategic management is an outcome determined by various internal and external pressures. Among others, these pressures have a direct influence on the conforming/resistant preconscious/controlling character of organizations (Oliver, 1991). However, a wide range of internal and external factors determine responses to pressures, among others “competitive advantage expectations, environmental uncertainty, and the diffusion of institutional expectations” (Garces-Ayerbe, 2012). As these factors are related to the level of competition in that particular industry, and CCI is described as highly competitive, the organizations are expected to choose their strategies based on a wide set of industry-based factors.

Resource-based factors

The resource-based view differs from the industry-based approach, as its focus is mainly on explaining superior firm performance (Barney, 2014). Barney explains it as “the return potential of a firm’s strategies depends on

the attributes of that firm's resources and capabilities" (Barney, 2014, p.25). A Danish study of creative enterprises revealed that the major challenges for CCIs concern strategy and business development (Tscherning and Boxenbaum, 2011). The resource-based view considers firm-specific capabilities as drivers of success (Peng, Sun, Pinkham and Chen, 2009). Therefore, a different set of resources (both, tangible and intangible) are expected to affect the strategic mindset and OPE implementation.

Institution-based factors

The institution-based view of strategy conceives strategic choices as the result of interactions between organizations and the formal and informal institutional environment (Peng, 2002). Based on this view, OPE is affected by institutional logic and expectations (Garces-Ayerbe, 2012). Therefore, OPE is considered to be interrelated with the pre-defined goals of the organization including its mission statement (Voss and Voss, 2000; Munir and Baird, 2016). As there are few different institutional logics for different organizational departments and their staff (Binder, 2007), institution-based lenses can be measured through quite different sets of variables (Garrido, Gomez, Maicas and Orcos, 2014). Analysing the context of an organization might be the key to understanding the competitive advantage of that particular company. Garrido et al. (2014) consider institution-based factors essential for the strategic management of a company.

Paradoxes and balance in Cultural and Creative Industries organizations

Lampel et al. (2000) emphasize that to understand CCI, it is important to understand the five polar opposites that define the field of action in CCI organizations – artistic values vs. mass entertainment, product differentiation vs. market innovation, demand analysis vs. market construction, vertical integration vs. flexible specialization, and individual inspiration vs. creative systems. The contradictory goals typical of CCI organizations often result in paradoxes (Adler and Chen, 2011) – “contradictory yet interrelated elements exist simultaneously and persist over time (Smith and Lewis, 2011, p. 386), and “its elements seem logical in isolation but absurd and irrational when appearing simultaneously” (Lewis, 2000, p.760).

The paradoxes associated with CCI organizations are mainly about creative staff, creative products, and the creative managers but also about creativity as such (Kohlmann, 2012; Thompson, 2007; Lampel et al., 2000; Manzoni

and Caporarello, 2017; Svensson, 2017; Lampel et al., 2000). The core paradox in managing creative personnel can be seen as a set of tensions, challenges, dilemmas, and contradictions that arise mainly based on the dual goals of commerce and art (Shropshire and Kadlec, 2012). Nevertheless, in art and management discourse paradoxes are not seen as fully negative (Libeskind and Goldberger, 2008; Manzoni and Caporarello, 2017; Parush and Koivunen, 2014).

The empirical scope of the current thesis addresses the performance paradox that refers to a situation where the managers “know what to do to improve performance but ignore or act in contradiction to either their strongest instincts or to the data available to them” (Cohen, 1998, p.30). Performance paradoxes might be related simultaneously to multiple competing goals or performances (Smith and Lewis, 2011), like conflicting managerial demands (Lüscher and Lewis, 2008) or the definition of success for important stakeholders (Smith and Lewis, 2011), or managerial implications, like strategy formulation, resource allocation or project implementation (Manzoni, Morris and Smyth, 2012).

Manzoni and Caporarello (2017) claim that in professional art organizations, it is possible to balance economic and symbolic concerns, and thus overcome the core paradox of CCI organizations by ensuring the equilibrium and harmony within the organization. This kind of a Big Picture – the balance between cultural and commercial aspects of performance (Manzoni and Caporarello, 2017) – is something that most organizations aim to achieve. How is this possible? A rational production process is not seen as crucial in CCI organizations, as they do not aim to sell more or cheap, but instead create and maintain an organization that can produce and sell meaning (Lawrence and Phillips, 2002). It is also important to pay attention to the fact that in the art production and selling process, specialists with very different backgrounds and understandings are involved, which also may affect the strategic balance.

Creative freedom

Svejenova, Planellas and Vives (2010) have defined creative freedom as a unique driver in “projects of passion”. In CCI organizations, creative freedom can be a synonym for autonomy as it is closely related to concepts like creativity, artistic autonomy, flexibility, innovation, artistic values, and (individual) inspiration. Nevertheless, all these concepts can be described

through tensions (Damskau and Svensson, 2006). Kleppe (2017) claims that there is no single way theatre managers manage their artistic autonomy as they justify decisions and their positions differently. However difficult it is in different CCI sub-sectors, creativity within an organization needs to be somehow planned, organized, and evaluated because without boundaries “creative processes may equally identify and apply opportunities for good or evil” (Hilton 2010, p. 134).

Despite the unique relevance of creative industries for control and autonomy, their relations with ambidexterity⁵ in the CCI context have not been researched so far (Wu and Wu, 2016), and Wu’s paper is one of the first to address the integration of creative industry and ambidexterity from the theoretical perspective. As it requires the managers to understand and take into account “the needs of very different kinds of businesses” (O’Reilly III and Tushman, 2004, p. 82), it could be achievable through implementing lessons learnt from OPE. Therefore, the relations between OPE and ambidexterity, should definitely be paid more attention in the future research. This also relates specifically and directly to the current study, as the opposite of exploitative business and exploratory business could also be closely related with survival challenges and creative freedom.

2.5 Theoretical Model and Research Questions

The purpose of current theory chapter is to identify the gaps existing in the research of OPE in CCI. This shall be achieved by analyzing the key concepts of OPE and the factors affecting it. The following figure (Figure 5) sums up all the factors that are expected to affect OPE in CCI organizations.

⁵ “Ambidextrous organizations segregate exploratory units from their traditional units, encouraging them to develop their own unique processes, structures, and cultures ” (O’Reilly III and Tushman 2004, p. 1).

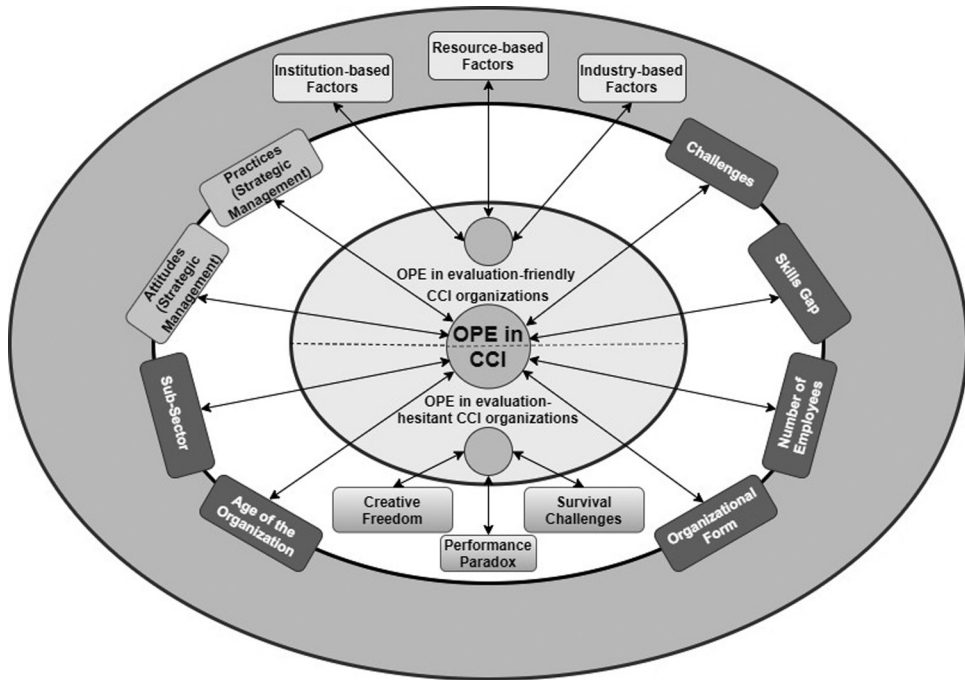


Figure 5. Theoretical model of the factors affecting OPE in CCI organizations.
Source: Composed by the author.

As shown in the figure (and introduced previously in the current chapter), in addition to OPE related variables, the following concepts shall be tested within 4 studies: challenges, skills gaps, heterogeneity (sub-sector, age of organization, organizational form, number of employees) (1st study, RQ1); attitudes and practices (2nd study, RQ2); institution-based, resource-based and industry-based factors (3rd study, RQ3); creative freedom, survival challenges and performance paradox (4th study, RQ4-RQ5). Even though, based on the literature, there are reasons to believe these aspects influence OPE, the directions of the connections have so far remained unclear and shall be tested in the current study.

Throughout the 4 studies, the relations between the factors and OPE in CCI organizations are tested. In the following chapter, the methodology is explained. Now, the background, basis and relevance to the research questions are briefly explained using the context of Estonian CCI reports.

As the academic literature on the management of CCI organizations in Estonia is rather limited, the current study relied heavily on grey literature as

the basis for understanding how CCI organizations in Estonia are managed. This could be seen as a limitation of the study; on the other hand, it signals the need for additional academic research in the CCI field. In 2010, the report “Creative Industries in Estonia, Latvia and Lithuania” (Allikmäe, 2010, p.7) called for the need to map “the needs of creative industries and the problems hindering their development,” while a year later another report (that focused on Estonia, Latvia, Finland and Sweden) claimed that “attention should be paid also to creative industry-specific problems and needs” (Küttim et al., 2011, p.377). The current PhD research aims to do both based on causation process and that OPE could be a potential solution to most of the existing challenges in CCI organizations in Estonia and would thus directly contribute to the development of the industry. Therefore, it is possible to claim that the driver of the current research is practical need and not so much an extension of the theoretical field.

After having analysed the existing literature and reports, the author concluded that OPE in CCI organizations in Estonia had not yet been widely researched and it was necessary to map existing OPE practices in CCI organizations. It is agreed that national culture influences OPE in CCI organizations. The Estonian case is different due to local traditions, cultural policies and infrastructure; therefore, the Nordic or Baltic approach cannot necessarily be adapted. The Estonian context is a relevant choice for CCI-specific OPE research because the scale of the country is comprehensive (global trends are visible in a short time period) which makes reaching a highly representative sample possible.

The first study analysed the OPE logic in CCI organizations in Estonia in order to understand how challenges and skills gaps (Jensen and Sage, 2000) as vital factors for effective organizational performance (Almatrooshi et al., 2016) shape organizational performance and its evaluation in the Estonian Cultural and Creative Industries context.

As CCI organizations are considered to be heterogeneous (Eikhof and Haunschild, 2006) and not cohesive (White et al., 2014), they were not just analysed from a general perspective but also by taking into account the demographic aspects of the respondent organizations – form, size, sub-sector and age, and comparing the results with a control-group (non-CCI organizations). This is an important consideration as sub-sector and size have been proven to affect the management of organizations (Turbide and Laurin, 2014), but the roles of the form and age of organizations had not

yet been researched in the CCI context. Nevertheless, it was important to understand how heterogeneous the CCI organizations in Estonia are before the subsequent research stages. Therefore, it was expected that not only would challenges and skills gaps influence OPE practices but also some demographic factors, and therefore it was decided to take a step back and focus on the broad picture, analysing the wide list of challenges that CCI organizations face. These considerations resulted in the first research question being formulated as follows.

RQ1: How do OPE tools and practices differ in different types of CCI organizations?

As RQ1 focused on OPE practices, in addition, it was necessary to understand the mindsets behind the existing practices. It was important to address these aspects, especially as the research by Turbide and Laurin (2009) witnessed a contradiction in OPE practices in CCI – even though artistic excellence is officially claimed to be the most important success factor, the focus of actual OPE is on financial indicators and much less attention is paid to non-financial indicators. It is also claimed that decision-making in CCI organizations is less rational than in other industries (Elmqvist, 2012). Therefore, it was decided to pay special attention to OPE as a function of strategic management and find out if there are perhaps more factors influencing the internal and external environment of CCI management. Consequently, the second research question was formulated as follows.

RQ2: How are OPE practices affected by strategic management attitudes in CCI organizations?

It was expected that the challenges and strategic orientation do affect OPE in CCI organizations, and therefore in the next research stage, the author of the current thesis takes a closer look at their effects. A mixture of different factors influencing OPE were analysed in the context of “evaluation-friendly” OPE. A strategy tripod was used as a theoretical framework, as it combines industry-based, resource-based, and institution-based factors that are all expected to influence CCI organizations. The following factors were categorized as industry-based (profit-orientation of staff), resource-based (level of confidence in regard to income, challenging to analyze and report) and institution-based (organizational orientation to expand, learning and development orientation). As a result, the third research question was formulated as follows.

RQ3: What factors affect the implementation and perception of OPE in CCI organizations?

CCI-specific literature describes the Cultural and Creative Industries through uncertainty (Purnomo and Kristiansen, 2018), controversy (Banks and O'Connor, 2009) and a tremendous amount of challenges (Austrian Institute for SME Research and VVA Europe 2016; Manzoni and Caporarello, 2017). Nevertheless, multiple simultaneous paradoxes (Kozarkiewicz and Kabalska, 2017) are also considered rather typical and most probably built into their daily practices. Furthermore, an empirical study from Estonia (Küttim et al. 2011, p.376) brings up the same issue by claiming that the main problem for CCI organizations is “the difficulty to balance artistic and business objectives, manage and plan effectively”. Such a performance paradox has already been studied in the CCI organizational context (Cohen, 1998; Harbour, 2009; Manzoni et al., 2012; Manzoni and Caporarello, 2017; Sandoff and Widell, 2015; Smith and Lewis, 2011), but not in an OPE context. It was expected by the author that “evaluation-hesitant” CCI organizations are driven by different factors than “evaluation-friendly” CCI organizations. Therefore, the fourth research question targeted “evaluation-hesitant” organizations as the paradoxes were expected to be more inherent there than in “evaluation-friendly” CCI organizations, aiming to find out whether practicing OPE is related to creative freedom and survival challenges (i.e. the polarities of the performance paradox) and how. That resulted in formulating the fourth research question as follows.

RQ4: Which factors deter CCI organizations from practicing OPE and how?

After having studied different factors (mainly challenges) affecting OPE in CCI organizations, in the final stage of the research there was a need to explore the reasons (through qualitative analysis) for the uncertainty and being out of balance (as a result of competing goals) that had remained unclear until that point as a result of the limitations of purely quantitative research carried out by the author. That led to the fifth research question triggered by the claim by Manzoni and Caporarello (2017), stating that it is possible to balance economic and symbolic concerns in professional art organizations, and as a result of that to achieve a Big Picture. The fifth research question was formulated as follows.

RQ5: What do CCI organizations need to be strategically balanced?

Figure 6 summarizes all the research questions with their study-specific sub-questions. All the sub-questions are discussed in more detail in each of the four corresponding studies attached to the current thesis.

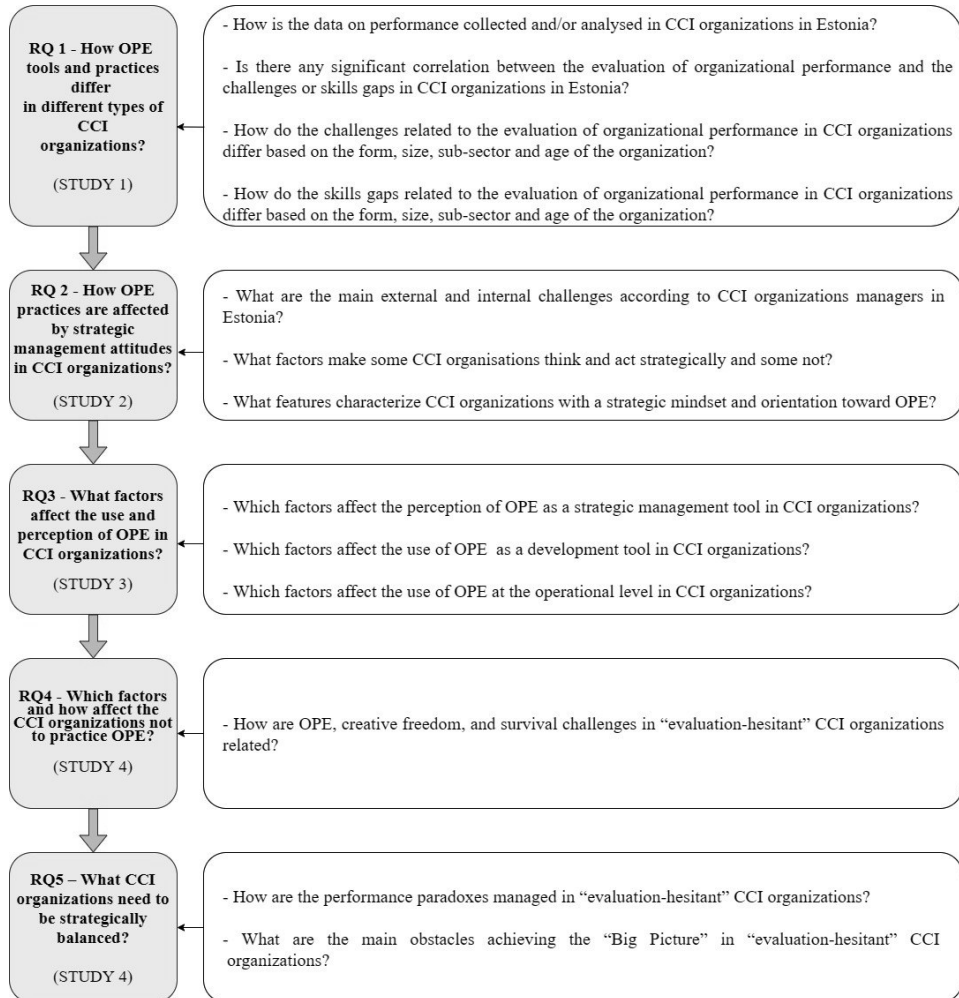


Figure 6. Research questions. Source: Composed by the author.

As stated in Figure 6, OPE is addressed throughout the current thesis from different angles using different approaches and theories in order to present a comparative picture of possible factors affecting the mindset and practices in CCI organizations.

3. RESEARCH DESIGN

The current study is based on the assumption that it is not sensible to ask the managers of CCI organizations directly what makes them use or not use OPE, and thus think and act strategically, because decisions about strategic planning and evaluation tend to be based on subconscious choices (Perkins, Grey and Remmers, 2014), especially in CCI organizations where management is not “either a core task or a core competency” (Jeffcutt and Pratt, 2002, p. 10). The resistance to evaluation among CCI organization representatives was also taken into consideration (Pattyn, 2014) when planning the specific direction of the study. Therefore, the representatives of CCI organizations would most likely give socially desirable answers or try to justify themselves (Brockner, 1992). Therefore, in the current study, the author’s role was a combination of scientist⁶ and science arbiter⁷ as in addition to her academic contribution she was also trying to find answers to specific questions in her field of expertise that were rooted in the grey literature (Pielke, 2007).

3.1 Methodology

Arts Management as a discipline is traditionally dominated by qualitative research. Strategy research is also said to value interpretive and critical qualitative work but is currently becoming more and more multi-paradigmatic (Lê and Schmid, 2019). The author of the current research decided in favour of a pragmatic approach (Morgan, 2007) to combine quantitative and qualitative research as a way of understanding both actual OPE behaviour and the attitudes behind it. The selected approach also helped to answer the current set of RQs in the best way (Johnson and Onwuegbuzie, 2004) and counterbalanced the strengths and weaknesses of both research approaches (Abowitz and Toole, 2010). The main reason for including qualitative research was the fact that it consists of unique features for exploring strategy (Knight and Paroutis, 2019) and helps us understand the attitudes and not just the actual behaviour (Cooper, Reimann, Cronin, Noessel, Csizmadi and LeMoine, 2014). Nevertheless, only relying on

⁶ Taking the role of pure scientist means that a researcher focuses on conducting research and getting published in peer-reviewed research publications (Slunge et al. 2017).

⁷ Taking the role of science arbiter, means the researcher answers specific questions, posed by planners, policy-makers or other stakeholders, within the field of expertise of the researcher (Slunge et al. 2017).

the quantitative approach was also not considered sufficient because the behaviour consists of too many variables and using only a quantitative approach would not have provided a full understanding of the complexity of a phenomenon like OPE (Cooper et al., 2014). Therefore, the deductive results from the quantitative approach served as inputs for the inductive goals of the qualitative approach. This provided “the flexibility to adapt to uncertain global issues and the ability to delve deeply to discern the cultural, societal and institutional nuances present” (Kiessling and Harvey, 2005, p. 39).

In general, there are two types of mixed-methods research – “mixed-model (combining qualitative and quantitative approaches within or across the stages of the research process) and mixed-method (the inclusion of a quantitative phase and a qualitative phase in an overall research study)” (Johnson and Onwuegbuzie, 2004, p. 20). In mixed method studies, where qualitative research follows quantitative work, the qualitative studies often elucidate quantitative patterns, such as the causal mechanisms underlying the relations identified in the quantitative study (Lê and Schmid, 2019). An Explanatory Sequential Mixed Research Design was chosen for this study in order to provide a more in-depth understanding of the quantitative findings (Creswell, 2014). It was decided that the principal tool for collecting data was quantitative (Morgan, 1998), and therefore the quantitative approach is dominant. As both types of data cannot be equally important (Morgan, 1998) and methodological balance is not essential for mixed-methods research (Walker and Baxter, 2019) writings have moved away from debates about epistemological incompatibilities and now focus on the potential, the role of the qualitative part is complementary to the quantitative. Figure 7 illustrates the phases of the explanatory sequential mixed method design.

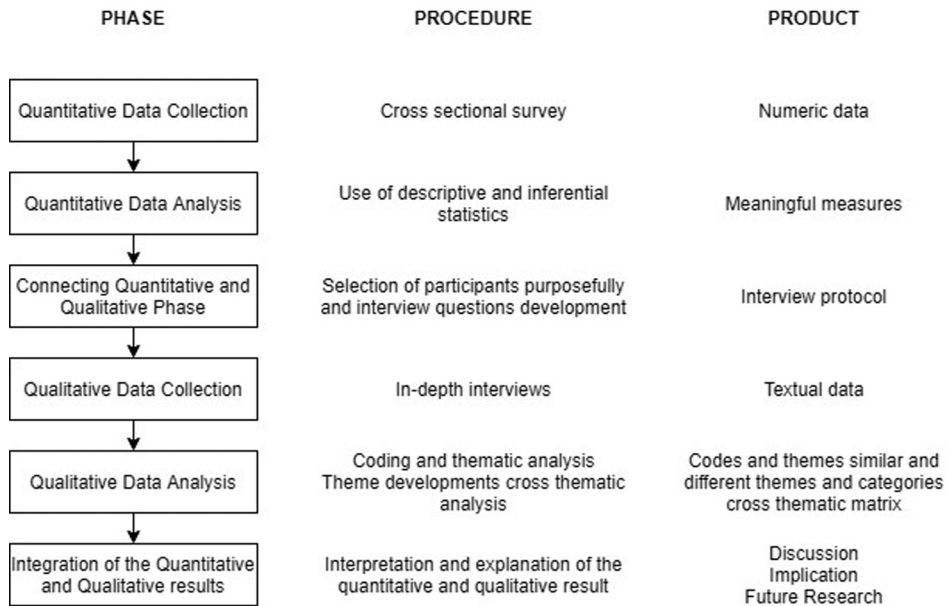


Figure 7. Phases, procedures and products within an explanatory sequential mixed method design. Source: Reproduced from Subedi (2016).

In the first phase of the explanatory sequential design, the author presents the features, setting, participants, instruments and data collection of the quantitative phase (Fetters and Freshwater, 2015; Subedi, 2016). Then the analysis follows with “the characteristics, setting, participants, instruments, data collection and analysis of the qualitative phase” (Fetters and Freshwater, 2015, p. 209). This method helps to understand the interactions and has previously been used to understand the factors affecting performance management (Klinck and Swanepoel, 2019).

This approach is suitable for exploring the quantitative results in the case of unequal sample sizes for each phase of the study (Creswell, 2014). In the current case, the sample sizes were different – 460, 321, 139 and 8. For this research, first anonymous quantitative data was collected and analysed, and this was then followed by qualitative research (expert interviews) based on the results of the quantitative research. The first stage provided a general understanding of the existing OPE practices of CCI organizations, their challenges and skills (gaps). Within the qualitative data collection phase, more in-depth and richer data was collected face-to-face from CCI managers in order to understand and verify the explanations behind the facts revealed by the quantitative research.

To conclude, the current thesis relies on the causation logic which is not the first recommended choice in the context of uncertainty (Chandler, DeTienne, McKelvie and Mumford, 2011) and if “there are no preexistent goals” (Sarasvathy 2001, p. 262). Nevertheless, the opposite to this – the effectuation logic – does not apply to Estonian CCI organizations as the reasons for implementing OPE do not “imply just one single strategic universe for the firm” (Sarasvathy 2001, p.247), but instead, Estonian CCI organizations handle the OPE process itself in quite different ways (variety of reasons for using and not using OPE) and the outcome of OPE is also used for different purposes. Nevertheless, policy changes at the state level would change the game completely, especially when building a strong linkage between state support and regular self-assessment accompanied by reporting.

3.2 Methods

The methods used here, starting with the background to the research questions and the reasoning for the methodological choices – sampling, data collection and data analysis – is further discussed in the forthcoming sub-chapters. The structure of the current research is guided by the following methodological choices (see Figure 8).

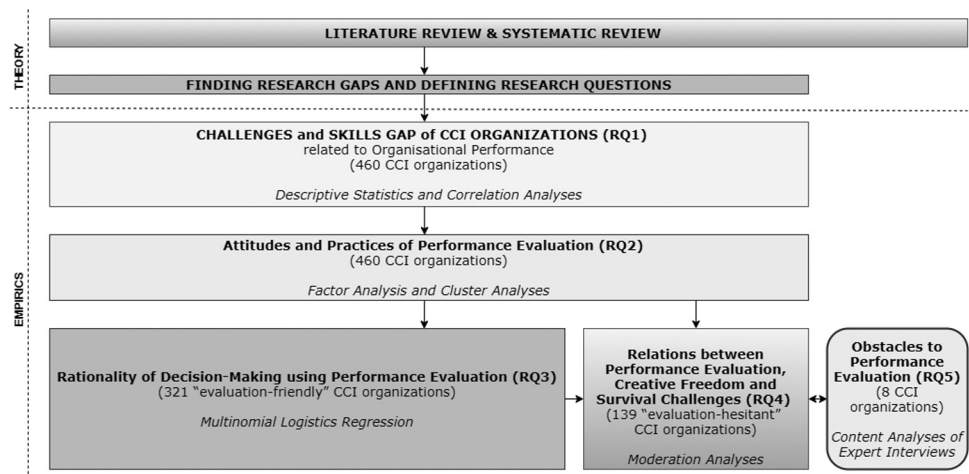


Figure 8. Methodological diagram. Source: Composed by the author.

To answer the research questions, a study consisting of 5 research stages was conducted. Within the survey, the respondents were mostly asked about facts (sources of income, challenges, daily routines, etc.) and less about

their opinions regarding the aspirations and desires (creativity, enthusiasm, learning and development orientation, etc.) of their organizations. Such collective consciousness (based on the opinions of 460 survey respondents) is expected to form a good basis for new knowledge even if it is situation and context specific. The last stage of the study was qualitative and consisted of 8 follow-up interviews. The interviews focused on opening up the reasons for and the background to the quantitative outcomes. The following table presents the key aspects of each study and the research questions.

Table 4. The methodological journey. Source: Composed by the author.

| | STUDY 1 | STUDY 2 | STUDY 3 | STUDY 4 | |
|-----------------------|--|---|---|---|---|
| RQ | RQ1: How do OPE tools and practices differ in different types of CCI organizations? | RQ2: How are OPE practices affected by strategic management attitudes in CCI organizations? | RQ3: What factors affect the implementation and perception of OPE in CCI organizations? | RQ4: Which factors deter CCI organizations from practicing OPE and how? | RQ5 – What do CCI organizations need to be strategically balanced? |
| SAMPLE | 460 CCI organizations representing 13 sub-sectors of CCI (private enterprises (45%), NGOs (17%), public sector institutions (16%), municipal bodies (17%) and foundations (5%)) Representatives of the full population of 7,066 Estonian CCI organizations (according to 2011 data) | | 321 respondents representing “evaluation-friendly” CCI organizations in Estonia The sample is a sub-sample developed based on the results of the 2 nd study | 139 respondents representing “evaluation-hesitant” CCI organizations in Estonia The sample is a sub-sample developed based on the results of the 2 nd study | 8 CCI organization managers |
| DATA COLLECTION | Self-reported primary data collected by the author in 2016 from Estonian CCI organizations using an online questionnaire (systematic sampling survey) | | | | 8 unstructured follow-up interviews carried out by the author in 2018 |
| DATA ANALYSIS METHODS | Descriptive statistics and correlation analysis | factor analysis and cluster analysis | multinomial logistic regression | correlation analysis and moderation analysis (process model 1 from Hayes) | qualitative data analysis (conventional content analysis, using Dedoose). |

In summary, it is important to emphasize that to answer all five research questions, only primary data collected by the author was used. In order to answer RQ1 and RQ2, the full quantitative dataset was used – 460 CCI organizations. While RQ3 looked at the 321 “evaluation-friendly” CCI organizations, RQ4 focused on the rest – 139 “evaluation-hesitant” CCI organizations. In the last stage of the research, the survey results were validated using 8 follow-up interviews. While RQs 1-4 required a quantitative approach, RQ5 was approached qualitatively. Adding the qualitative approach to the quantitative, using follow-up interviews with experts, was necessary to validate the results. The following six data analysis methods were applied to answer the five research questions – correlation analysis (answering RQ1 and RQ4), factor analysis (RQ2), cluster analysis (RQ2), multinomial logistic regression (RQ3), moderation analysis (RQ4) and content analysis (RQ5) (Table 6).

Before developing the questionnaire, the variables to include were selected (the list of variables has been included as Appendix 2. The corresponding quantitative questionnaire consisted of 4 blocks of questions with the following foundation:

- The first block of questions aimed at understanding the organizational context and characteristics of the studied organizations. That block of questions was built using as its basis a questionnaire from a Danish study that analysed the strategic management of creative enterprises. First, the questionnaire by Tscherning and Boxenbaum (2011) was translated into the Estonian language and then the questions relevant to the Estonian context were chosen. The questions relevant only to enterprises and only to the Danish context were not included and the wording of some questions was slightly modified. This block builds the framework for measuring the heterogeneity of the organizations based on formal characteristics.
- It is not only elements like organizational form, age, sub-sector and size that form the organizational realities. The specificity of CCI organizations has been described through the challenges they have to face (Hodgson and Briand, 2013). Therefore, the author also expected these challenges to influence the (managerial) realities of CCI organizations in Estonia. This is the reason why the second block of questions targeted a wide range of external and internal challenges and was also formulated on the basis of the same Danish study as the first block of questions (Tscherning and Boxenbaum, 2011). Some of the challenges can be interpreted as skills gaps, thus something that could easily be overcome with proper training or recruitment of specifically educated staff.

- As some of the challenges are expected to be dependant on the external environment and some on the internal decision-making, it was important to also take the strategic mindsets into account to understand OPE in CCI organizations. To measure the opinions and mindsets concerning strategic management in general, and OPE in particular, questions from the Capacity Diagnostic Tool were used (BTW Consultants, 2010). Based on the questions, it is possible to understand how OPE was perceived and understood within the organizations in the study. The instrument was originally designed to measure the evaluation capacity of organizations, and therefore it takes into consideration the actual OPE steps and mindset.
- The use of different evaluation practices was measured using a specific evaluation template for arts organizations developed by Birnkraut (2011). Therefore, that part of the questionnaire mapped the existing planning and analysis tools, OPE methods, and frequency. Questions concerning the particular OPE practices were selected for the survey instrument in order to understand which features of OPE if any are practised in particular organizations.

The full survey instrument with all questions and their sources is presented in Appendix 2.

3.3 Setting and Sample

As the current research is carried out in Estonia, the following section will present the national context. Estonia makes a special case. There has never existed a state level strategy or development document for Cultural and Creative Industries in Estonia. However, a remarkable amount of state and European Union structural support has been dedicated to the sector within the last decade. EU and state support for the CCI sector amounted to 193 million euros in 2015, which was 13% of the total income in CCI (Eesti Konjunkturiinstituut, 2018). On the other hand, while the average yearly income of Estonian enterprises was 673,700 euros in 2015, the respective number for CCI was only 162,800 EUR (Eesti Konjunkturiinstituut, 2018) – 4 times less. Despite the limited resources and high dependency on subsidies, CCI has constantly developed – total revenue has increased from 608 million euros in 2003 to 1,481 million euros in 2015. However, during the writing of the current PhD thesis, there was no clarity about whether any EU support would be provided to Estonian CCI organizations

from 2021. Therefore, the organizations may face a situation where they have to compete for project funding on an equal basis with all other types of organizations. Therefore, improving the competitiveness of the sector (among others also in terms of managerial competence) and its sustainability becomes even more topical. The following table (Table 5) gives the latest available statistics on CCI.

Table 5. Economic indicators for Estonian CCI in 2015. Source: Eesti Konjunktuuriinstituut (2018).

| SUB-SECTOR | No of Organizations | | | No of Employees | | | Total Profit (mln EUR) | | |
|-------------------------------|---------------------|-----|------|-----------------|-----|------|------------------------|-----|------|
| | Total | % | NGOs | Total | % | NGOs | Total | % | NGOs |
| Architecture | 1403 | 15 | 5 | 3430 | 11 | 256 | 152 | 10 | 2 |
| Film and video | 635 | 7 | 51 | 1196 | 4 | 80 | 76 | 5 | 3 |
| Broadcasting | 86 | 1 | 14 | 1776 | 6 | 56 | 161 | 11 | 4 |
| Design | 677 | 7 | 7 | 1060 | 3 | 123 | 42 | 3 | 1 |
| Performing Arts | 419 | 5 | 136 | 3004 | 10 | 2657 | 69 | 5 | 59 |
| Publishing | 769 | 8 | 56 | 5000 | 16 | 244 | 324 | 22 | 5 |
| Handicraft | 320 | 4 | 50 | 1045 | 3 | 455 | 14 | 1 | 3 |
| Museums | 256 | 3 | 0 | 1733 | 6 | 0 | 89 | 6 | 0 |
| Libraries | 946 | 10 | 0 | 2670 | 9 | 0 | 42 | 3 | 0 |
| Art | 210 | 2 | 45 | 1215 | 4 | 980 | 12 | 1 | 7 |
| Entertainment Software | 48 | 1 | 0 | 989 | 3 | 0 | 100 | 7 | 0 |
| Music | 2169 | 24 | 610 | 4940 | 16 | 1410 | 141 | 9 | 17 |
| Advertising | 1160 | 13 | 12 | 2623 | 9 | 46 | 259 | 17 | 1 |
| TOTAL | 9098 | 100 | 986 | 30681 | 100 | 6307 | 1481 | 100 | 102 |

Analysis of the data in Table 5 reveals that the following 3 sub-sector have the largest number of organizations: Music, Architecture and Advertising. The Music field is also the second field from the top in terms of employees, preceded only by Publishing. It is also important to highlight that the following fields earn the largest profit compared to other sub-sector of CCI – Broadcasting, Publishing and Advertising. Nearly 11% of CCI organizations are NGOs, while the largest number of NGOs is in Music and Performing Arts. The share of labour costs in CCI are higher than, for example, in industry or trade and the ratio of the value added in the creative economy to sales revenue is 40% (Eesti Konjunktuuriinstituut, 2018).

At the time this thesis was finalised, the latest mapping of Estonian CCI dates from 2015 (Eesti Konjunktuuriinstituut, 2018). The final sample for the quantitative part of the research represented the reality of CCI organizations in 2015 accurately, as can be seen in Table 6. However, it is important to highlight that for some stages of the analysis, the collected data was also weighted to correspond better to the population, especially concerning the over-representation of libraries and under-representation of the music industry in the sample.

Table 6. Population and sample of CCI organizations in Estonia.
Source: Composed by the author and Eesti Konjunktuuriinstituut (2018).

| Sub-sector | Percentage and No. of CCI organizations | | |
|------------------------|---|---------------------------------------|---|
| | 2016 (sample of current study) | 2015 (EKI population) | Differences in the proportion of organizations in the sample compared to the population (%) |
| Architecture | 12.61% (58 organizations) | 15.42% (1403 organizations) | -2.81% |
| Film and Video | 5.43% (25) | 6.97% (635) | -1.54% |
| Broadcasting | 0.65% (3) | 0.94% (86) | -0.29% |
| Design | 7.39% (34) | 7.44% (677) | -0.05% |
| Performing Arts | 5.65% (26) | 4.60% (419) | +1.05% |
| Publishing | 6.30% (29) | 8.45% (769) | -2.15% |
| Handicraft | 3.48% (16) | 3.51% (320) | -0.04% |
| Museums | 4.13% (19) | 2.81% (256) | +1.32% |
| Libraries | 28.04% (129) | 10.39% (946) | +17.65% |
| Art | 2.17% (10) | 2.30% (210) | -0.13% |
| Entertainment Software | 0.87% (4) | 0.52% (48) | +0.34% |
| Music | 15.00% (69) | 23.84% (216) | -8.84% |
| Advertisement | 8.26% (38) | 12.75% (1160) | -4.49% |
| TOTAL | 100% (460) | 100% (9098) | |

In the final stage of the analysis, eight expert interviews were carried out, as quantitative results were expected to contribute to the general picture, while a qualitative approach was expected to explain the details of that general picture (Subedi, 2016).

3.4 Data Collection

Data collection began with mapping the current situation in Estonian CCI organizations focusing on the relations between OPE, challenges and skills gaps. Therefore, RQ1 emerged from the objectivist paradigm and tried to find out how the heterogeneous background of CCI organizations relates to OPE, challenges and skills gaps in CCI organizations and to develop a framework explaining their relations. To answer RQ1, it was first necessary to create a basis for a new understanding of strategic management and the development needs in Estonian CCI organizations. In addition to 6 OPE variables, the following demographic variables were included in the data analysis – *number of employees, organizational form, age of the organization* and *sub-sector*. These variables were expected to form a solid basis for understanding the heterogeneity of CCI and its sub-sectors. The findings in response to RQ1 confirmed the assumption of the heterogeneity of Estonian CCI organizations and formed a good basis for the next research stages.

RQ2 focused on the factors that influence strategic management practices and mindset in Estonian CCI organizations. The basis of that research question is rooted in neo-positivism and “aims to understand human behavior and explaining socio-historical background of causality through subjective interpretation, combining subject-subject dualism” (Wong, Musa and Wong, 2011, p. 11548). Thus as a result of answering RQ2, the author is aiming to create a new reality explaining both the external world and the mind (Alai, 2014) of OPE.

RQ3 was rooted in pragmatic constructivism, as it aimed to find out what factors and combinations of factors predict whether CCI managers evaluate their performance. Its aim was to understand how industry-based, resource-based and institution-based factors influence strategic decisions, as well as the performance of (evaluation-friendly) CCI organizations. Starting from that research stage onwards, only a sub-sample of the original data set was used. Therefore, the sample for providing an answer to the current RQ consisted of 321 respondents, representing “evaluation-friendly” CCI organizations. However, it can be argued whether the (organizational) world can be explained using polarities (Perrow, 1973). Currently it was considered the most appropriate choice because according to Campbell and Grønbaek (2006), “in organizational terms every excellence is accompanied by a corresponding deficiency” (p. 27). The following measures were chosen for a multinomial logistic regression analysis based on the three theoretical approaches – *industry-based* (highly competitive market, enthusiasm vs

profit orientation of staff, need to justify own existence), *institution-based* (level of confidence in regard to income, challenging to analyse and report, staff higher education level) and *resource-based* view (organizational orientation to expand, learning and development orientation, protecting copyrights is challenging), known as the Strategy Tripod.

RQ4 and RQ5 are closely interrelated and are based on the modernist paradigm; credible mixed data – quantitative and qualitative – was collected and the quantitative results were validated through follow-up interviews. The aim of RQ4 was to understand how practicing OPE is related to the Performance Paradox in “evaluation-hesitant” CCI organizations and to build a framework to explain the relations between OPE, creative freedom and survival challenges. The core sample for that study consisted of 139 organizations representing “evaluation-hesitant” CCI organizations. In regard to “creative freedom” in the current research, the following 3 variables were used: *the central role of creativity*, *employee enthusiasm* and *preferring interesting tasks to profit*. “Survival challenges” were formed of 5 variables: *unstable income*, *challenging profit-making*, *challenging financial management*, *challenging external funding* and *unstable customer flow*.

RQ5 in a way brought together all the potential factors that influence OPE practices in Estonian CCI organizations – aiming at validating the quantitative findings and understanding the background and reasons for them in depth. Eight CCI organizations were approached for follow-up interviews (with open-ended questions) that lasted approximately 60 minutes on average.

3.5 Data Analysis

In the following, the analyses of the quantitative data (RQ 1–4) and qualitative data (RQ5) is explained step-by-step.

- During the first research stage, the focus was on the challenges and skills gaps that correlated with OPE in CCI organizations in Estonia. As it was the first study of the field, only descriptive analysis methods and correlation analysis were used for mapping purposes. The latter helped to understand what kind of linkages exist between different variables and how they are associated, and so no causal relationships were sought (Courtney, 2018).
- The second research stage focused on the strategic management attitudes and practices relevant to OPE. It mapped the most evident challenges and other internal and external factors influencing OPE in CCI organizations.

The complexity of the collected data was reduced at the variable level by using factor analysis and at the case level by using cluster analysis. The factor analysis was chosen to highlight the connections between the wide list of variables based on the latent variables, while the cluster analysis helped to identify homogenous groups among the CCI organizations. The factor analysis was a reasonable choice as the Pearson correlation coefficient was greater than 0.30 for 26 out of 34 variables. To better understand the latent tendencies illustrated by the factors, a cluster analysis of the same factors was conducted, resulting in clustering the original sample into 5 clusters, which can be described as “evaluation-friendly” and “evaluation-hesitant” CCI organizations.

- The third research stage helped to measure the ability of different variables to predict OPE; therefore, to estimate whether CCI organizations use OPE in practice and/or have the corresponding mind-set. For this stage, 3 clusters that are called “evaluation-friendly” CCI organizations were involved. Multinomial logistic regression was performed to assess the ability of different variables to predict different aspects of OPE. This helped to understand which variable affects the others and how within the Strategy Tripod framework. The findings of that stage were expected to provide a new understanding of how different industry-based, resource-based and institution-based factors affect OPE.
- The fourth research stage focused on the moderations between conflicting goals in CCI organizations and filtering their connections to OPE. To find the answer to the RQ, an explanatory sequential mixed-methods design was used. It “is a mixed-methods strategy that involves a two-phase project in which the researcher collects quantitative data in the first phase, analyses the results, and then uses the results to plan (or build into) the second, qualitative phase” (Creswell, 2014, p. 300). First, the focus was on the “evaluation-hesitant” CCI organizations using correlation analysis to decide on the final content of the core variables for the moderation analysis. The moderation analysis helped to understand the conditions, and therefore provided answers to “when” questions and helped “in testing whether the magnitude of a variable’s effect on some outcome variable of interest depends on a third variable or set of variables” (Hayes, 2012, p.4). The moderation analysis was carried out using PROCESS Model 1 of Hayes to gain insights into the interactions between the variables listed above. According to Aguinis et al. (2017, p. 666), “moderation can lead to important and useful insights for strategic management theory and practice,” while Goldsby highlights that moderation analysis “allows researchers to discover unanticipated

contingencies between variables, which can challenge commonly held beliefs” (Goldsby, Knemeyer, Miller and Wallenburg, 2013, p. 109). Both arguments were important and relevant to the current study.

- The fifth research stage, the analysis of the interviews started right after each interview. Therefore, the interview instrument developed slightly throughout the process – in the beginning it consisted of 6 and by the end of 8 open-ended questions. The interview questionnaire is attached as Appendix 3 to the current thesis. For data analysis, the audio recordings of the interviews were uploaded to Dedoose and then analysed using conventional content analysis. That was considered a suitable analysis method as coding categories were derived directly from the text data (Hsieh and Shannon, 2005) and the author wanted to follow very precisely what the interviewees said without relying on her assumptions based on the previous findings. Therefore, before the analysis began, there was no code tree or predefined categories – they were developed step-by-step based on the content of the interviews. When all interviews were coded, all codes (based on excerpts and memos) were categorised, and final codes were created. The final code tree is presented in the following Table 7:

Table 7. Code tree of the interviews. Source: Composed by the author.

| |
|--------------------------------------|
| BALANCE, TENSIONS AND PARADOX |
| Paradox |
| Tensions |
| Balance |
| CCI SPECIFICS |
| Self-justification and injustice |
| Pride about one’s work |
| CHALLENGES |
| Competition |
| Finances and support |
| Infrastructure |
| Needs |
| Uncertainty |
| MANAGEMENT |
| Planning |
| Skills |
| Skills Gaps |
| Evaluation |
| Need for Evaluation |
| Obstacles concerning the evaluation |
| GREAT QUOTES |

The codes were developed based on the content of the interviews while focusing on the key concepts defined in the literature review and quantitative research findings.

3.6 Reliability and Trustworthiness

The validation in mixed-methods research cannot be ensured with the help of a specific set of standards, as they do not exist (Giddings and Grant, 2009). Usually, a retroductive research strategy is associated with mixed-methods research (Norman, 2010). This is all about “discovering the underlying mechanisms that, in particular contexts, explain observed regularities” (Malhotra, 2017, p.173). As the RQs focused on understanding and explaining the regularities of OPE, the construct-based validity was essential for the current thesis – “thus, whether the items are measuring what they should measure” (Zhou 2019, p. 44). This was assured by using already validated questionnaires as a basis for developing the survey instrument. Before committing any statistical analyses, reliability tests were used to verify the suitability of the data for the particular analysis method.

The trustworthiness of the interviews was assured by transactional validity which had been defined

as an interactive process between the researcher, the researched, and the collected data that is aimed at achieving a relatively higher level of accuracy and consensus by means of revisiting facts, feelings, experiences, and values or beliefs collected and interpreted (Cho and Trent, 2006, p.321).

This choice was considered suitable as current research aims to create a social change in CCI.

3.7 Ethics

There are several considerations that are not black-and-white when conducting research that aims to understand internal processes like OPE and the intentions behind its usage in CCI organizations and draw some development-oriented suggestions. First, all CCI organizations, and especially their performance, are unique; which raises the question of whether it is appropriate to make any generalisations at all when there

seems to be more differences than similarities between the organizations under focus. Second, where is the balance between creativity and control – what if an organization regularly implementing OPE loses its creativity while too much effort is put into regulating processes and thus, reduces the “flow” for the creative staff in CCI organizations? Third, can an external person with limited understanding of the organization claim the extent to which OPE should be practised? Finally, not only are success, effectiveness, competitiveness, and quality difficult to define and measure in the context of CCI organizations, but they are often not considered important by CCI managers. Consequently, is it correct to explore something that is not fully appreciated or recognized by the industry representatives?

Concerning the first issue raised, there is no reason to doubt the specificity of CCI organizations, as even their products consist of distinct combinations of inputs leading to an infinite variety of options (Nielsen, 2008). Nevertheless, research has shown that in spite of the heterogeneity of the industry, there are still more similar intentions among different CCI organizations than compared to organizations in more traditional industries (Tscherning and Boxenbaum, 2011). Therefore, as the scope of the study was limited to CCI organizations in Estonia, 460 organizations as an anonymous sample forms a solid basis for making generalisations about CCI organizations in Estonia. Concerning the second problem, balance between creativity and control, this has been on the research agenda of different scholars (Speklé, van Elten, and Widener, 2017; Adler and Chen, 2011; Manzoni and Caporarello, 2017) often they are regarded as conflicting organizational aspects with differing aims. In spite of the ongoing debates on the existing lines of this balance, OPE is seen as a balancing act between creative freedom and commercial imperatives (Turbide and Laurin, 2009). Therefore, OPE, should not by any means be seen as a distractor of creativity. Nevertheless, the art-and-management discourse presents this tension as actually being positive (Libeskind and Goldberger, 2008) or a positive source of creative tension (Parush and Koivunen, 2014). Consequently, there is no reason to believe that controlling more leads to being less creative.

The third issue, the freedom of external observers to intervene in internal processes of the organizations concerned, is not a major issue, as the data was collected voluntarily and while using scientific research methods, the author did not intervene – her role was limited to interpreting the data provided by the (anonymous) CCI organizations. Also, Copeland, Taylor and Brown (1981) have paid attention to vulnerability in accounting research in cases

where the researcher has strong expectancies. Even though the author had some presumptions before conducting the study, it is not currently the case as the 1st quantitative research was used (with lots of reliability tests) and in the final stage, the researcher validated the quantitative results through adding qualitative research; therefore, looking for the core routes of the phenomena detected. In addition, no policy guidelines will be developed based on the findings of the study, only practical guidelines for the industry representatives. Therefore, in the current study, the author's role was a combination of scientist and science arbiter, as in spite of the academic contribution she tried to avoid any entanglement in normative debates (Pielke, 2007) concerning OPE.

We are coming to the fourth issue of the current perception of OPE by managers of CCI organizations. True, not all managers of CCI organizations are fully positive about the research topic – the 1st study introduced some “incidents” with the representatives of CCI organizations who were targeted with the survey request. Nevertheless, according to the “interaction model” of research, scientific research cannot be separated from society and it recommends involving stakeholders in the research process, as this can improve the quality of knowledge (Slunge, Drakenberg, Ekbohm and Sahlin, 2017). Therefore, a certain resistance from the representatives of the CCI organizations was taken into consideration when planning the specific direction of the study, while keeping in mind the benefits for CCI organizations now or in the long term if not accepted today.

4. KEY FINDINGS OF THE FOUR STUDIES

The key findings from each of the four studies are presented in the following sections and summarised in Table 9 at the end of the chapter.

4.1 Differences of Organizational Performance Evaluation Tools and Practices in Different Types of Cultural and Creative Industries Organizations (RQ1)

The 1st study was: Sassi, M., Urb, K. and Pihlak, Ü. (2020). The evaluation of organisational performance: Estonian cultural and creative industries organisations. In *Management, Participation and Entrepreneurship in the Cultural and Creative Sector* (pp. 189-218). Springer, Cham. The full text is reprinted with the permission of the editor in Appendix 4.

As there exists little academic literature on OPE in CCI organizations in Estonia, this study can be considered one of the first attempts to create a broader map of the OPE practices in CCI organizations in Estonia. In order to gain new understanding on how different challenges and skills (gaps) are related to OPE, RQ1 was formed as follows: **How does the heterogeneous background of CCI organizations relate to OPE, challenges and skills gaps in CCI organizations of Estonia?**

The study was based on data collected in Estonia in 2016 from 460 managers of different CCI organizations, representing all 13 subsectors of the cultural and creative industries (Sassi, 2016). Besides descriptive statistics, correlation analysis was also run to detect the challenges and skills gaps that correlate with different aspects of OPE. In the final stage of the analysis, the challenges and skills gaps were analysed separately by creating cross-tables on the correlating variables and according to the number of employees, organizational form, age and sub-sector of the CCI organizations.

To summarize the most important findings, the study revealed that some elements of OPE are more common in CCI organizations in Estonia than others – for instance, planning depends on the analysis of previous results in most of the CCI organizations examined. In the majority of the CCI organizations in Estonia, face-to-face contacts and surveys are used for collecting data on their performance. The findings indicate a widespread

approach that stakeholders should come and give feedback on their own initiative, instead of the CCI organizations collecting it intentionally. The results also revealed that having “no confidence in regard to income”, “challenging strategic planning” and “challenging analysing and reporting” influence negatively at least to some extent all aspects of OPE.

The study additionally aimed to understand the heterogeneity of the CCI organizations in Estonia, and therefore OPE relations to the following variables were analysed separately: the number of employees, organizational form, age and sub-sector of the CCI organizations. As expected, it appeared that the CCI organizations in Estonia were diverse in form, size, sub-sector, and age. However, the results also revealed that there was no single dominant variable that affected all aspects of OPE. The challenges correlating with the practices and mindsets of OPE differed most based on the organizational form and sub-sectors. On the other hand, the results also revealed that the skills gaps correlating with OPE practices and mindsets differed the most among different sub-sectors and based on the number of employees in a particular organization.

The findings resulted in creating the following framework of factors related to OPE (Figure 9).

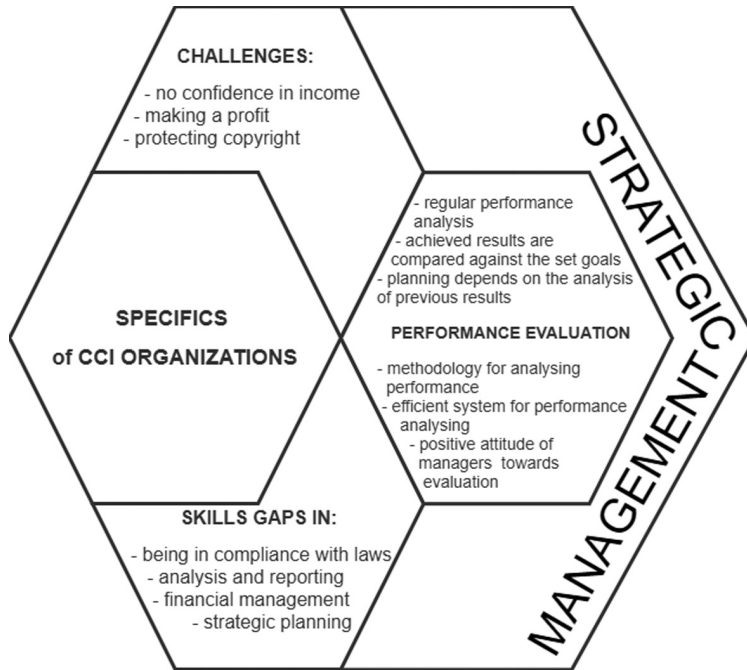


Figure 9. Framework of the factors affecting OPE in CCI organizations. Source: Reproduced from Sassi, Urb, and Pihlak (2020).

From the figure, it can be seen that OPE within the Strategic Management framework is not only affected by the specifics of the CCI organizations but also by challenges and skills gaps. Therefore, the contribution of the study is mainly practical, as it has mapped the skills gaps of CCI organizations; policymakers and managers of CCI organizations could use the results as an input to contribute to skills development by developing evaluation/assessment tools and providing training to improve the level of competences. Therefore, there are reasons to assume that raising an awareness of the benefits of organizational performance evaluation and existing evaluation tools could improve the competitiveness and sustainability of the sector in the long run.

4.2 Organizational Performance Evaluation Practices and Strategic Management Attitudes in Cultural and Creative Industries Organizations (RQ2)

The 2nd study was: Sassi, M., Pihlak, Ü. and Haldma, T. (2017). Factors affecting strategic management attitudes and practices in creative industries organisations. *Journal of Cultural Management and Policy*, 7, 71. The full text is reprinted with the permission of the editor in Appendix 5.

So far, the issue of what motivates CCI organizations toward a strategic mindset has not been researched in Estonia. The second study aimed to indicate the factors that influence strategic management attitudes and practices within CCI organizations. Therefore, the RQ2 was defined as follows – **Which factors affect strategic management attitudes and practices in the CCI organizations of Estonia?**

The same data set was used as for the previous study (Sassi, 2016), although different methods of analysis and different variables were used. First, in order to understand what kinds of factors influence strategic management in CCI organizations, a factor analysis (principal component analysis) was applied. In the subsequent analysis, a cluster analysis was used to describe the character of the CCI organizations that did and those that did not think and act strategically.

The results revealed that all types of CCI organizations in Estonia shared the following characteristics: innovative mindset, creativity-focused approach and uniqueness of their services or products. The most important

challenges faced by the CCI organizations in Estonia were related to financial management and strategic planning. However, the following 3 factors – evaluation practices, strategic challenges and mindset – describe the latent trends that had a major impact on the strategic management of the CCI organizations. This resonates well with the previous study that also highlighted the crucial role of the challenges in OPE practices. As a result of the analysis, the following conceptual model was developed (Figure 10).



Figure 10. Conceptual model of factors influencing OPE in CCI organizations. Source: Reproduced from Sassi, Pihlak, and Haldma (2017).

As a result of the cluster analysis, 5 clusters of CCI organizations were identified, the level of competition and existing evaluation practices having been the most important differentiating aspects, which is rather surprising, as the first study did not indicate the central role of the level of competition. The significant differences between the 5 clusters indicated that there was no single and uniform strategic mindset in CCI organizations. The details of all clusters are presented in Table 8 below.

Table 8. Characteristics of the 5 clusters of CCI organizations in Estonia.
Source: Composed by the author.

| CRITERIA | Cluster 1 | Cluster 2 | Cluster 3 | Cluster 4 | Cluster 5 |
|---|---------------------------|--|--|---|--|
| Number and % of cases in total | 94 (18%) | 131 (35%) | 63 (14%) | 91 (17%) | 81 (16%) |
| Type of organization | private enterprises (73%) | mixed – mainly NGOs, public sector and foundations | mixed – mainly private enterprises, NGOs | private enterprises (91%) | private enterprises (74%) |
| Typical field of activity | mixed | mixed – dominated by music organizations and libraries | mixed | mixed – dominated by architecture and advertising | mixed – dominated by architecture, music |
| Age of the organization | over 10 years | over 25 years | over 10 years | 6–25 years | over 10 years |
| Share of employees with higher education | lowest | high | high | high | highest |
| Dependence on state/local funding | low | highest | high | lowest | low |
| Market competitiveness | high | lowest | low | highest | low |

The study also indicated that a more challenging environment leads to fewer OPE practices and vice versa. The “evaluation-hesitant” organizations (those not appreciating or practicing OPE) struggled with all possible challenges measured. This builds a strong linkage between the first and second study, as the skills gaps indicated in the first study could be the issue mainly in the “evaluation-hesitant” organizations. OPE practices in the most “evaluation-friendly” cluster were systematic – they claimed to have an effective system for analysing performance and OPE was integrated into their daily working process. The results also indicated that the organizations belonging to the most “evaluation-friendly” cluster did not face any of the challenges measured. This finding gives food for the thought in terms of the direction

of the effect – either less challenges leading to a wider use of OPE or the other way round. This shall be investigated further in the fourth study.

To conclude, based on the results, it is possible to claim that CCI organizations that have a strategic mindset do not face any of the challenges measured. The major conceptual contribution of the study is the development of a typology of CCI organizations and two new concepts based on belonging to the defined clusters – “evaluation-friendly” and “evaluation-hesitant” CCI organizations. Such characteristics could have practical implications for CCI organization managers by helping them to raise the effectiveness and sustainability of their organizations.

4.3 Factors Affecting the Implementation and Perception Of Organizational Performance Evaluation in Cultural and Creative Industries Organizations (RQ3)

The 3rd study was: Sassi, M., Jyrämä, A. and Pihlak, Ü. (2019). Using the Strategy Tripod to Understand Strategic Management in the “Evaluation-Friendly” Organizations of Cultural and Creative Industries. *The Journal of Arts Management, Law, and Society*, 49(5), 324-346. The full text is reprinted with the permission of the editor in Appendix 6.

The study used the Strategy Tripod as a theoretical framework to analyse the rationality of decision-making in CCI organizations with a special focus on mindset (as its significance was evident from the 2nd study) and OPE practices. Using the Strategy Tripod framework provided the possibility to include industry-based, resource-based and institution-based factors in the analysis (Peng et al., 2008), and therefore to understand the phenomenon through specific lenses. The strategic, developmental, and operational levels of management in CCI organizations were the focus of the analysis. The sample covered only “evaluation-friendly” CCI organizations that were clustered in Study 2 and could be characterised as having a positive mindset about OPE. Even though CCI organizations are not usually considered to be very rational in their decision-making (Elmqvist, 2012), the organizations included in the study tended to be rather exceptional. To be more specific, they were chosen in order to understand the rationality of CCI organizations based on their experience.

A multinomial logistic regression was performed to assess the ability of different variables to predict OPE. The chosen methodological approach helped to understand the relations between OPE and the variables affecting the daily planning and evaluating practices of CCI organizations based on the Strategy Tripod.

The study indicated the central role of analysing and reporting challenges, confidence in regard to income and 3 types of orientation (enthusiasm vs profit orientation of staff, organizational orientation to expand, learning and development orientation) in creating the framework for OPE practices and mindset in “evaluation-friendly” CCI organizations. Therefore, adding one more new aspect to the 1st and 2nd studies – confidence in regard to income – while the important role of other factors had already been highlighted in the previous studies.

To be more specific about the results, the study also revealed that the CCI organizations where staff tended to be more profit oriented than just working enthusiastically were more likely to have a positive perception of OPE. The results also showed that in CCI organizations where analysing and reporting was considered challenging, the results they achieved were less likely compared with the set goals. The study also revealed that CCI organizations oriented towards learning and development were more likely to analyse their performance as a natural part of their daily work.

The following conceptual framework (Figure 11) illustrates the linkages between challenges, resources and orientations that affect OPE in “evaluation-friendly” CCI organizations.

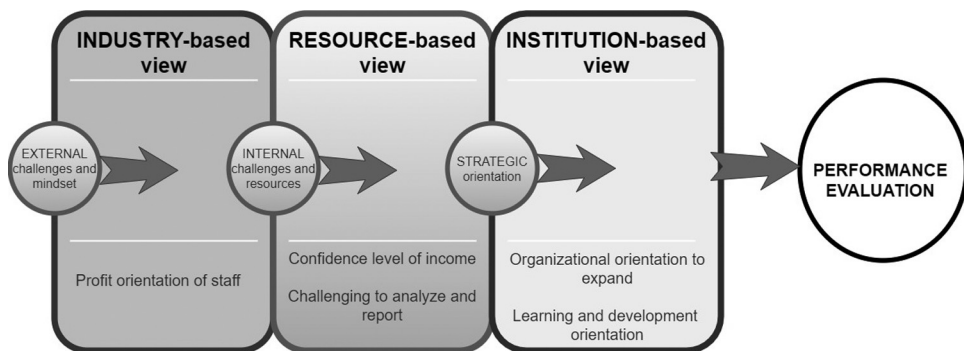


Figure 11. Framework of factors affecting OPE practices in “evaluation-friendly” CCI organizations. Source: Reproduced from Sassi, Jyrämä, and Pihlak (2019).

To conclude, the study suggests that the conscious development of the managers' skills are crucial, especially competences in analytical and reporting skills to enhance the use of OPE as a strategic, developmental and operational tool. Furthermore, the policy makers were called upon to invest more in cultural and creative industries' know-how and provide training to improve the "strategy toolbox" for CCI managers.

4.4 Factors Deterring Cultural and Creative Industries Organizations from Practicing Organizational Performance Evaluation (RQ4)

The 4th study was: Sassi, M., Pihlak, Ü. and Birnkraut, G. (2021). Organizational performance evaluation and performance paradox in CCI organizations. *International Journal of Productivity and Performance Management*. The full text is reprinted with the permission of the editor in Appendix 7.

The purpose of this study was to understand how practicing OPE is related to the performance paradox (tensions between creative freedom and survival challenges) in "evaluation-hesitant" CCI organizations. OPE is currently not widespread in CCI organizations (Birnkraut, 2011) most probably because "the strategy in CCI organizations is oriented towards finding, developing, and maintaining control over resources like talent, creativity, and innovation" (Lampel et al., 2000, p.265). The focus of the study was on "evaluation-hesitant" CCI organizations, as the reasons for CCI organizations being passive, inactive and resistant towards evaluation are unclear.

"The management of creativity is rife with paradoxes and tensions" (DeFillippi, 2007, p.512), so is the management of CCI organizations in general. Tensions in CCI organizations have already been researched by several authors (Lampel et al., 2000; Andriopoulos and Lewis, 2009; Adler and Chen, 2011; Shropshire and Kadlec, 2012; Parush and Koivunen, 2014; Manzoni and Caporarello, 2017) which arises from how the Studio copes with several managerial challenges on a daily basis. First the article explores what these challenges are (creating a high-level symbolic project that is also profitable; projecting the lead architect's views while incorporating the ideas of clients and other architects; making architecture musical, structured

and emotional at the same time; balancing the interplay of innovation and tradition. Most scholars point out “dual goals” as challenges that might lead to paradoxes. In the previous studies (in this thesis) different challenges were analysed, while the current study focused on the interaction between different variables and OPE.

Gilbert and Sutherland (2013) have found that the performance management system has an important role in balancing autonomy and control. Consequently, it is possible to assume that OPE impacts creative freedom in CCI organizations, but whether it relates to survival challenges and how so far remains unclear. Therefore, the current paper’s empirical part tested the relations between creative freedom, survival challenges, and OPE to understand whether OPE could bring the desired balance to CCI organizations. The scope of the paper was limited to the competing goals of creative freedom and survival challenges that are interpreted as a performance paradox. This type of paradox refers to a situation where the managers “know what to do to improve performance but ignore it or act in contradiction to either their strongest instincts or the data available to them” (Cohen, 1998, p.30), and this might also describe the managers in “evaluation-hesitant” organizations.

Moderation analysis was used as a methodology to analyse both the independent and interaction effects between OPE and creative freedom and survival challenges. Even though most of the data came from a quantitative survey, the results of follow-up interviews together with the correlation analysis were used to choose the final content of the core variables for the moderation analysis.

The results showed that creative freedom and survival challenges did significantly influence OPE separately and jointly. Therefore, it revealed that creativity does not contradict control as previously suggested by Speklé et al. (2017) often they are regarded as conflicting organizational aspects with differing aims. It was also discovered that creative freedom boosted OPE practices while survival challenges had the opposite effect – greater survival challenges lead to a lower level of OPE in CCI organizations. The findings are visualized in the following Figure 12.

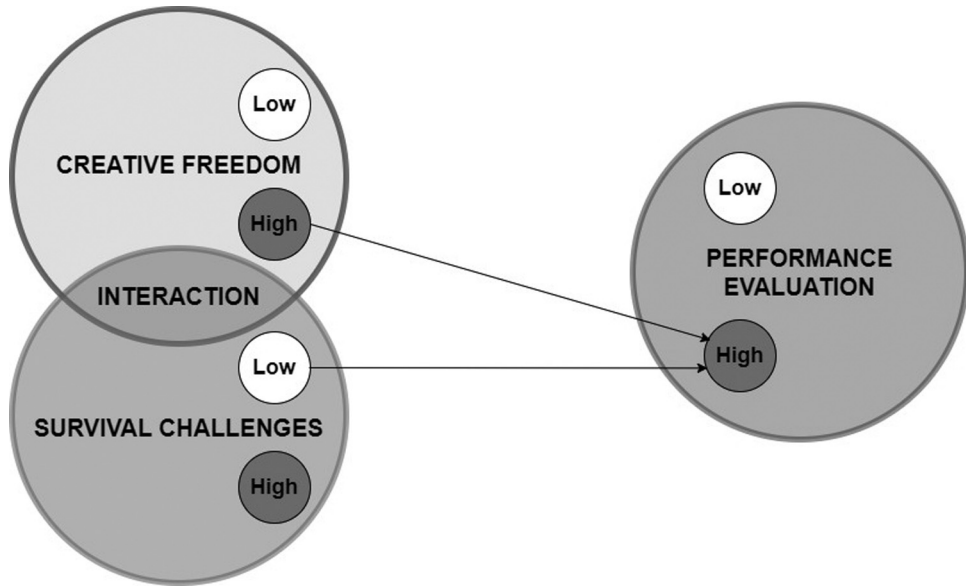


Figure 12. Conceptual model of OPE as an outcome of the interaction between the creative freedom and survival challenges in “evaluation-hesitant” CCI organizations. Source: Reproduced from Sassi, Pihlak, and Birnkraut (2021).

Also, through the interviews, evidence was found that it was not the balance between creative freedom and survival challenges that leads to practicing OPE but situations dominated by a high level of survival challenges. Does this mean that survival challenges dictate strategic management in CCI organizations? This might be an over generalisation and requires additional research. However, the main obstacles to achieving the Big Picture were found to be the following: lack of professionalism and competences, short-term planning caused by instability in funding and non-profit orientation (focus on audience satisfaction).

To conclude, the study provided some empirical evidence for the claim that when there is creative freedom in “evaluation-hesitant” CCI organizations the organizations choose to evaluate their organizational performance, while survival challenges played a moderating role in that relationship. Therefore, the outcome of the paradox does not just depend on the different types or poles of the paradoxes, but also on their interaction and level.

4.5 Summary of the Key Findings of the Four Studies

As a result of four published studies, it is possible to explain the key features and map the factors influencing OPE (through quantitative studies), but also to describe the background of why exactly these factors affect OPE, thereby understanding the background and preconditions (through qualitative study). The following table (Table 9) sums up the key findings of all the research questions.

Table 9. Key findings of all RQs. Source: Composed by the author.

| | |
|--|--|
| <p>RQ1: How do OPE tools and practices differ in different types of CCI organizations?</p> | <p>Having “no confidence in regard to income”, “challenging strategic planning” and “challenging to analyse and report” influence OPE negatively. The biggest challenge – coping with “making a profit”. Older organizations seem to struggle more with financial management and strategic planning than younger organizations, while the youngest organizations mainly lack the competence to analyse and report, but also financial management.</p> |
| <p>RQ2: How are OPE practices affected by strategic management attitudes in CCI organizations?</p> | <p>The significant differences between the 5 clusters mapped indicate that there is no single and uniform strategic mindset in CCI organizations. 3 factors – evaluation practices, strategic challenges and mindset – impact the strategic management in CCI organizations the most.</p> |
| <p>RQ3: What factors affect the implementation and perception of OPE in CCI organizations?</p> | <p>OPE in “evaluation-friendly” CCI organizations is affected by: enthusiasm vs profit-orientation of staff, challenging to analyse and report, organizational orientation to expand, learning and development orientation and confidence in regard to income.</p> |
| <p>RQ4: Which factors deter CCI organizations from practicing OPE and how?</p> | <p>In “evaluation-hesitant” CCI organizations creative freedom leads to OPE, while survival challenges play a moderating role in that relationship.</p> |
| <p>RQ5 – What do CCI organizations need to be strategically balanced?</p> | <p>The role of a manager as a “balancing power” between the creative staff and well-being of the organization was brought up by respondents as the CCI organizations manager “needs to draw borderlines – the lines the artists should not compromise on. Exceptionally, the requirements of project funding as triggers to plan were mentioned; in project applications concrete indicators are required and this leads to some planning and later also to analysis. Thus, project-based funding causes instability in financial terms.</p> |

5. DISCUSSION AND CONTRIBUTION

5.1. Discussion

This chapter will assess, contextualise and link the findings presented above to the theory. In addition, it will describe the contributions, implications and limitations of the thesis.

The first study of the thesis indicated that OPE is not widespread in CCI organizations in Estonia and none of the OPE tools, proven their worth in other countries, are used either. In spite of these findings, the reasons for CCI organizations “not being as rational as they could be” are not fully clear; the same applies to the reasons for their inactivity, reluctance and resistance to evaluation. Pattyn (2014) has called for future studies on the causal mechanisms behind evaluation inactivity. The current study revealed that CCI organizations face different kinds of challenges that correlated with their OPE practices; therefore, these challenges may also explain their evaluation inactivity. In the Estonian case, finance related challenges and skills gaps might be the main reasons CCI organizations have a rather passive approach to practicing OPE. This finding corresponds with Munir and Baird (2016), who have found that OPE affects different organizational pressures and choices. No other similar conclusions can be found in the existing literature, and as the current study did not indicate the direction of the connection between OPE and the challenges, the causality between the variables needs to be looked at in more detail in subsequent studies to make a stronger theoretical contribution. Nevertheless, the mapped skills gaps clearly highlight the need to provide more management training to CCI organizations. This finding corresponds with earlier research that has highlighted both the lack of entrepreneurial and managerial skills in CCI organizations (Küttim et al., 2011; Noyes et al., 2012; Tscherning and Boxenbaum, 2011) but goes into more detail by indicating the specific managerial skills that are currently not at a high level in Estonian CCI organizations: financial management, strategic planning, compliance with laws, and analyses and reporting. It is not surprising that small organizations, such as the majority of the CCI organizations in Estonia, have a skills gap in management (Jeffcutt and Pratt, 2002); however, having skills gaps in all core functions of management seems a rather risky situation.

While the first study focused on the challenges and skills gaps affecting the practice of OPE in CCI organizations. The second study took a deeper look at the challenges and revealed that a more challenging environment as such, leads to fewer OPE practices and vice versa, which is a rather surprising result, as more demanding circumstances usually require more profound analyses. On the other hand, it was found that CCI organizations that are most active in practicing OPE (having an effective OPE system integrated into their daily working process) are most willing to improve their international competitiveness and to expand into foreign markets, while facing none of the challenges listed in the survey. This makes perfect sense, as OPE is considered essential for organizational competitiveness (Jensen and Sage, 2000). Nevertheless, from the current study, the direction of the relationship between some of the factors remains unclear and would benefit from additional empirical evidence (see 3rd and 4th study). In earlier studies, solid proof has been found that the external environment affects organizational strategies (Anderson and Paine, 1975), which is relevant for CCI organizations, as CCI managers often have neither a core competency in management nor is their role part of the core task in their organization (Jeffcutt and Pratt 2002). Therefore, they are not formally prepared to handle the managerial challenges. It was also discovered that CCI organizations in Estonia are troubled by financial management and strategic planning related challenges. This (using different methods) adds to the findings in response to RQ1. Difficulties with finances within CCI organizations were also found by Noyes et al. (2012), claiming that it is specifically financial resources that shape the survival and innovation capacity in CCI organizations. Previous authors have also found that financial challenges affect CCI organizations in Nordic and Baltic countries (Küttim et al., 2011; Tscherning and Boxenbaum, 2011).

As a major conceptual contribution, the second study revealed that CCI organizations can be seen in terms of polarities – they are either “evaluation-friendly” or “evaluation-hesitant”. This is new terminology introduced by the author. There have previously been different characterizations and categorizations of CCI organizations (Caves, 2000); nevertheless, this is the first attempt to categorize CCI organizations based on their OPE practices. The main informal aspects that differentiate “evaluation-friendly” and “evaluation-hesitant” CCI organizations include existing evaluation practices and the level of competition. Therefore, more competitive organizations are practicing OPE more. It is possible to conclude that there is no single and uniform strategic mindset in CCI organizations – the strategic management approach differs mainly based on the available resources and attitudes towards

the enthusiastic mindset. Also, earlier research has shown that attitudes play an important role in CCI organizations, as less attention is paid to the practical side of production than in the more traditional industries (Jeffcutt and Pratt, 2002). This provides food for thought when raising awareness of the benefits of OPE, and accompanied with training and consulting, a CCI-specific OPE tool for particular CCI organizations could change the existing mindset in the long run. Nevertheless, no evidence to support this claim was sought in the current study, and therefore this remains an open area for future studies.

In addition to the findings of the first study, which highlighted the important role of challenges and skills gaps in influencing strategic management in CCI organizations in general, the third study revealed that there is a specific challenge that significantly affects OPE in “evaluation-friendly” organizations – challenging analysing and reporting – because it predicts whether CCI organizations decide to compare the results they have achieved with the set goals. The same finding could apply to CCI as a whole and not just to “evaluation-friendly” CCI organizations, as the findings in response to RQ2 revealed. Nevertheless, Birnkraut (2011) has also pointed out and explained the possible difficulties of analysing and reporting, claiming that the difficult thing about using metrics is not just setting the goals, but also finding the numbers that relate to each other or numbers that are meaningful by themselves. Unfortunately, it remains unclear what it is exactly that makes analysing and reporting challenging; it could be either skills-gap (also, the 1st study revealed the connection between OPE and that particular skills gap) or mind-set related (the importance of which was verified in the 2nd study). According to Berziņš (2012), the strategic planning period in CCI organizations is also shorter than in more traditional industries, and therefore the usual planning logic tends not to work in CCI and this deserves further research (some empirical evidence concerning the difficulties of planning was found in the 4th study).

As assumed, the empirical results showed that CCI organizations that are oriented towards learning and development are more likely to analyse performance as a natural part of their daily work. A study by Bunderson and Sutcliffe (2003) found that learning orientation is directly related to the effectiveness of an organization. Therefore, the current findings confirm Bunderson and Sutcliffe’s (2003) findings – so not only are effectiveness and learning orientation linked but OPE can also be seen as a tool for improving effectiveness. Nevertheless, in the current research this finding was only proven to be relevant for “evaluation-friendly” CCI organizations. This refers to the need to explore this also from the perspective of “evaluation-hesitant”

CCI organizations. Therefore, interactions between effectiveness and learning and development orientation within organizations where OPE is not actively practised, could require taking a closer look at attitudes and mindsets.

There seems to be a common understanding that CCI organizations are creative, and therefore they are not easy to control and are rather unstable, encompassing a lot of uncertainty, tension and even paradox (Shropshire and Kadlec, 2012; Lampel, Lant, and Shamsie, 2000). Studies tackling the co-existence of creativity and control (Adler and Chen, 2011) inspired the author to explore the levels and direction of that relationship, especially as creativity is closely related to the mind-set that was addressed in the 2nd study. The key finding of the 4th study (and most probably the key finding of the current thesis) revealed that when CCI organizations do not have to fight for their survival and their creative freedom level is high, they do practice more OPE compared to the CCI organizations that have difficulties surviving. Therefore, the results indicate that creativity does not contradict control as already proven by Speklé et al. (2017), and this is also relevant for CCI organizations in the OPE framework. Therefore, this finding could also be interpreted as a practical implication suggesting CCI organizations use OPE as a solution to overcome the paradox between creative freedom and survival challenges. The balance between creativity and control has been on the research agenda before (Manzoni and Caporarello, 2017) and needs more research also in the context of CCI organizations in the future, in spite of the fact that clear evidence was found that creative freedom and OPE are positively connected (in “evaluation-hesitant” CCI organizations).

Manzoni and Caporarello (2017) have tackled the obstacles to achieving a balance between the cultural and commercial aspects of performance in CCI organizations, while the qualitative interviews conducted here aimed to explain the obstacles to achieving the “Big Picture” in “evaluation-hesitant” CCI organizations. The interviews provided reason to believe that those CCI organizations that are more stable in their funding are usually strategically strongly led (especially in terms of strategic planning and awareness of their competences). In spite of being broader in scope, this finding does correspond with the quantitative findings, which specifically pointed out the relationship between a challenging environment and OPE practices (1st and 2nd study). Furthermore, “Scandinavian stability” was brought up as a solution or desired situation where CCI organizations do not need to compete for funding if they have previously demonstrated high-quality performance. Therefore, most of the interviewees referred to the current imbalance in managing CCI

organizations. Both aspects – knowing and meeting customer expectations and instability in (project-based) funding – seemed to be the key obstacles to managing organizations effectively through practising OPE. The role of a manager as a “balancing power” was also brought up, as managers of CCI organizations “need to draw some borderlines – the lines artists should not compromise on, but that should not “squeeze” the artists too much, either” (interviewee, Performing Arts). Nevertheless, the interviews took place before COVID-19, and therefore the survival skills and sustainable management practices played less critical roles than today. In the current situation, various support measures should be offered by the state; for instance, to support infrastructure, more stable funding and tailor-made training to improve the quality of management in CCI organizations.

5.2 Contribution

The current thesis provides theoretical, empirical and practical contributions, which are explained below in detail. The following Table briefly introduces the three types of contribution according to the research questions.

Table 10. Contribution of the studies based on the RQs. Source: Composed by the author.

| | |
|------------|---|
| RQ1 | <ul style="list-style-type: none"> - mapping existing OPE trends and tools in CCI organizations; - formulating recommendations for future research agenda; - developing a framework of the factors (challenges and skills gaps) affecting OPE in CCI organizations. |
| RQ2 | <ul style="list-style-type: none"> - developing the typology of CCI organizations based on their OPE practices; - developing 2 new concepts – “evaluation-friendly” and “evaluation-hesitant” CCI organizations; - developing a conceptual model of factors influencing OPE in CCI organizations. |
| RQ3 | <ul style="list-style-type: none"> - gaining new insights into theoretical discussions on how and why strategic management in “evaluation-friendly” CCI organizations is practised; - developing a framework of factors affecting OPE in “evaluation-friendly” CCI organizations. |
| RQ4 | <ul style="list-style-type: none"> - contributing to the discussion of the theory of paradox in explaining the core paradoxes in CCI and offering a solutions; - developing a conceptual model of OPE as an outcome of the interaction between creative freedom and survival challenges in “evaluation-hesitant” CCI organizations. |
| RQ5 | <ul style="list-style-type: none"> - providing new understanding on the background and reasons for the challenges in CCI organizations and on coping with them. |

5.2.1 Theoretical contribution

The main theoretical contribution of this thesis is the understanding of which factors affect OPE in CCI organizations and how, thereby explaining the complex interaction between OPE and challenges. No previous study has analysed the same interactions to explain which factors affects OPE in CCI organizations in Estonia. Although the current work does not directly identify the direct effects that OPE has on CCI organizations; it has, nevertheless, found empirical proof to support the argument that organizations practicing OPE regularly face less challenges, and explains the internal and external factors that affect OPE practices both in “evaluation-friendly” and “evaluation-hesitant” CCI organizations. Therefore, it provides enough proof to argue that OPE is a strategic management tool that CCI organizations should use more to their own benefit, as it might lead to greater competitiveness and sustainability and perhaps also less paradoxes.

Jaakkola (2020) recently defined specific contributions possible from different types of conceptual papers. Based on her typology, all 4 studies have made a conceptual contribution through developing new conceptual frameworks that predict relationships between factors affecting OPE in CCI organizations (all these have been briefly introduced in the current chapter). Therefore, conceptual advances were made with respect to constructs and relationships between different variables. In general, “the relationships that specify why one (or more) construct(s) affects other constructs are called theories” (MacInnis 2011, p. 141).

The major conceptual contribution of this thesis was made in study two (RQ2), through the development of a typology (Jaakkola, 2020) of CCI organizations based on the creation of two new concepts – “evaluation-friendly” and “evaluation-hesitant” CCI organizations. So far, the differences between organizations that do practice OPE and those that do not, had not been identified as a differentiating element in the academic literature, but the current study found empirical evidence of a significant difference. As a result of splitting the original data set into two (“evaluation-friendly” and “evaluation-hesitant”), CCI organizations can be described and their relationship to OPE can be analysed in more detail. In addition, this contribution may go beyond CCI organizations and could be also considered in other disciplines.

5.2.2 Empirical contribution

The empirical contribution of the current thesis is the rich description of the challenges, skills gaps and conflicting goals affecting OPE practices in CCI organizations. Policy makers and funders are expected to be able to use the results to develop the operating circumstances for CCI organizations. In addition, the thesis provides the rationale for the anticipated implementation of OPE within a complicated framework of internal and external factors and an empirical account of OPE in actual use in CCI organizations in Estonia. According to Lynn (2017, p.4), “a meaningful empirical contribution is one that changes our collective knowledge about causal relationships and processes”. This is exactly what the current thesis has managed to do by explaining the relations between OPE, skills gaps, (survival) challenges and creative freedom. Even though the current thesis consists of 4 separate studies with different RQs, some findings are consistent throughout all studies (in spite of using different research methods and sub-samples) – especially the key role of challenges affecting OPE in CCI organizations.

The current study is original, as previous tests of a focal relationship do not exist; therefore, it is among the first to expand our knowledge about the relationships between OPE, skills gaps, (survival) challenges and creative freedom in CCI organizations. The described contribution is original as so far as research on OPE in CCI organizations has been very limited in Estonia. The originality of the current study is evident by the fact that even though CCI organizations have been analysed from different perspectives, so far, no distinction between their OPE practices has been made. The mixed research design is considered suitable for making significant empirical contributions because it makes it possible “to elaborate combinations of rich empirical material and large data sets” (Ågerfalk, 2014, p. 596), which was also the case in the current study.

5.2.3 Contribution to practice

There are at least two practical contributions offered by this study. First, this study is important for the managers of CCI organizations as the (potential) implementers of OPE, and second, it can be useful for policymakers seeking to contribute to skills development in CCI organizations by developing evaluation/assessment tools and providing training that is specific to CCI management needs.

In uncertain environmental conditions, such as those we are experiencing today, OPE might be the key to achieving stability and/or prosperity. Therefore, not only should the managers of CCI organizations understand the need and potential offered by OPE but also the whole staff. The current study indicates clearly that organizations that practice OPE do not struggle for survival. Understanding how a specific CCI organization could benefit from OPE and which tools to choose might increase stability, competitiveness, and certainty in CCI organizations. The current study provides arguments in favour of and suggests some tools that CCI organizations could use to manage in a more strategic way.

In CCI development related policy documents, the need to strengthen the sector is often mentioned. However, the focus of the training activities that are expected to bring the change about have not been specified. Based on the current study, there are reasons to believe that raising awareness of the benefits of OPE and the variety of the evaluation tools available could improve the sector. The study also mapped the skills gaps (in strategic planning, analysing and reporting, and financial management) – this could help policy makers to plan the content of capacity building training. As the needs and characteristics of CCI organizations in Estonia differ from those of our neighbours, developing an OPE tool for Estonian CCI organizations should also be considered.

Overall, the study contributes to the body of knowledge from three perspectives – empirical, theoretical, and practical. As the thesis aimed to develop a model explaining internal and external factors affecting OPE in CCI organizations, Figure 13 sums up all relations between factors affecting OPE.

The figure visualizes all the findings together, focusing on the relations between 7 OPE variables and the remaining factors measured. 2 types of shapes (oval for general variable and square for OPE variable) and 3 types of arrows refer to CCI organizations in general, “evaluation-hesitant” (light dashed line arrow) and “evaluation-friendly” CCI organizations (wide inside empty arrow).

As seen from the figure, the managers’ positive attitude to evaluation affects many aspects of CCI management in general (strategic planning, justification of own existence, no confidence in income, analyses and reporting, protecting copyright and compliance with laws), but also both in “evaluation-hesitant” and “evaluation-friendly” CCI organizations. Surprisingly, the aspects it affects are rather different – while in “evaluation-friendly” organizations mainly the enthusiasm vs profit orientation of the staff are concerned, in “evaluation-hesitant” organizations it influences the creativity, keeping the budget balanced and receiving external funding. The existing methodology for analysing performance primarily affects the same aspects as those affected by the managers’ positive attitude to evaluation, but only in “evaluation-hesitant” organizations where it relates to keeping the budget balanced.

The existence of regular performance analysis on a daily basis affects aspects of management (preferring interesting tasks vs profit orientation, analysis and reporting, financial management), less than the previously described aspects and no proof was found about whether it concerns “evaluation-hesitant” CCI organizations at all. Remarkably, practicing regular performance analysis on a daily basis in “evaluation-friendly” organizations is connected to learning and development, but also the expanding orientation of those organizations.

The existence of an efficient system for analysing performance is directly linked to the CCI organizations in general and “evaluation-hesitant” organizations in particular with their lack of confidence about income. In addition, having the efficient system for analysing performance is also closely related to the enthusiasm vs profit orientation of staff and the various skills gaps (strategic planning, compliance with laws, analysis and reporting).

The strongest evidence of practicing OPE – the fact that achieved results are compared against the set goals – directly affects the confidence about income (also in general) and analysis and reporting in “evaluation-friendly” CCI organizations. In addition, it also affects creativity in “evaluation-hesitant” CCI organizations.

If planning depends on the analysis of previous results, this mainly describes “evaluation-hesitant” CCI organizations that are characterized by preferring interesting tasks over profitability. Nevertheless, it also affects other aspects in CCI organizations in general (mainly: lack of confidence in income, financial management, strategic planning, and compliance with laws, analysis and reporting).

Finally, the quantitative indicators affect keeping the budget balanced in “evaluation-hesitant” organizations. It is important to highlight that the double-ended arrows in the figure do not necessarily mean there is a two-way connection. In most of the cases, it means a correlation was found between the corresponding variables.

5.3 Practical Implications

Answering the RQs resulted in developing different conceptual models to explain the internal and external influencers of OPE in CCI organizations from different angles. The developed models complement each other and prove that there is not one single internal or external factor having significant effect on the attitudes or practices of OPE in CCI organizations, but instead a set of factors. The findings explain which conditions influence the usage of OPE in CCI organizations – both the ones that trigger it and the ones that have an opposite effect.

To answer RQ1, the existing mind-sets and practices of OPE were mapped. The findings form the basis for answering the rest of the RQs. The most important implications of the findings of RQ1 are the insights of the challenges affecting OPE, but most of all the skills gap that describes the CCI organizations in Estonia and is relevant to both practitioners and policymakers. Thus, the results are expected to contribute to developing potentially the CCI Development Strategy. In addition to the practical implications, a solid academic basis refers to the need to invest more into the know-how of CCI organizations and provide training to improve CCI managers’ “strategy toolbox”. To generalise, the current study revealed that Estonian CCI could benefit from an infrastructure that supports them with development and expansion, finding customers, obtaining new orders, recruiting qualified personnel and finally, most importantly, receiving external funding. Following table sums up the studies implications.

Table 11. Key implications of the 4 studies. Source: Composed by the author.

| | |
|------------|---|
| RQ1 | Overcoming the finance-related challenges and missing managerial skills might help to overcome the passive approach to practicing OPE. |
| RQ2 | Typology of “evaluation-friendly” and “evaluation-hesitant” CCI organizations helps to understand what it takes to be an effective and non-effective CCI organization. |
| RQ3 | Conscious development of the competences of the managers of CCI organizations in analytical and reporting skills. Understanding the uncertain environment and its impact on strategic management in “evaluation-friendly” CCI organizations. |
| RQ4 | Evidence calls for using OPE as a solution to overcome the paradox between creative freedom and survival challenges. |
| RQ5 | Results encourage future research on the managers’ responses to the paradoxes and corresponding solutions in CCI organizations. |

However, it is not only policymakers that could benefit from the results of the current research. The managers of CCI organizations could also analyse whether using OPE is a solution for them, as the results highlight the (managerial) strengths of organizations using OPE. The new reality (corona crisis and potential loss of EU support) requires new coping strategies and OPE may play a key role in developing survival strategies. The findings in response to RQ4 suggest that CCI organizations could use OPE as a solution to overcome the constant struggle between creative freedom and survival challenges. Discussing the findings in response to RQ3 provided the insight that to enhance the use of OPE as a strategic, developmental, and operational tool, CCI managers should consciously develop management skills, like improving competences in their analytical and reporting skills.

As the final implication, the future research agenda must be raised. After carrying out 4 studies, it became evident that more research is needed to understand OPE in CCI organizations holistically. As factors affecting the practice of OPE proved to be more complex and complicated than first expected, there is definitely a need for further studies on survival challenges, strategic planning and CCI-specific strategic management. It would also be useful to identify whether organizations actively evaluating their performance are more successful in financial terms compared to CCI organizations not using OPE. Future research could also explore the manager responses to the paradoxes and corresponding solutions in CCI organizations.

5.4 Limitations

There are several limitations to consider when conducting research that aims to understand internal processes like OPE and the intentions behind its usage in CCI organizations. First, all CCI organizations are unique, especially their performance, which raises the question of whether it is appropriate to make any generalisations at all when there seems to be more differences than similarities between the organizations under focus. Second, can an external person with a limited understanding of the particular organization claim how OPE should be practised? Finally, not only are success, effectiveness, and quality difficult to define and measure in the context of CCI organizations but they are often not considered important by CCI managers. Therefore, is it justified to explore something that is not fully appreciated or recognized by the industry? All these questions were given full attention when designing the study and the sensitivity of the topic was taken into consideration.

Two more aspects need to be considered – the data was mainly collected using quantitative data collection methods and the questionnaire was fully based on self-reporting. Therefore, the bias of giving socially desirable responses, or being biased or not recalling events properly, must be considered. On the other hand, as the survey was anonymous, there is no reason to believe that the respondents were not honest in answering the questions. All data was collected by the author; no secondary empirical data was used for the study. As the majority of the findings fit or complement the existing body of knowledge, there is no reason to believe that the research design choices had any negative impact on the outcome.

Furthermore, the potential limitations concerning the choice of methods are rooted in the data collection – as the data was mainly collected quantitatively, the preferred choice of data analysis was quantitative as well. As qualitative research is more in common in arts management, the current approach cannot be compared with similar research; on the other hand, it complements the existing body of knowledge within the discipline rather well. To avoid a quantitative research bias, in the final stage of the study, a qualitative research approach was also used. Therefore, all the findings were validated during the follow-up interviews in the last research stage (Lochrie, Curran and O’Gorman, 2015). Nevertheless, an explanatory sequential mixed method is said to raise additional validity concerns (Creswell, 2014), especially when different samples for each phase of the study are used. In the current research

the qualitative sample was derived from the quantitative sample – the interviewees were selected from among the respondents to the quantitative survey. In order to assure anonymity, limited demographic data was sought from the respondents of the quantitative study. Therefore, it was expected but not confirmed that the respondents of the survey were the managers or other members of the staff in the CCI organizations. Therefore, it is not fully clear if the management or staff-member level is represented by the respondents.

The following limitations are related to the terminology used in the questionnaire and when reporting on the results. In the survey questionnaire, the author did not define the concepts, and therefore their meanings were fully left for the respondents to interpret. For instance, the following terms – performance evaluation, reporting, planning, challenge, and creativity – could be interpreted differently by the respondents. The author was aware of the risk of the variety of interpretations when composing the questionnaire, and therefore tried to avoid managerial terminology as much as possible and used “simple wording” instead. To give an example, “systematically collecting and analysing data about your daily activities” was used instead of “practicing OPE”. Throughout the studies, synonyms and partly overlapping terminology representing CCI organizations and OPE were also used without making any distinctions (between performance measurement or OPE, for instance) as the focus was on the evaluation practices and mindsets in CCI organizations in general without any intention to draw sub-sector-specific conclusions. Potential misinterpretations of the key terminology were avoided by defining the key concepts in all published papers and presenting them as related to different approaches and relying on different authors.

Different theoretical lenses were used to analyse OPE in CCI organizations but in spite of the profound theoretical analysis, not one single theory could be identified to explain OPE in its full complexity. Using the Strategy Tripod as quite a new theory was extra challenging, as it does not have consolidated metrics yet and uses rather different measures for analysing similar constructs (Maclennan and Oliva, 2017). The fact that a universally applicable theoretical explanation was not found for any of the 4 studies could be seen as a sign that OPE in CCI is indeed a complex phenomenon and different angles are needed to interpret it in its multifaceted nature.

The last limitation concerns the reliability of the results. From a statistical perspective, the analysis methods and models are statistically significant as their suitability has been verified through different verification tests.

Nevertheless, there can be other factors or combinations of factors that were outside the scope of the current questionnaire, which may also have an important impact on OPE attitudes and practices. One must consider that questionnaires cannot be too long, and therefore at this moment it is possible to explain the essence of the research object only based on the specific questions that the respondents were asked. Therefore, involving different variables that might have an impact on OPE in CCI organizations is left for future research.

To conclude, the whole study was based on the author's assumption, rooted in the literature, that organizations that practice strategic management perform better both financially and non-financially than organizations that are less performance management-driven (De Waal, 2013), consequently, believing that using OPE is well justified also in CCI organizations. Therefore, ignoring the fact that OPE as an element of a hierarchical culture, may have a negative effect, as "rules and procedures that lead to conformity and lack of creativity, excessive control, and lack of autonomy, are not deemed favourable conditions for innovation" (Naranjo-Valencia, Jiménez-Jiménez and Sanz-Valle, 2016). However, the respondents in this research were not directly asked how well they are doing financially (even though questions about external funding were asked) as this is a sensitive issue and could have had some impact on the response rate. As the questionnaire was anonymous, it was not possible to ask this directly afterwards. Therefore, all that the author could do is to conclude based on the empirics that CCI organizations that use OPE face less survival challenges, but it is not possible to make any claims about the connections between financial success and OPE.

The findings suggest that more research is required in the field of OPE in CCI organizations to fully understand the usage of OPE. In the following, some suggestions for further studies are provided. First, interactions between (financial) success and strategic management should be researched in order to understand the financial benefits of using OPE in CCI. Second, as seen from the figure presented above, not all directions of the relations between factors are clear yet, and therefore more analysis on causal relationships is required to understand the interdependencies. Third, it is necessary to understand why specific OPE tools designed for CCI organizations, and proven to work well in other countries, are not used in Estonia. Explanations for this situation could be more complex than the current data evidenced. This knowledge would provide a good basis for designing a CCI-specific OPE tool for Estonian CCI organizations to improve their well-being.

CONCLUSION

The purpose of the dissertation was to analyse the different factors that affect attitudes towards and implementation of Organizational Performance Evaluation in CCI organizations to develop a model explaining internal and external factors affecting the usage of OPE in CCI organizations. The purpose was achieved through answering five research questions, the results of which were published in 4 papers. The current conclusions summarize the answers to all the research questions and their implications.

Though there is an increasing amount of literature on OPE practices in CCI organizations, there is only little evidence of reasons that explain evaluation hesitance and proof of the benefits of OPE for CCI organizations. Understanding the strategic management of CCI organizations in the current COVID-19 crisis is especially important, as many CCI organizations are not (managerially) strong enough to survive in the changed circumstances. Therefore, the current research filled this research gap with Estonia-specific CCI knowledge.

Each of the 4 studies that the thesis is based on used more or less the same data set collected from 460 CCI organizations, but were driven by different theoretical bases and used different tools to analyse the data. Nevertheless, from the 3rd study on, the sample was narrowed down to 2 sub-samples and the results were ultimately verified using interviews in 8 CCI organizations.

RQ1 aimed at understanding the heterogeneity of CCI organizations and how different aspects of the organizations background affects OPE practices, challenges and skills gaps. As the first study focused on OPE practices in CCI in Estonia, the different OPE tools and methods used in Estonia were mapped. The findings, rooted in heterogeneous factors, revealed that challenges correlated with OPE practices and mind-sets differ the most based on organizational form (public sector being the most active in using OPE) and sub-sector,⁸ while the size and age of the organization seem to play a less significant role. However, the most important implication of the findings in response to RQ1 is the detailed understanding of the challenges in profit-making, in protecting copyright, and little confidence in regard to

⁸ Broadcasting, museums and publishing being the most active in using OPE and the following sub-sectors being the most passive: entertainment software, film, video, and performing arts.

income and, most of all, the skills gaps (financial management, strategic planning, compliance with laws, and analyses and reporting) that affect OPE that describe CCI organizations in Estonia and are relevant to both practitioners and policymakers. The findings revealed that no well-known or established OPE tools are used in CCI organizations in Estonia. This raises the intriguing question of why. The following research questions addressed this phenomenon in more detail.

RQ2 targeted the factors that affect strategic management attitudes and practices in CCI organizations; the most significant ones can be grouped as evaluation practices, strategic challenges and mindset. The findings revealed that a more competitive environment leads to fewer OPE practices and vice versa. According to the results, it can be claimed that CCI organizations that are strategically driven barely face any challenges compared to less strategically oriented organizations. The findings also provided strong evidence for describing 2 clusters of CCI organizations – “evaluation-friendly” and “evaluation-hesitant” organizations. Organizations described as “evaluation-friendly” practice OPE regularly and are both development oriented and willing to improve their international competitiveness. The “evaluation-hesitant” CCI organizations, on the other hand, tend to be passive in practicing OPE and do not have a written strategy, while their staff tend not to be profit oriented. As these findings shed some light on the polarities of CCI organizations, the following research questions focused separately on each of these types of CCI organizations.

RQ3 focused on “evaluation-friendly” as one specific type of CCI organization and looked at how industry-based, resource-based, and institution-based factors influence their strategic decisions as well as their performance. The findings demonstrated that challenges (no confidence in regard to income and challenging to analyse and report) and orientation (enthusiasm vs profit-orientation of staff, organizational orientation to expand and learn) play key roles in creating the framework for OPE practices and mind-set in “evaluation-friendly” CCI organizations. The same study also highlighted the central role of the managers in making OPE related decisions. CCI organizations where the staff are profit oriented are more likely to have a positive perception of OPE, while CCI organizations with no organizational orientation to expand are less likely to analyse their performance as a natural part of their daily work. The paper calls for managers to enhance the use of OPE as a strategic, developmental, and operational tool.

RQ4 focused on “evaluation-hesitant” CCI organizations, as their approach to OPE differs from that of “evaluation-friendly” organizations, and looked at the relations between OPE and survival challenges and creative freedom. The results indicated that when a CCI organization does not have to fight for its survival (thus, survival challenges are minimal) and their creative freedom level is high, they do practice more OPE compared to CCI organizations that have more challenges. Based on the findings in response to RQ4, it is possible to claim that “evaluation-hesitant” CCI organizations especially need to use OPE as a solution to overcome the constant struggle between creative freedom and survival challenges.

RQ5 was the only research question where qualitative research methods were used in the search for an answer. It aimed to explain the obstacles to achieving a “Big Picture” in “evaluation-hesitant” CCI organizations. This study indicated that the following aspects limit the balance in CCI organizations the most: the central role of the manager as a “balancer”, the lack of professionalism and managerial competence, short-term planning caused by and further causing instability, and non-profit orientation. Therefore, most of these shortcomings could be eliminated with relevant training and a supportive framework (provided by the state).

The study focused on measuring OPE practices in CCI organizations in Estonia by analysing the corresponding factors. The findings are specific to this context, but the conclusions are considered also to be relevant for CCI organizations in other small economies. The framework was developed based on the proposition that OPE in CCI organizations is influenced by a variety of internal and external factors. The usage of OPE in CCI organizations has been proven by empirical data to be dependent on how these factors and combinations of the factors are addressed in the corresponding CCI organizations.

To conclude, the insights gained from the study should be of special interest for managers in CCI organizations and policymakers. The current study provided evidence on both the benefits of OPE (from the managerial perspective) and the challenges which can act as obstacles to achieving the necessary balance in the organization. Policymakers should also consider providing CCI-specific managerial trainings tackling the evidenced skills gaps and to overcome the mapped challenges.

Therefore, after finalising the thesis, the author has to admit that there is still more to explore within OPE in the CCI context, and the current thesis does not provide us with final answers. Therefore, the author would urge future researchers to analyse the same phenomenon through different theoretical lenses as it became evident that more research is needed to understand OPE in CCI organizations holistically. Therefore, the author calls for further studies on the interdependences between survival challenges, strategic planning and CCI specific strategic management. Also, the interactions between (financial) success and strategic management should be researched in order to understand the financial benefits of using OPE in CCI. Future research could also explore the managerial responses to the paradoxes and corresponding solutions in CCI organizations. Although the study centred on Estonia, the findings have implications for CCI organizations elsewhere, where OPE is not widely used in order to raise their level of competitiveness and sustainability.

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APPENDICES

Appendix 1 – Survey Variables

| RQ1 | OPE | HETEROGENEONITY | CHALLENGES | SKILLS GAP |
|-------------------|--|---|---|-------------------------------|
| DEFINITION | The ongoing monitoring and reporting of accomplishments, particularly progress toward preestablished goals | The complexity and/or variability of a system property in space and/or time (Li & Reynolds, 1995) | Complex relationship between management, art and technology | |
| | Regular Performance Analysis on Daily Basis | Number of employees | Challenges in recruitment of qualified personnel | Financial management |
| | Efficient System for Analysing Performance | Organizational form | Challenges in profit-making | Strategic planning |
| | Methodology for Analysing Performance | Age of the organization | Challenges in protecting copyright | Compliance with laws |
| | Planning Depends on the Analysis of Previous Results | Sub-sector of CCI | Challenges in expansion to foreign markets | Receiving external funding |
| | Managers' Positive Attitude of Evaluation | | Challenges in being innovative | Analyses and reporting |
| | Achieved Results are Compared Against the Set Goals | | Justification of own existence is challenging | |
| | In drawing up the annual plan the qualitative indicators are used | | Unstable customer flow | |
| | In drawing up the annual plan the quantitative indicators are used | | No confidence in regard to income | |
| | | | Strongly competitive market | |

| RQ2 | OPE | STRATEGIC CHALLENGES | MINDSET |
|-------------------|---|---|---|
| DEFINITION | Organisational performance can be measured in relation to goals, resources, stakeholders, multiple criteria or as a system evaluation. Regular Performance Analysis on Daily Basis Efficient System for Analysing Performance | The pressures that exert a decisive influence on an organization's likelihood of future success (Baldrige Glossary, 2002). Challenging financial management Challenging strategic planning Justification of own existence is challenging | The basic assumption, beliefs, core values, goals and expectations shared by a group of people who are committed to a specific field, and what they will use as rules to guide their attitudes and practice in the field (Fang, F., Kang, S-P, Liu, 2004). Preferring interesting tasks vs profit Enthusiasm vs profit orientation of staff |
| | Methodology for Analysing Performance Planning Depends on the Analysis of Previous Results Managers' Positive Attitude of Evaluation Achieved Results are Compared Against the Set Goals | | The earnings depend on the state/local grants |
| | In drawing up the annual plan the qualitative indicators are used | | |
| | In drawing up the annual plan the quantitative indicators are used | | |

| RQ3 | OPE | INDUSTRY-BASED LENSES | RESOURCE-BASED LENSES | INSTITUTION-BASED LENSES |
|-------------------|--|---|---|---|
| DEFINITION | Provides a distinct frame, building on an underlying rationality assumption of organizations (Townley, Cooper, and Oakes 2003), Regular Performance Analysis on Daily Basis Efficient System for Analysing Performance Methodology for Analysing Performance Planning Depends on the Analysis of Previous Results Managers' Positive Attitude of Evaluation Achieved Results are Compared Against the Set Goals In drawing up the annual plan the qual. indicators are used In drawing up the annual plan the quant. indicators are used | A view that argues that the performance and strategy of companies are mainly determined by industry-specific aspects (Porter 1980) Strongly competitive market Enthusiasm vs profit orientation of staff Justification of own existence is challenging | A view that focuses on unique resources, capabilities, and sustained competitive advantage of a specific organization (Malik 2018). Level of confidence in regard to income Challenging to analyse and report Majority of staff has higher education | A view that incorporates the role of institutions in understanding why organizations differ in terms of competitive advantage, considering the environment as a key determinant in the analysis of an organization's performance (North 1991). Organizational orientation to expand Learning and development orientation Protecting copyright is challenging |

| RQ4 | OPE | CREATIVE FREEDOM | SURVIVAL CHALLENGES |
|-------------------|---|--|---|
| DEFINITION | Assessing if the organization functions well and whether the managerial decisions are good or bad (Waheed et al.2010) | A unique driver in projects of passion, which can only be sustained through a sound business model that allows for the generation of revenues and the covering of costs in a sustainable and timely manner (Svejenova et al. 2010) | The environmental conditions that pose much sterner challenges to organizational survival than others do (Anderson et al. 2001) |
| | Regular Performance Analysis on Daily Basis | Creativity's central role in organization | Challenging financial management |
| | Efficient System for Analyzing Performance | Enthusiasm vs profit orientation of staff | Unstable customer flow |
| | Methodology for Analysing Performance | Preferring interesting tasks vs profit | No confidence in regard to income |
| | Planning Depends on the Analysis of Previous Results | | Receiving external funding |
| | Managers' Positive Attitude of Evaluation | | Challenges in profit-making |
| | Achieved Results are Compared Against the Set Goals | | |
| | <i>In drawing up the annual plan the qualitative indicators are used</i> | | |
| | <i>In drawing up the annual plan the quantitative indicators are used</i> | | |

Appendix 2 – Survey Questionnaire

| VARIABLE | QUESTIONS | SOURCE |
|-------------------------|---|---------------------------|
| DEMOGRAPHIC DATA | <p>How many paid employees does your organisation have? no employees 1-5 employees 6-10 employees more than 10 employees</p> <p>What is the juridical form of your organisation? Public sector NGO Enterprise Foundation Municipal body</p> <p>What is the age of your organisation? 0-2 years 3-5 years 6-10 years 11-25 years more than 25 years</p> <p>Please select the sub-sector of your organization! Architecture Film and video Broadcasting Design Performing Arts Publishing Handicraft Museums Libraries Art Entertainment Software Music Advertisement</p> | <p>Compiled by author</p> |

| | | |
|---|--|---|
| <p style="text-align: center;">ORGANISATIONAL VALUES AND OPPORTUNITIES</p> | <p>FOLLOWING QUESTIONS ARE RATED ON 5-POINT SCALE (where 5 is maximum level of agreement and 1 is minimum):</p> <ol style="list-style-type: none"> 1) Employees higher education rate in our organisation is over 75%. 2) Creativity and creativeness play central role in our organisation. 3) Our organisation is oriented to the development and/or expansion. 4) Our organisation is governed by the written mission statement, vision and strategy. 5) The employees of our organisation could be characterised rather by enthusiastic acting than striving for results or profit. 6) Our organisation's earnings depend directly on the state/local grants. 7) Our organisation has no confidence in regard to income. 8) For our organisation it is more important to do something that really interests us than earning revenue. 9) Our organisation is innovative. 10) We want to increase the international competitiveness of our organisation. 11) We operate in the field/market, where there is strong competition. | <p>(Tscherning & Boxenbaum, 2011)</p> |
| <p style="text-align: center;">ENVIRONMENT</p> | <ol style="list-style-type: none"> 12) The services offered by our organisation do not differ significantly from those offered by the competitors. 13) Making profit is challenging for our organisation. 14) Protecting copyright and other intangible rights is challenging for our organisation. 15) Expansion to foreign markets and/or international cooperation is challenging for our organisation. 16) Being innovative is challenging for our organisation. 17) The justification of our own existence for funders or the public is challenging for us. 18) Recruitment of the qualified personnel is challenging for our organisation. 19) The financial management and keeping the budget balanced is challenging for our organisation. 20) Strategic planning is challenging for our organisation. 21) Being in compliance with laws is challenging for our organisation. 22) Receiving external funding is challenging for our organisation. | <p>(Tscherning & Boxenbaum, 2011)</p> |

| | | |
|--|---|---|
| STRATEGIC MANAGEMENT and PERFORMANCE EVALUATION | <p>23) Analysing and reporting on the activities is challenging for our organisation.</p> <p>24) Finding customers and obtaining new orders is challenging for our organisation.</p> <p>25) Daily analysis of the performance and current activities is a natural part of our work.</p> <p>26) Our organisation has developed an efficient system for analysing the performance and individual activities.</p> <p>27) Our organisation values learning and development.</p> <p>28) Our organisation has well-established methodologies for analysing the work performance.</p> <p>29) When planning new activities, we take into account the analysis results of the current activities.</p> <p>30) The managers see performance evaluation as an important input to improve employees' performance and activities.</p> <p>31) In our organisation, not only will the performance be measured, but the achieved results will be compared with the goals planned.</p> <p>32) In drawing up the annual plan the quantitative indicators to measure performance are planned.</p> <p>33) In drawing up the annual plan the qualitative indicators to measure performance are planned.</p> <p>34) How often do you collect feedback from your visitors, and/or stakeholders?</p> <p>35) How often do you analyse if the planned goals have been achieved?</p> <p>36) How do you collect or analyse the feedback from your stakeholders (please name exact tools and/or methods?)</p> | <p>(BTW Consultants, 2010) (Birnkraut, Evaluation im Kulturbetrieb, 2011)</p> |
|--|---|---|

Appendix 3 – Interview Questionnaire

As the purpose of the interviews was double-folded: to verify the anonymous quantitative findings through in-dept face-to face interviews and to understand what remind unclear or was seen as contradictory in quantitative study; first, the main findings were shortly introduced by the interviewer. After this, the interviewees were asked to provide some open comments. This format provided most valuable information as all potential contradictions were not possible to forecast by the interviewer. Discussion on the results, was followed by asking the following questions.

UNDERSTANDING THE CCI ORGANIZATIONS

- How would you describe the management of CCI organizations? What makes the management in CCI organizations specific?
- What are the main challenges faced by CCI organizations in Estonia?
- What kind of competences would the CCI organizations in Estonia benefit of?

FOCUS ON PARTICULAR ORGANIZATION

- How would you describe the management of your organization?
- What are the main challenges faced by your organization?
- What kind of competences would your organization benefit from?
- How is performance evaluated in your organization?
- What kind of planning/evaluation tools are used in your organization?

ORIENTATION TO DEVELOPMENT

- What could be done in your organization to raise the quality of organizational performance?
- What could be done in general in Estonian CCI organizations to raise the quality of organizational performance?

Appendix 4

Publication 1.

The Evaluation of Organisational Performance: Estonian Cultural and Creative Industries Organizations

Sassi, M., Urb, K. and Pihlak, Ü.

Sassi, M., Urb, K. and Pihlak, Ü. “The Evaluation of Organisational Performance: Estonian Cultural and Creative Industries Organisations.” In *Management, Participation and Entrepreneurship in the Cultural and Creative Sector*, pp. 189–218. Springer, Cham, 2020.

Abstract The purpose of the current study was to find out how the heterogeneous background of CCI organisations relates to the evaluation of organisational performance, challenges and skills gap. Quantitative primary data was collected from 460 respondents by using an online questionnaire. The current study is one of the first studies on the evaluation of organisational performance in Estonian CCI organisations and it has revealed that the established organisational performance evaluation tools are not widely used among Estonian CCI organisations. The following skills gaps in financial management, strategic planning, compliance with laws, analyses and reporting; and challenges (no confidence in income; profitability and protection of copyright) affect the evaluation of organisational performance in CCI organisations of Estonia the most. The authors suggest a framework of organisational performance evaluation in CCI organisations to explain the factors influencing the existing practices and mind-sets of organisational performance evaluation.

Keywords Cultural and creative industries, Evaluation of organisational performance, Strategic management, Challenges and skills gap

Prelude *One hour after sending out the survey questionnaire (that forms the basis for the current study) to approximately 2000 potential respondents, the author received a phone call from a deeply annoyed manager of a well-known cultural organisation. He had one and only concern—why does the author waste his and her own time on such nonsense (referring to the evaluation of organisational performance)? This was not just a call; it was a wake-up call for the author that something needs to be done to wake up the managers of Estonian Cultural and Creative Industries (CCI) in order to help them realize their full potential. Soon, another phone call followed with a calm voice (from a small CCI organisation) specifying one question in the questionnaire “What is meant by a “Written Mission Statement”? Is it really expected to write down something that is well recorded in the minds of our team members?”. After an intense, but not very successful effort to explain the essence of strategic management, the author was convinced that the chosen research direction was the right one and that there was a serious practical need for the current study.*

1 INTRODUCTION

The current chapter aims to find out how the heterogeneous background of CCI organisations relates to the evaluation of organisational performance, challenges and skills gap in CCI organisations and develop a framework explaining their relations. A systems management approach is used and CCI organisations are targeted as systems that exist in a dynamic environment (Jensen and Sage 2000). The following factors are expected to shape the organisational performance and its evaluation of CCI organisations—challenges and skills gaps (Jensen and Sage 2000). Both are considered vital for effective organisational performance (Almatrooshi et al. 2016).

It is important to highlight that the current study is based on the expectation that an understanding of what it is that CCI organisations are struggling with the most (which challenges and skills gaps in particular), helps not only to understand their (potential) resistance to evaluation, but in addition, it also contributes to forming some practical recommendations for future research agenda.

In the current chapter, a wide definition of CCI is used—*CCIs are those industries which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property* (Department of Culture 2001, p. 5). CCI is considered to be heterogeneous (Eikhof and Haunschild 2006), but not cohesive (White et al. 2014). The current study analyses the CCI organisations not only from a general perspective, but also considers the heterogeneity of the respondent organisations—form, size, sub-sector and age. This is an important consideration as sub-sector and size, among other variables, have already been proven to affect the management of organisations (Turbide and Laurin 2014). However, as creative enterprises are often seen as hybrid organisations (commercial firms that further some aspect of the public good) (Rushton 2014), the borderlines between not-for-profit and for-profit organisations in CCI are not as straight-forward as in the more traditional business environment. Therefore, it is important not just to focus on the organisational form, but also other factors that differentiate CCI organisations—size, sub-sector and age.

In the current chapter “organisational performance” is understood as a mixture of goal attainment, relations between the organisation and its environment, and behaviour of organisation participants (Ford and

Schellenberg 1982). While “evaluation of organisational performance” and “performance evaluation” and “performance measurement” are currently used as synonyms and refer to the *ongoing monitoring and reporting of accomplishments, particularly progress toward preestablished goals* (United States Government Accountability Office 2005, p. 3). The monitoring activities should not be seen just as one of organisational performance evaluation activities, but this function seeks to ensure that all the three levels of decision- making—rational, process and transactional—fit well together (Freeman 2010).

The evaluation of organisational performance in general is a rather new research domain in CCI. For instance, in Germany, the Evaluation Society has already been dealing with the topic of evaluation since 1997; however, its Working Group for Culture was only created in 2007 (Birnkrout 2011). So far, no Working Group for Culture or Creative Industries exists in the Evaluation Society of Estonia. Hence, the assumption of the current study is that it is not common for Estonian CCI organisations to evaluate their performance regularly and systematically.

However, there are countries (Australia, the UK etc.) where on a state level specific tools for CCI organisations have been developed to measure their performance (Birnkrout 2011). The aim of these planning and evaluation tools is to raise the quality of management and performance in CCI organisations and to develop the CCI sector, as well as the individual organisations within it. The current chapter presents examples of planning and evaluation tools that have been used in CCI organisations and are proven to be rather successful.

As there is hardly any academic literature available on CCI evaluation practices in Estonia, the theoretical part can only rely on international literature on the evaluation of organisational performance and on previously published general reports by CCIs (that might be classified as grey literature), while only the data for the empirical part was collected from Estonia. Thus, the central research question of the current chapter is the following—How does the heterogeneous background of CCI organisations relate to the evaluation of organisational performance, challenges and skills gap in CCI organisations? The following sub-questions were formulated in order to find an answer to the research question:

- How is the data on performance collected and/or analysed in CCI organisations in Estonia?

- Is there any significant correlation between the evaluation of organisational performance and the challenges or skills gaps in CCI organisations in Estonia?
- How do the challenges related to the evaluation of organisational performance in CCI organisations differ based on the form, size, sub-sector and age of the organisation?
- How do the skills gaps related to the evaluation of organisational performance in CCI organisations differ based on the form, size, sub-sector and age of the organisation?

2 CHARACTERISTICS OF CCI ORGANISATIONS

Management in the CCI organisations is usually considered to be complex for many reasons. The organisational phenomena in CCIs are unique (Pick et al. 2015), full of controversies (Banks and O’Connor 2009) and unpredictability (Faulkner and Anderson 1987). Thus, CCI organisations are facing a great number of managerial challenges—complex relationship between management, art and technology (Hodgson and Briand 2013). Based on the existing theoretical literature and reports, the current sub-chapter will attempt to map the challenges and the skills gaps in CCI which have direct impact on the management of the sector.

Potts and Cunningham (2008) describe CCI as a dynamic sector with substantial sub-sectoral variety over time and in terms of their business models. No doubt the heterogeneity within the CCI subsectors results in each having its own managerial specifics (Jeffcutt and Pratt 2002). Therefore, it is necessary to consider a wide variety of different conditions, and internal and external challenges (not only managerial challenges), when trying to understand how CCI organisations work, because they all may influence the outcome—the organisational performance. Nevertheless, it is important to keep in mind that what unites these diverse CCI organisations, is the “creative product” as the outcome and the specific “art-commerce relation”, which makes the CCI a “special case” (Ryan 1992, p. 44). This is the reason why the current chapter includes the entire Cultural and Creative Industries looking at the full range of CCI organisations whose outcomes may all be defined as creative.

2.1 Challenges Affecting CCI Organisations

Perhaps the most widespread challenges concern the general management of CCI organisations. Berziņš (2012) found in his study in Latvia, that the strategic management process is more complicated in CCI organisations than in more traditional industries, mainly due to additional factors and parallel functions. The study by Küttim et al. (2011), which compared CCI organisations in Estonia, Latvia, Finland, and Sweden, revealed that CCI managers characterize their own management style as lacking a market orientation, overlooking managerial mistakes, weakness in planning time, organisation, and financial matters; which may all be called management related challenges.

The resources obtainable in the external environment shape the survival of players in the CCI (Noyes et al. 2012). However, not just the limited financial means, but also the lack of understanding of the principles of financial management, are considered quite common in CCI organisations (Jones et al. 2004). A study by Tscherning and Boxenbaum (2011) revealed that CCI organisations in Denmark lack competencies in the areas of finance, while another comparative Baltic-Nordic study pointed out entrepreneurial competencies, among others financial planning, as important challenges in CCI organisations (Küttim et al. 2011). Thus, both studies refer to financial challenges in the CCI.

Table 1 Overview of the main challenges and skills gaps in CCI organizations (*compiled by the authors*)

| | |
|--|---|
| Lack of competences among CCI managers | Strategic management; long-term commercial planning; management education (Jeffcutt and Pratt, 2002; Tscherning and Boxenbaum, 2011; Berziņš, 2012) |
| Management-related issues | Complicated strategic management process; lack of business competencies; need for support services with focus on strategy and business development (Küttim, Arvola and Venesaar, 2011; Tscherning and Boxenbaum, 2011; Berziņš, 2012) |
| Financial aspects | Lack of financial resources; financial illiteracy; financial management (Jones <i>et al.</i> , 2004; Küttim, Arvola and Venesaar, 2011; Tscherning and Boxenbaum, 2011; Noyes, Allen and Parise, 2012) |
| Changing competitive environment | More competitive aspects; specialized and high-skilled industrial sector (Jeffcutt and Pratt, 2002; Benghozi and Lyubareva, 2014) |

The external environment of CCI organisations is quite challenging due to its production process that *often requires long, high-risk development phases* (European Creative Industries Alliance 2012, p. 22). This means that CCI organisations produce symbolic content (Bilton and Leary 2002) that has a symbolic value for the end-users, which is more or less intangible in nature (Towse 2010). Nevertheless, creative products and services in an open market compete with mass production. Therefore, the constantly changing competitive environment is challenging for CCI organisations.

The challenges described above are expected to limit the ability of CCI organisations to work as effectively and sustainably as they could. When looking at the current challenges as a missed opportunity, the Cultural and Creative Industries could change the way how challenges are faced.

2.2 Skills Gaps in CCI Organisations

As leadership competencies are considered among the key factors that contribute to organisational performance (Almatrooshi et al. 2016), the existing skillset of managerial and entrepreneurial competencies need to be targeted when describing the essence of CCI organisations. It is quite typical to small organisations (thus to many CCI organisations) to have skills gap in management in general (Jeffcutt and Pratt 2002). Also, the results of the study by Küttim et al. (2011) showed the lack of a wide range of competencies: the lack of knowledge of the business environment, financial and accounting skills, weakness in management in general, but also in financial management, business law, strategic thinking and planning, etc. One of the conclusions of the study was that *a creative entrepreneur should understand a little of everything—be a generalist—in order to run a successful business* (Küttim et al. 2011, p. 372).

CCI organisations require more know-how in coaching for business strategy, finance for project development and strategic planning and business skills in general (Tscherning and Boxenbaum 2011). Quite often, CCI organisations tend not to have a horizon for long-term commercial planning and face major challenges concerning strategy and business development (Tscherning and Boxenbaum 2011). Furthermore, Jeffcutt and Pratt (2002, p. 10) have highlighted that in practice most managers of CCI organisations *do not have either a core task or a core competency in management*. The empirical part of the current chapter analyses whether these challenges and skills gaps affect the evaluation of organisational performance in CCI organisations and how.

3 EVALUATION OF ORGANISATIONAL PERFORMANCE AS A SOLUTION

Creativity can be neither planned nor controlled when managing creative workers (Manning and Sydow 2007). However, the research object for the current chapter is not creativity as such, but the CCI organisations whose outcome is usually creative. Therefore, the current chapter is based on the belief that the organisational performance of CCI organisations should not only be planned and controlled *per se*, but on a consideration that a regular evaluation of organisational performance will contribute to a more effective management of CCI organisations. First, the essence and benefits of evaluation of organisational performance will be introduced and then some methods and tools will be discussed.

The initiative to practice evaluation of organisational performance may come from the organisation itself or be externally driven. In some countries, the financing of arts institutions depends on the results of their performance measurement (Birnkraut 2011)—thus, existing business plans, marketing plans, performance contracts, objectives, and key performance indicators are needed to receive (government) support (Caust 2003). However, it is not just financial stability that is a possible positive outcome of the evaluation of organisational performance. For example, the quality of performance in general or the ability to avoid risks may improve as a result of performance evaluation (Radbourne et al. 2009). Furthermore, Gstraunthaler and Piber (2007) point out additional benefits of practicing organisational performance evaluation in CCI organisations: identifying a “wrong” direction *and together with the stakeholders concerned, it is the basis for sustainable development* (Gstraunthaler and Piber 2007, p. 366). Also empirical evidence from the performing arts sector shows that arts organisations can maximize the following quality indicators based on the feedback of their customers: knowledge-transfer or learning, risk management, authenticity, and collective engagement (Radbourne et al. 2009). The key to the success in any industry is linked to involvement, joint planning and shared responsibilities in daily evaluation practices—the organisations corresponding to the needs of their target groups can be competitive in the long-run. Therefore, it is always important to understand and be aware of the needs of target groups.

Thus, the evaluation of organisational performance provides CCI organisations the opportunity to understand the best developmental direction

or the needs of the organisation's target groups. Birnkraut and Heller (2008) reasoned that evaluation of organisational performance could be a suitable way to help the organisation to ensure the maximum efficiency of their operations. In case the managers of CCI organisations have acknowledged the need for additional managerial and entrepreneurial skillset, they could use the evaluation of organisational performance to support decision-making and contribute to higher quality organisational performance. Thus, there is reason to believe that practicing evaluation of organisational performance in CCI organisations could be a solution to some of the challenges faced by CCI organisations. This raises the question of how this should be done.

At the beginning of the evaluation process, it is necessary to decide, which performance measurement indicators and tools to use. *Performance in museums is often measured on the basis of a set of key indicators which are derived from accounting systems developed for management purposes in enterprises* (Gstraunthaler and Piber 2007, p. 363). It is advised to begin with some generic measures like quality, customer satisfaction, product/service cost structure, and some financial criteria (Neely et al. 2000). However, often organisational efficiency is measured by meeting budget and time constraints (Miron et al. 2004) and usually via the question: how do organisations know if they are successful or at least efficient? First, the goals and indicators need to be set, and the data collected and analysed. When those preconditions have been fulfilled, corrective measures come into play in order to learn from mistakes and choose the right path based on identified gaps—this forms the essence of evaluation of organisational performance.

3.1. Evaluation Tools Used in CCI Organisations

Most scholars seem to agree that a one-model-fits-all organisational performance evaluation method does not exist (Birnkraut 2011) and Caust (2003, p. 60) has emphasized that *industry models that have no direct relevance to arts should not be used*. Based on the literature the following organisational performance evaluation tools are used in CCI organisations (Table 1): Balanced Scorecard, Gap-analysis, Benchmarking, Social Return on Investment (SROI), different Quality Frameworks, Framework Model for Evaluating the Performance of Arts Organisations, Data-envelopment analysis (DEA) and Artistic Vibrancy Framework. All the above listed tools are described briefly in Table 2 below.

Table 2 Selection of evaluation tools used in CCI organizations worldwide (compiled by the authors)

| Tool | Aim | Benefits | Usage | Source |
|--|---|--|---|---|
| Balanced Scorecard | to improve organizational performance | <ul style="list-style-type: none"> - encourages managers to have a broader view of their organization and monitor the success (in four different ways) - keeps the organization balanced | <ul style="list-style-type: none"> - each scorecard is unique - there is a special version for NGOs - it is also possible to use only parts of the tool | (Woodley, 2007; Birnkraut and Heller, 2008; Boorsma and Chiaravallotti, 2010; Chiaravallotti and Piber, 2011) |
| Gap Analysis | to assess and improve the (service) quality of organizations | <ul style="list-style-type: none"> - forces organizations to reflect on who they are and who they would like to be - determines which steps to take in order to move from the current state to the desired one - lists the factors needed to achieve the set goals - highlights the gaps that exist and need to be filled - involves customer perspective | Is usable for the whole organization or just for parts of the performance | (Reeves, 2002; Town, Neshat and Dehghani, 2013) |
| Benchmarking | to judge how well the organization is doing, and to identify the potential improvements | <ul style="list-style-type: none"> - compares the data of one organization with metrics from similar organizations in the same field of activity - continuous analyses of existing strategy, products and processes with benchmark cluster | It is possible to build a benchmark cluster or use existing benchmarking tools | (Montalto, Iglesias and Kern, 2012; Thelwall, 2012; White, Gunasekaran and Roy, 2014) |
| Data Envelopment Analysis (DEA) | to measure organizational and individual performance or efficiency | Provides a large amount of specific information that can be used to establish guidelines for the improvement of efficiency | <ul style="list-style-type: none"> - emphasizes that any differentiating factor may have an impact on efficiency estimations - used to distinguish efficient and inefficient elements | (del Barrio, Hertero and Sanz, 2009; Zeng, Hu and Su, 2016) |

| Tool | Aim | Benefits | Usage | Source |
|--|--|---|--|--------------------------------|
| Social Return on Investment (SROI) | to evaluate mainly programs and projects or sub-activities | - produces a quantitative summary of achievements that are usually based on cost-benefit analysis - involves actively stakeholders in deciding what and how to measure | Has been used for the assessment of arts programs and the impact of investments on culture | (Garcia, 2008; Matthews, 2015) |
| Quality Framework | to improve the organization and consider its wider impact | Aims at self-evaluation since it encourages organizations to think about key aspects of their performance | - helps to develop a more consolidated and rounded approach to planning, monitoring and review - provides wide range of evidence which characterizes successful organizations | (Turbull, 2011) |
| Framework model for the evaluation of the performance of arts organizations | to develop plans for the future through quality and stakeholder satisfaction | - links overall quality to product and service quality - enables organizations to consider how effectively they are moving towards set goals | To be usable, each organization should design its own measurement system to measure efficiency and effectiveness | (Sorjonen and Uusitalo, 2005) |
| Artistic Vibrancy Framework | to reflect on, describe and measure the artistic performance and achievement across the different dimensions of work | Provides a structure and resources to help arts organizations reflect on, describe and measure their artistic performance and achievement across the different dimensions of their work | To enable a company to see whether it is on track | (Bailey and Richardson, 2010) |

Most of these evaluation tools take financial aspects into consideration, but do not focus on them and pay more attention to the uniqueness of organisations (among others that most CCI organisations provide mission-based performance) through their general performance as such. These evaluation tools have been used, for instance, in the UK, Japan, and Spain, mainly in museums and libraries (Vitaliano 1998; Hammond 2002; Chen et al. 2005; Chou et al. 2012; del Barrio and Herrero 2014; Ma et al. 2014) and are also considered to be more or less suitable for the evaluation of CCI organisations. The tools described in the table above are briefly compared below.

The Balanced Scorecard is based on monitoring indicators to improve organisational outcomes (Boorsma and Chiaravalloti 2010). It was essentially used to align the management and strategy of a business but has also been successfully implemented in arts organisations in the form of some modified versions (Birnkraut and Heller 2008). It mainly targets the internal aspects of the organisation, while the Gap Analysis consists of a listing of characteristic factors of the present situation which takes into account the external and internal aspects. It is all about listing the factors needed to achieve future objectives and highlighting gaps that exist and need to be filled. The method has been used in art galleries, museums and when assessing the quality of festivals or performances (Kilbride and Norris 2014).

Data-envelopment analysis (DEA) was initially developed to evaluate non-profit organisations. Today, this fairly standardized technique has been widely applied to assess cultural institutions, particularly museums and libraries (Chen et al. 2005; del Barrio and Herrero 2014).

The methods described so far are applicable to single organisations to measure their organisational performance or some of its aspects. However, it is only possible to use Benchmarking when there exists another organisation as a benchmark, since this method is about comparing the data of one organisation with metrics from similar organisations in the same field of activity. It has also often been used in libraries and museums, most probably because the systems are similar enough to make the comparison possible (Selwood 2002; Reichmann and Sommersguter-Reichmann 2010). There has also been at least one attempt to create a general benchmarking raster for CCI policies at the local level (Montalto et al. 2012).

Social Return on Investment (SROI) is a method that allows organisations to generate and measure value of their outcome in monetary terms (Krlev et al. 2013). In spite of its focus on financial issues it has also been effectively used to assess arts programs and the impact of investments in culture. However, SROI is limited in its capacity to compare across museums and galleries (Zappalà and Lyons 2009).

There are also a few tools that have been specially designed to suit the needs of CCI organisations. One of them is the Quality Framework that was launched by Creative Scotland and is a continuous improvement tool targeted especially at creative organisations (Scottish Arts Council 2009) and gathering outcome-based evidence (Turnbull 2011). Sorjonen and Uusitalo (2005) have also suggested a framework model for evaluating the performance of arts organisations, and this has been successfully used in Finnish arts organisations. The same authors suggest that each organisation should design its own measurement system of outcome indicators, process indicators, and structural indicators measuring efficiency and effectiveness (Sorjonen and Uusitalo 2005).

In conclusion, even though important, the chosen evaluation tools play a smaller role than the fact that there is an evaluation orientation and evaluation results are implemented in reality, meaning that evaluation of organisational performance is used as a learning tool (Russ-Eft and Hallie 2009).

4 RESEARCH METHODOLOGY

The research philosophy of the current chapter is based on the assumption by Gioia et al. (2012) stating that the organisational world is socially constructed and that the people constructing their organisational realities are “knowledgeable agents”. Namely, CCI managers know what they are aiming at and able to express this.

4.1 The Population and Sample

In 2011, there were 7066 CCI organisations in Estonia (Eesti Konjunkturiinstituut 2013). The sample used for the current analysis dates from 2016 and includes 460 employees of CCI organisations. Table 3 describes the sample of the participant organisations with a focus on their organisational performance evaluation practices and mind-set.

Table 3 Description of the respondent organizations based on their organizational performance evaluation practices and mind-set (n=460) (compiled by the authors)

| VARIABLE | SUB-CATEGORY | Regular Performance Analysis on Daily Basis | Efficient System for Performance Analyzing | Methodology for Analyzing Performance | Planning Depends on the Analysis of Previous Results | Managers' Positive Attitude | Achieved Results are Compared Against the Set Goals |
|-------------------------|---------------------|---|--|---------------------------------------|--|-----------------------------|---|
| NUM-BER OF EMPLOYEES | no employees | 40.7% | 11.1% | 14.8% | 51.9% | 37.0% | 33.3% |
| | 1-5 employees | 54.9% | 21.0% | 28.9% | 65.1% | 40.6% | 45.1% |
| | 6-10 employees | 57.5% | 30.0% | 25.0% | 67.5% | 32.5% | 45.0% |
| | >10 employees | 70.5% | 35.9% | 34.6% | 87.2% | 55.1% | 57.7% |
| ORGANIZATIONAL FORM | Public sector | 54.7% | 32.0% | 45.3% | 77.3% | 52.0% | 52.0% |
| | NGO | 47.5% | 15.0% | 16.3% | 68.8% | 35.0% | 38.8% |
| | Enterprise | 55.6% | 21.3% | 24.6% | 62.3% | 42.5% | 47.8% |
| | Foundation | 63.6% | 27.3% | 22.7% | 77.3% | 50.0% | 45.5% |
| | Municipal body | 71.1% | 30.3% | 38.2% | 72.4% | 36.8% | 46.1% |
| | 0-2 years | 55.6% | 13.9% | 22.2% | 63.9% | 36.1% | 52.8% |
| | 3-5 years | 53.0% | 16.7% | 22.7% | 69.7% | 42.4% | 45.5% |
| AGE OF THE ORGANIZATION | 6-10 years | 52.1% | 19.7% | 23.9% | 60.6% | 29.6% | 40.8% |
| | 11-25 years | 53.7% | 21.5% | 22.3% | 63.6% | 47.9% | 43.0% |
| | more than 25 years | 63.3% | 31.9% | 39.2% | 75.3% | 44.6% | 50.6% |
| | Architecture | 53.4% | 17.2% | 32.8% | 56.9% | 51.7% | 44.8% |
| | Design | 61.8% | 17.6% | 20.6% | 61.8% | 35.3% | 44.1% |
| | Performing Arts | 50.0% | 19.2% | 15.4% | 61.5% | 23.1% | 26.9% |
| SUB-SECTOR | Film and video | 40.0% | 4.0% | 8.0% | 52.0% | 32.0% | 36.0% |
| | Publishing | 69.0% | 44.8% | 37.9% | 75.9% | 51.7% | 44.8% |
| | Art | 30.0% | 10.0% | 20.0% | 70.0% | 40.0% | 60.0% |
| | Entertain. Software | 0.0% | 0.0% | 25.0% | 50.0% | 0.0% | 25.0% |
| | Museums | 84.2% | 26.3% | 21.1% | 89.5% | 47.4% | 57.9% |
| | Music | 50.7% | 15.9% | 17.4% | 73.9% | 40.6% | 52.2% |
| | Libraries | 60.5% | 29.5% | 41.1% | 71.3% | 40.3% | 45.0% |
| | Advertising | 63.2% | 31.6% | 34.2% | 63.2% | 47.4% | 57.9% |
| | Broadcasting | 66.7% | 66.7% | 66.7% | 100.0% | 100.0% | 66.7% |
| | Handicraft | 56.3% | 31.3% | 12.5% | 81.3% | 56.3% | 50.0% |

The table above illustrates the level of agreement with 6 aspects of evaluation of organisational performance in CCI organisations (*regular performance analysis on a daily basis; efficient system for performance analysing; methodology for analysing performance; planning depends on the analysis of previous results; positive attitude of managers towards evaluation; achieved results are compared against the set goals*) based on the number of employees, organisational form, age of the organisation and sub-sector. Table 3 illustrates some contradictions of the evaluation of organisational performance in respondent organisations. First, in majority of the CCI organisations planning depends on the analyses of previous results, but methodology or organisational performance evaluation systems are not widespread. And there is one more interesting characteristic of respondents—it is less in common to compare achieved results against set goals then using analyses of previous results for planning.

4.2 Data Collection

The questionnaire was composed using the core elements of a similar Danish study (Tscherning and Boxenbaum 2011) targeting creative enterprises, and a self-assessment tool introduced in the USA (BTW Consultants 2010) and for cultural organisations (Birnkrout 2011). The online survey environment in Google Forms was accessible to participants for 2.5 months (from mid-January until the end of March 2016).

The questions covered, besides the formal characteristics (age, size, type and sub-sector), also the skills and challenges of CCI organisations. The respondents had 5 options to choose from (ranging from *strongly agree* to *strongly disagree*), and therefore it should not have been difficult for the respondents to position themselves using such a set of options. As the questionnaire was anonymous, there is no reason to believe that CCI managers would intentionally conceal their challenges or (gaps of) skills.

4.3 Data Analysis

The current chapter covers the first stage of a longer research project, and therefore mainly presents descriptive statistics (cross-tables) and correlations. A Pierson Correlation Analysis was used to identify significant relationships between the evaluation of organisational performance variables and variables of challenges and skills gaps.

The data analysis consisted of the following steps:

- First, the answers to the open-ended question concerning actual examples of data collection and analysis tools used in the responding organisations were analysed. In order to describe the reality in the most natural way, the respondents were asked to name any existing data collection and/or analysis method or tool used in the current organisation. Coding was used to categories the answers.
- On the second stage, a Correlation Analysis was run in order to detect variables (challenges and skills gaps) that correlate with aspects of organisational performance evaluation (mind-set and practices).
- On the following stage, special attention was paid to those challenges that were at least weakly correlated with the evaluation of organisational performance. Cross-tables were subsequently created according to the number of employees, organisational form, age and the sub-sector of CCI organisations. Only correlating variables were included in the cross-table.
- Next, special attention was paid to those skills (gaps) that were at least weakly correlated with the evaluation of organisational performance. Cross-tables were then created according to the number of employees, organisational form, age and sub-sector of the CCI organisations. Once again, only correlating variables were included.

5 RESULTS

First, the organisational performance evaluation mind-set and practices of CCI organisations in this study are briefly described and then the research questions answered in more detail.

The majority of the CCI organisations in Estonia tend not to have any methodology for analysing performance or efficient system for performance analysis. In the majority of the CCI organisations in this study, planning depends on the analysis of previous results regardless of the number of employees, organisational form, age of the organisation or sub-sector. While “organisational form” seems to cause the biggest difference—in the public sector the “methodology for analysing performance” is most widespread compared to other organisational forms and it is in municipal bodies where the “regular performance analysis on a daily basis” is most common. In both the public sector and municipal bodies, the “efficient system for performance analysis” is more common than in the remaining organisations.

CCI organisations with more than 10 employees are more active in most of the aspects of evaluation of organisational performance. The evaluation practices and mind-set also tend to differ based on the age of organisations as the organisations that are more than 25 years old are the most active in most aspects of the evaluation of organisational performance. Surprisingly, in the youngest organisations, the results achieved are compared against the set goals the most.

A quick look at the sub-sectors and the following “trends” seem to be most typical:

- Museums practice more regular performance analysis than organisations of other sub-sectors, while regularity does not seem to be typical in the entertainment software sector.
- The broadcast sector responded exceptionally positively to the “planning depends on the analysis of previous results” and “managers’ positive attitude to evaluation” (most probably due to the small number of respondents in the sample). Furthermore, the “efficient system for performance analysis” and “methodology for analysing performance” is more in common in the broadcast sector than in other sub-sectors.
- Surprisingly, it is the broadcast sector and the art field where the achieved results are compared against the set goals the most.

More detailed results based on the research questions are presented below and briefly commented upon in the following discussion.

5.1. How Is the Data on Performance Collected and/or Analysed in CCI Organisations in Estonia?

As the authors expected that evaluation of organisational performance is not very widespread among CCI organisations in Estonia and managers are not very familiar with the specific evaluation terminology, the respondents were asked rather general open-ended question at the end of the structured questionnaire—“How do you collect or analyse feedback from your stakeholders (please name the tools and/or methods used)”. Coding the responses revealed the results presented in the following table (Table 4).

A total of 299 respondents (65% of sample) decided to answer this question. The responses reveal more information about how data is collected (mainly face-to-face, surveys, etc.) and only 2 specific data analysis tools were mentioned—Google Analytics (3) and Cost-Benefit Analysis (1). However, they cannot be considered CCI-specific tools.

A few rather passive and/or self-evident approaches were mentioned by the respondents as ways to collect data; therefore, the understanding that clients should come and give feedback on their own initiative (for instance, in social media or in a guest book) seems to prevail, instead of CCI organisations collecting it intentionally. However, a small number of respondents also referred to outsourcing data collection and analysis or contributing to a larger survey. 2.2% of respondents are regularly not collecting or analysing any data. One response is worth highlighting in particular – “*Please forgive me, but this question does not make any sense to many creative units because “business model”, “quality system”, etc. have nothing to do with creativity, which is driven by internal and idea-based needs*” – as it contributes to the general picture of how evaluation of organisational performance is understood among CCI organisations in Estonia.

Table 4 Most common ways of collecting and analyzing performance data from stakeholders by CCI organizations in Estonia (*compiled by the authors*)

| | Face-to-face | Survey | Intuitive Approach | Email | Social Media | Indicators | Traditional Media | Box-office | Phone | Home-page | Out-sourcing | Google Analytics |
|------------------------|--------------|--------|--------------------|-------|--------------|------------|-------------------|------------|-------|-----------|--------------|------------------|
| Architecture | 16 | 6 | 18 | 3 | 1 | 1 | 1 | 0 | 3 | 0 | 0 | 1 |
| Design | 8 | 6 | 6 | 5 | 2 | 1 | 3 | 0 | 1 | 1 | 0 | 1 |
| Performing Arts | 5 | 5 | 5 | 3 | 2 | 1 | 1 | 0 | 0 | 1 | 0 | 1 |
| Film and video | 6 | 3 | 3 | 2 | 1 | 3 | 1 | 2 | 0 | 0 | 0 | 0 |
| Publishing | 4 | 4 | 2 | 4 | 2 | 0 | 0 | 2 | 1 | 2 | 0 | 0 |
| Art | 5 | 4 | 2 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| Handicraft | 6 | 6 | 8 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| Entertainment Software | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Museums | 8 | 8 | 2 | 0 | 0 | 1 | 0 | 1 | 1 | 1 | 3 | 0 |
| Music | 20 | 21 | 12 | 5 | 8 | 3 | 4 | 2 | 0 | 0 | 0 | 0 |
| Libraries | 36 | 47 | 1 | 3 | 1 | 7 | 0 | 2 | 0 | 0 | 0 | 0 |
| Advertisement | 14 | 10 | 6 | 7 | 1 | 0 | 2 | 2 | 2 | 0 | 0 | 1 |
| Broadcasting | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 2 | 0 |
| TOTAL | 128 | 121 | 65 | 33 | 18 | 19 | 14 | 12 | 8 | 6 | 5 | 5 |

5.2. Is There Any Significant Correlation Between the Evaluation of Organisational Performance and the Challenges or Skills Gaps in CCI Organisations in Estonia?

Table 5 below illustrates the correlations between six organisational performance evaluation variables and 14 challenges and skills gaps of CCI organisations studied. Significant correlations are highlighted.

Based on the correlation table, it becomes evident that “no confidence in income” correlates significantly with all the evaluation variables; however, all the correlations are negative. Furthermore, more finance- related challenges correlate with some aspects of the evaluation of organisational performance—“making a profit” and “financial management”. There are two more variables—“challenging strategic planning” and “challenging analysing and reporting”—that are negatively related to most of the aspects of organisational performance evaluation. Surprisingly, only “protecting copyright is challenging” relates weakly, albeit positively, to some aspects of organisational performance evaluation. On the other hand, “compliance with laws” only correlates negatively with some aspects of organisational performance evaluation.

Table 5 Correlations between the evaluation of organizational performance, challenges and skills gaps typical of CCI organizations (compiled by the authors)

| | | | | | | |
|--|---------|-----------------|----------|----------|--------------|--------|
| VARIABLE | | | | | | |
| Regular performance analysis on daily basis | 0.015 | -0.121** | 0.010 | 0.060 | .096* | -0.035 |
| Efficient system for performance analyzing | 0.010 | -0.191** | -0.056 | -0.056 | 0.090 | -0.044 |
| Methodology for analyzing performance | -0.070 | -0.169** | -0.106* | -0.106* | 0.069 | -0.032 |
| Planning depends on the analysis of previous results | -0.056 | -0.112* | -0.056 | -0.012 | 0.073 | -0.071 |
| Managers' positive attitude to evaluation | 0.044 | -0.137** | -0.062 | -0.062 | .106* | -0.076 |
| Achieved results are compared against the set goals | 0.061 | -0.109* | -0.033 | -0.033 | .103* | -0.038 |
| No confidence in income | 0.061 | -0.109* | -0.034 | -0.033 | .106* | -0.076 |
| Being innovative | -0.013 | -0.027 | -0.027 | 0.021 | -0.034 | -0.062 |
| The justification of our own existence | 0.004 | -0.058 | -0.054 | 0.003 | -0.034 | -0.062 |
| Recruitment of qualified personnel | 0.004 | -0.058 | -0.070 | 0.003 | 0.011 | -0.076 |
| Financial management | -0.034 | -0.052 | -0.064 | -0.107* | -0.033 | -0.076 |
| Strategic planning | -0.106* | -0.109* | -0.133** | -0.146** | -0.117* | -0.076 |
| Compliance with laws | -0.083 | -0.111* | -0.099* | -0.107* | -0.128** | -0.076 |
| Receiving external funding | 0.006 | 0.002 | -0.050 | 0.008 | -0.008 | -0.076 |
| Analyses and reporting | -0.066 | -0.177** | -0.126** | -0.113* | -0.111* | -0.076 |
| Finding customers | 0.030 | 0.010 | -0.033 | -0.056 | 0.031 | -0.076 |

5.3. How Do the Challenges Related to the Evaluation of Organisational Performance in CCI Organisations Differ Based on the Form, Size, Sub-sector and Age of the Organisation?

Table 6 below presents the level of agreement with the following 3 challenges—“no confidence in income”, “making a profit” and “protecting copyright”—in CCI organisations based on the number of employees, organisational form, age of the organisation and sub-sector.

As seen from Table 6 above, CCI organisations with more employees seem to face less challenges. “Making a profit” and “no confidence in income” seem to be issues especially for the smaller organisations.

The biggest struggle for most of the organisational forms tends to be coping with “making a profit”, while only for NGOs “no confidence in income” is a mayor issue as well.

Age group tends to make a smaller difference than number of employees or organisational form in CCI organisations. Surprisingly, organisations that have existed 6–10 years, experience more financial challenges than younger or older organisations. One more surprise was detected—it is the oldest age group, which organisations consider “protecting copyright” more common challenge than younger organisations.

“Making a profit” tends to be a dominant challenge in all sub-sectors of CCI organisations. Music and Broadcasting industries also challenge with “no confidence in income”, especially compared to Entertainment Software where this seems to be a minor issue. “Protecting copyright” is especially relevant for organisations in Handicrafts, Architecture and Libraries, but is not an issue at all in the Entertainment Software sector.

5.4. How Do the Skills Gaps Related to the Evaluation of Organisational Performance in CCI Organisations Differ Based on the Form, Size, Sub-sector and Age of the Organisation?

Table 7 below illustrates the level of agreement with the following skills gaps of “financial management”; “strategic planning”; “being in compliance with laws” and “analyses and reporting”—in CCI organisations based on the number of employees, organisational form, age of the organisation and sub-sector.

Table 6 Agreement with the statements about following challenges: no confidence in income, making a profit and protecting copyright based on the number of employees, organizational form, age of the organization and sub-sector (compiled by the authors)

| VARIABLE | SUB-CATEGORY | No confidence in income | | Making a profit | | Protecting copyright | |
|-------------------------|------------------------|-------------------------|---------------|-----------------|---------------|----------------------|---------------|
| | | CCI (n=460) | Contr. (n=42) | CCI (n=460) | Contr. (n=42) | CCI (n=460) | Contr. (n=42) |
| Number of Employees | no employees | 81.5% | 33.3% | 88,90% | 66,7% | 37,0% | 33,3% |
| | 1-5 employees | 44.8% | 61.9% | 76,20% | 52,4% | 44,8% | 33,3% |
| | 6-10 employees | 40.0% | 42.9% | 60,00% | 71,4% | 45,0% | 42,9% |
| | more than 10 employees | 35.9% | 45.5% | 75,60% | 100,0% | 35,9% | 36,4% |
| Organizational Form | Public sector | 36.0% | 83.3% | 68,00% | 100,0% | 50,7% | 16,7% |
| | NGO | 73.8% | 0.0% | 86,30% | 59,1% | 36,3% | 40,9% |
| | Enterprise | 44.4% | 25.0% | 73,90% | 62,5% | 41,5% | 50,0% |
| | Foundation | 22.7% | 20.0% | 68,20% | 80,0% | 18,2% | 20,0% |
| | Municipal body | 31.6% | 0.0% | 77,60% | 100,0% | 52,6% | 0,0% |
| | 0-2 years | 50.0% | 80.0% | 69,40% | 60,0% | 41,7% | 20,0% |
| | 3-5 years | 47.0% | 71.4% | 75,80% | 57,1% | 40,9% | 0,0% |
| Age of the organization | 6-10 years | 52.1% | 14.3% | 80,30% | 57,1% | 35,2% | 28,6% |
| | 11-25 years | 49.6% | 53.3% | 76,00% | 80,0% | 39,7% | 60,0% |
| | more than 25 years | 36.7% | 50.0% | 74,10% | 75,0% | 49,4% | 37,5% |
| | Architecture | | 50.0% | | 77,60% | | 55,2% |
| | Design | | 41.2% | | 76,50% | | 44,1% |
| Sub-sector | Performing Arts | | 57.7% | | 92,30% | | 26,9% |
| | Film and video | | 48.0% | | 72,00% | | 32,0% |
| | Publishing | | 44.8% | | 82,80% | | 41,4% |
| | Art | | 40.0% | | 80,00% | | 20,0% |
| | Entertainment Software | | 25.0% | | 75,00% | | 0,0% |
| | Museums | | 36.8% | | 68,40% | | 36,8% |
| | Music | | 66.7% | | 79,70% | | 34,8% |
| | Libraries | | 31.8% | | 71,30% | | 53,5% |
| | Advertising | | 36.8% | | 60,50% | | 26,3% |
| | Broadcasting | | 66.7% | | 66,7% | | 33,3% |
| Handicraft | | 56.3% | | 87,5% | | 62,5% | |

Table 7 Agreement with statements about the following skills gaps: financial management, strategic planning, being in compliance with laws, and analyzing and reporting; based on the number of employees, organizational form, age of the organization and sub-sector (compiled by the authors)

| VARIABLE | SUB-CATEGORY | Financial management | | Strategic planning | | Being in compliance with laws | | Analyses and reporting | |
|-------------------------|------------------------|-----------------------|---------------|-----------------------|---------------|-------------------------------|---------------|------------------------|---------------|
| | | CCI (n=460) (n=42) | Contr. (n=42) | CCI (n=460) (n=42) | Contr. (n=42) | CCI (n=460) (n=42) | Contr. (n=42) | CCI (n=460) (n=42) | Contr. (n=42) |
| Number of Employees | no employees | 48.1% | 0,0% | 48.1% | 0,0% | 37.0% | 33,3% | 37.0% | 0,0% |
| | 1-5 employees | 35.2% | 28,6% | 32.4% | 14,3% | 21.9% | 23,8% | 20.0% | 19,0% |
| | 6-10 employees | 30.0% | 42,9% | 40.0% | 14,3% | 15.0% | 0,0% | 22.5% | 28,6% |
| | more than 10 employees | 34.6% | 36,4% | 23.1% | 0,0% | 17.9% | 18,2% | 12.8% | 27,3% |
| Organizational Form | Public sector | 32.0% | 33,3% | 30.7% | 0,0% | 12.0% | 16,7% | 13.3% | 16,7% |
| | NGO | 47.5% | 31,8% | 45.0% | 18,2% | 21.3% | 27,3% | 22.5% | 22,7% |
| | Enterprise | 37.2% | 12,5% | 30.4% | 0,0% | 27.1% | 12,5% | 26.1% | 12,5% |
| | Foundation | 22.7% | 60,0% | 18.2% | 0,0% | 9.1% | 0,0% | 9.1% | 40,0% |
| | Municipal body | 25.0% | 0,0% | 30.3% | 0,0% | 19.7% | 0,0% | 10.5% | 0,0% |
| Age of the organization | 0-2 years | 25.0% | 60,0% | 22.2% | 20,0% | 22.2% | 60,0% | 36.1% | 60,0% |
| | 3-5 years | 34.8% | 28,6% | 30.3% | 0,0% | 30.3% | 0,0% | 24.2% | 0,0% |
| | 6-10 years | 47.9% | 14,3% | 35.2% | 0,0% | 31.0% | 28,6% | 23.9% | 14,3% |
| | 11-25 years | 40.5% | 20,0% | 37.2% | 13,3% | 21.5% | 20,0% | 19.8% | 13,3% |
| | more than 25 years | 28.9% | 50,0% | 30.7% | 12,5% | 13.9% | 0,0% | 13.3% | 37,5% |
| Sub-sector | Architecture | 43.1% | | 36.2% | | 32.8% | | 37.9% | |
| | Design | 41.2% | | 29.4% | | 32.4% | | 26.5% | |
| | Performing Arts | 53.8% | | 38.5% | | 15.4% | | 26.9% | |
| | Film and video | 28.0% | | 40.0% | | 24.0% | | 20.0% | |
| | Publishing | 41.4% | | 34.5% | | 10.3% | | 17.2% | |
| | Art | 40.0% | | 20.0% | | 30.0% | | 10.0% | |
| | Entertainment Software | 50.0% | | 25.0% | | 25.0% | | 50.0% | |
| | Museums | 26.3% | | 21.1% | | 31.6% | | 10.5% | |
| | Music | 37.7% | | 37.7% | | 24.6% | | 17.4% | |
| | Libraries | 27.1% | | 30.2% | | 14.0% | | 12.4% | |
| | Advertising | 28.9% | | 26.3% | | 18.4% | | 15.8% | |
| | Broadcasting | 33.3% | | 0.0% | | 33.3% | | 0.0% | |
| | Handicraft | 43.8% | | 37.5% | | 18.8% | | 31.3% | |

All in all, CCI organisations tend to agree less with having skills gaps than facing challenges, discussed in the previous sub-chapter.

Table 7 above reveals that CCI organisations that do not have any paid staff members, struggle the most with all skills gaps measured, while “strategic planning” is also quite challenging for organisations with 6–10 employees. Surprisingly, “analyses and reporting” does not seem to be an issue for organisations that have more than 10 employees.

When looking at different forms of organisation, the largest differences could be seen between NGOs and foundations. NGOs tend to struggle more with “financial management” and “strategic planning” than other types of organisations, while “strategic planning” is of less concern for foundations than any other organisation form.

Older organisations seem to struggle slightly more with “financial management” and “strategic planning” than younger organisations, while the youngest organisations seem to lack primarily the competence to “analyse and report”. Organisations that are older than 25 years, tend not to struggle with “compliance with laws” or “analyses and reporting”.

Compared to the other sectors, the Performing Arts and Entertainment Software sectors tend to lack “financial management” skills more. While “strategic planning” tends to be more complicated for the Performing Arts, Film and Video, Music and Handicrafts sectors. “Being in compliance with laws” tends to be less challenging for the Publishing sector than other sub-sectors. A lack of skills for “analysing and reporting” seems to be the biggest issue for the Entertainment Software industry compared to other sub-sectors and is non-existent in the Broadcast industry.

6 DISCUSSION

Resources that are obtainable in the external environment are said to shape the survival of players in the creative industries (Noyes et al. 2012). The current study found some empirical evidence, that challenges and skills gaps may be associated with the evaluation of organisational performance. As Clarence W. Barron has said “everything can be improved” and based on the empirical evidence found, this is also true of the efficiency and efficacy of strategic management and planning in CCI organisations. This chapter

explored the challenges and skills gaps that might limit an organisation's ability to develop and expand. The findings do not yet provide a definitive answer to the question of whether evaluation of organisational performance is the right solution for improving the performance, competitiveness, effectiveness, service quality, resilience or sustainability of CCI organisations. They nevertheless highlight the need for more research aimed at improving the knowledge of strategic management in the CCI sector.

The results revealed differences between CCI organisations based on size, age, legal form and sub-sector, thus, CCI organisations can be considered heterogeneous. The current study also revealed that CCI organisations face different kind of challenges that correlate with their organisational performance evaluation practices. However, the findings did not indicate any usage of existing organisational performance evaluation methodologies referred to in the existing literature. This is rather surprising, as the benefits of evaluation of organisational performance should be known among the managers of CCI organisations in Estonia.

The study by Turnbull (2011) has shown that the successful evaluation of performance helps organisations become more conscious of the competencies they hold and of their artistic quality and as a result, make more informed decisions about their performance (Epstein and Mcfarlan 2011). For instance, the quality frameworks and organisational performance measurement tools make the organisation think about where they stand (Turnbull 2011) and where they would like to be. This might lead to better planning and analysis and in longer run to a higher quality of organisational performance.

7 CONCLUSION

As the study aimed to find out how heterogeneous background of CCI organisations relates to the evaluation of organisational performance, challenges and skills gap in CCI organisations, the simple answer would be —“directly”! Thus, CCI organisations in Estonia are diverse in form, size, sub-sector and age. However, the results also revealed that there is no one single dominant variable that affects all the aspects of evaluation of organisational performance. The challenges correlating with the practices and mind-sets of organizational erformance evaluation differ based on the organisational form and sub-sectors the most, while the size and age of

the organisation seem to play a slightly smaller role. On the other hand, the results also revealed that the skills gaps correlating with organisational performance evaluation practices and mind-sets differ the most among different sub-sectors and number of employees.

To summarize the most important findings, the study also revealed that some elements of evaluation of organisational performance are more in common in Estonia than others—for instance, planning in most of the CCI organisations examined depends on the basis of the analysis of previous results. Most of the data on performance in Estonian CCI organisations is gathered from stakeholders through face-to-face contact and surveys. A few rather passive and/or potentially self-evident approaches were also mentioned by the respondents that might refer to a widespread approach that stakeholders should come and provide feedback on their own initiative, instead of the CCI organisations collecting it intentionally.

The results revealed that having “no confidence in income”, “challenging strategic planning” and “challenging analysing and reporting” do negatively influence most of the aspects of evaluation of organisational performance. The biggest challenge for different types of organisations tends to be coping with “making a profit”. CCI organisations with more employees seem to face less challenges in general. Organisational performance evaluation practices seem to be least different based on the age of the organisations.

CCI organisations that do not have any paid staff members, struggle the most with all skills gaps measured. Also, empirical evidence was found that, older organisations seem to struggle more with financial management and strategic planning than younger organisations, while the youngest organisations mainly lack the competence of analysing and reporting, but also financial management.

The following framework of factors related to the evaluation of organisational performance is suggested by the authors as a result of the study (Fig. 1).

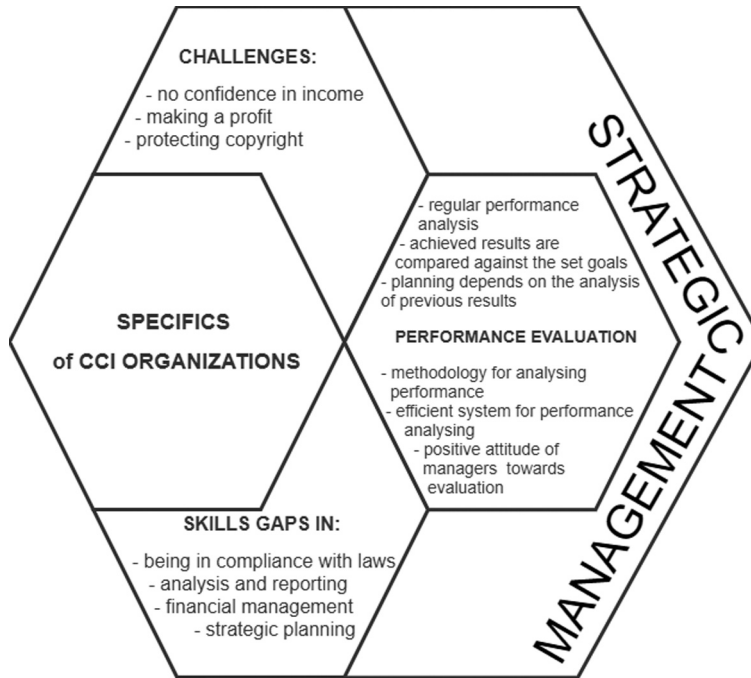


Fig. 1 Framework for the evaluation of organizational performance in CCI organizations (compiled by the authors)

The contribution of the study is mainly practical. As it mapped the skills gaps of CCI organisations; policymakers and managers of CCI organisations could use the results as an input to contribute to skills development of CCI organisations by developing evaluation/assessment tools and providing trainings to improve the level of needed competences. Thus, there are reasons to assume that raising awareness of the benefits of the organisational performance evaluation and the existing evaluation tools, could improve the sector in a longer run.

Due to the limitations of the current research design (both, the dataset, the questions of the questionnaire and the analyses method), we call for more research on the factors that affect the evaluation of organisational performance by suggesting following questions for further research:

- How could national and supranational institutions help to improve the competencies for practicing the evaluation of organisational performance?
- What could be the ultimate benefits for CCI organisations to implement the evaluation of organisational performance in Estonia?

- What characterizes CCI organisations that do or do not perform evaluative practices?

Such a list of questions cannot be answered by a single study, and different angles and approaches should be addressed to tackle the issues of strategic management in CCI for the sake of improving the sector.

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Appendix 5

Publication 2. Factors Affecting Strategic Management Attitudes and Practices in Creative Industries Organizations

Sassi, M., Pihlak, Ü. and Haldma, T.

Sassi, M., Pihlak, Ü. and Haldma, T. 2017. Factors affecting strategic management attitudes and practices in creative industries organisations. *Journal of Cultural Management and Policy*, 7, 71–87.

ABSTRACT

Organisational performance measurement is essential for the competitiveness of organisations – however, measuring performance is not widely used among Estonian cultural and creative industries organisations (CCIOs). This study aims to indicate the factors that influence strategic management attitudes and activities within CCIOs. Factor analysis is used to detect those factors affecting the internal and external environment of CCIOs. Cluster analysis leads to establishing differences between five identified clusters of Estonian CCIOs. As a result of the study, the following potential critical success factors for the competitiveness of organisations in cultural and creative industries were mapped: the lack of financial resources, a highly competitive environment and orientation to international co-operation. The study distinguishes those features contributing to organisational performance measurement and specifies “evaluation-friendly” and “evaluation-hesitant” CCIO characteristics. Some implications for managers of CCIOs and a future research agenda are also offered.

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Keywords: Cultural and creative industries, Strategic management, Performance measurement, Factor analysis, Cluster analysis.

INTRODUCTION

The cultural and creative industries organisations (CCIOs) are the fastest growing sector of the world economy (UN Industrial Development Organisation, 2013). Since the sector has an important role in the creation of employment and added value in the economy (ASEF, 2014), it is in the interest of the state and the CCIOs themselves to work as efficiently as possible. However, there are claims that the industry does not work as effectively as it could. This brings us to the central question of the current paper: which factors affect strategic management attitudes and practices in cultural and creative industries organisations?

In the Baltic States, it is evident that there are three types of “logic” for developing a coordinated approach to the creative industries: commercial logic, professional logic and cultural logic (Lassur, Tafel-Viia & Viia, 2010). In the context of the current research, commercial and professional logic play a key role, as these aim to improve leadership skills in the sector and build a larger skills base (Lassur, Tafel-Viia & Viia, 2010). However, there are only a few studies related to creative industries management in Estonia. Therefore, the managerial issues in Estonian CCIOs are still more or less an undiscovered territory. The current article targets the managers of CCIOs of all organisational types and has its focus on both creative enterprises and public arts organisations. The purpose of the current paper is to define the factors influencing the performance measurement mindset and implementation in CCIOs. This leads to the following research questions, which we will aim to address:

- *What are the main external and internal challenges according to CCIO managers in Estonia?*
- *What factors make some CCIOs think and act strategically and some not?*
- *What features characterize a CCIO with a strategic mindset and orientation toward organisational performance measurement?*

So far, the issue of what motivates a CCIO toward a strategic mindset has not been researched in Estonia. This study will specify how “performance evaluation”- friendly or hesitant CCIOs are. This kind of characteristic could have practical implications for CCIO managers by helping them raise the effectiveness of their organisations. To identify whether organisations actively evaluating performance are more successful than those who do not could be seen as input for future research (outside the scope of the current article).

The paper is organized as follows. The next section will present a brief overview of the key concepts in the field of CCIOs with a focus on factors, challenges, strategic management and performance evaluation. Section three outlines the research sample and methodology. The fourth section presents our results and main findings. Finally, section five presents some concluding remarks on the factors that influence managers of Estonian CCIOs in regard to specific management practices, including strategic management and performance evaluation.

THEORETICAL FRAMEWORK

In this section, we outline four main conceptual approaches to measuring organisational performance in CCIOs.

Key concepts in CCIO strategic management

There are tens of definitions about the cultural and creative industries, and as an industry it has become one of our most vibrant and engaging in the early 21st century (Editorial, 2013). Most existing definitions focus on “the creative” content or some kind of “mysterious” phenomenon related to the cultural and creative field, or the “specifics of the objects” of the cultural and creative industries. One of the most dynamic definitions comes from Keane, who called the “creative economy a mysterious animal” and paid attention to the fact that it seems to have many heads and appendages (Keane, 2013). Therefore, a double-edged sword might be needed to target this kind of animal. Consequently, the current article addresses the concept of the “measurement of organisational performance” in CCIOs from strategic management and strategic planning perspectives. We will now define the following key concepts of the article: challenge, factor, performance, organisational performance measurement and strategic planning.

As the current study is framed by challenges, it is important to define those challenges. Phillip J. de Prez sees a challenge as an important motivational factor based on an organisational setting. He has also stressed that a challenge comprises numerous components, which together are grouped into four distinct elements based on the individual’s perception of the challenge as temporal, emotive, achievable and motivational (de Prez, 2016). The definition of the latter is the most appropriate in the current setting, with

“motivational challenges” being more than “ordinary” or day-to-day tasks, they are obstacles to overcome with a reward that is meaningful (de Prez, 2016).

To general knowledge, the organisations are not environmentally independent. For the development of the evaluation of knowledge management and innovation management factors and determining organisational performance, the internal aspects and external factors of the management have to be taken into consideration (Dickel & de Moura, 2016). However, it is important to keep in mind that the distinction between environment and the organisation itself is relative to the goals and actions of organisational decision-makers (Child, 1972). External factors are the key factors in accounting for different decision frameworks and resulting strategies in the same objective environment (Anderson & Paine, 1975). The current article analyses the influence of a selection of internal or external factors (referred to as independent variables) in organisational performance evaluation.

The common understanding is that the final outcome for a CCIO is known as a performance – concert, film or artwork. However, organisational performance is difficult to define due to the multidimensionality of the performance concept (Verweire & Van den Berghe, 2004). Lönnqvist (2004) has distinguished three aspects of performance: first, performance can refer to the results or outputs of the actual activities; secondly, performance may refer to the quality of the activities carried out; third, performance may also refer to the ability or potential to achieve results. Hence, performance may be seen as actual or potential results or activities. Rumelt (2011) has claimed that “performance is the joint out- come of capability and clever design”. This argument plays a central role in the context of the current article. It is possible to conclude that CCIOs need both a good plan (strategy) and know-how (strategic management skills) in order to run their organisations well.

Organisational performance can be measured in relation to goals, resources, stakeholders, multiple criteria or as a system evaluation. The idea of equifinality suggests that similar results may be achieved with different initial conditions and in many different ways (Roberts, 1994). In the context of the current article, this means that the cultural and creative organisations might just follow their intuition, plan their goals and learn from mistakes. This kind of organisational learning is essential not just for development but also to stay competitive. Therefore, it is important for organisations to

learn how to use small changes with regard to large consequences (Morgan, 1997). The main reason why organisations in the cultural and creative industries need to measure their organisational performance is because it helps both the funder and the organisation itself to ensure the maximum efficiency of their operations (Birnkraut & Heller, 2005).

In the current context, *measuring organisational performance* is seen as one of the most important elements of strategic management, since it makes it possible to identify the gap between the current situation of an organisation and “the level of excellence to be considered, by proposing goals that are aligned with strategic planning and the use of indicators” (Hill & Jones, 2012). It is nearly a synonym for managerial performance that has been less addressed in the CCIO context so far (Hadida, 2015). While Marshall et al (1999) define performance measurement as a process for working out the indicators and collection of data in order to analyse performance, Towse (2010) has also pointed out that performance indicators build a bridge between cultural economics (the goals of arts policy) and arts management. The objective of the authors of the current article is not to study how artistic quality or purely financial performance of CCIOs is measured, the focus is on the general “organisational performance” of cultural and creative organisations. However, effective organisational work might be a prerequisite to commercial performance, artistic merit and societal impact (Towse, 2010).

Strategic planning is usually seen as a prerequisite for strategic management. Evaluation might be seen as the final stage in strategic decision-making or as one autonomous system within the management system (Colapinto & Porlezza, 2012). In the following subsection the relations between these concepts are explained.

The main factors influencing CCIO management

According to neo-institutionalism, institutions consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct) and formal rules (constitutions, laws, property rights) (North, 1991). All of them affect both the attitudes and the activities within organisations. Ménard (2014) described “organisational arrangements” as rules that may develop internal rules, codes, and conventions that define the content of their governance (e.g. the internal structure of the firm). Those arrangements might influence the strategic management of cultural and creative industries both internally

and externally, and therefore special attention was paid to the habits, plans and written documents guiding the daily routine of CCIOs. As a result of this argument, the current study examines organisational performance measurement among other factors, through attitudes (e.g. organisational values) towards strategic management and the real performance evaluation activities carried out by organisations (e.g. evaluation routines) and formal rules (mainly seen as the external environment).

Therefore, in order to have a complete picture of the organisational performance evaluation of CCIOs, both the internal and external environment with its challenges and other factors influencing the organisations have to be taken into account. On the one hand, the analysis of the internal environment (Ahmad, 2012; Cocca & Alberti, 2010; Ehtesham, Muhammad & Muhammad, 2011; Epstein & Mcfarlan, 2011; Lin, 2015; Saulais & Ermine, 2012) of CCIOs aims at mapping the strengths and weaknesses of the organisations. On the other hand, the study of the external environment (Gkritzali, Lampel & Wiertz, 2016; Jones et al, 2004; Menguc, Auh & Ozanne, 2010; Morgan et al, 2009; Noyes, Allen & Parise, 2012; Parkman, Holloway & Sebastiao, 2012; Perry & Porter, 1982; Seifert & Hadida, 2006; Turbide & Laurin, 2009; Wu & Wu, 2016) seeks to identify the strategic opportunities and threats (Hill & Jones, 2012). Zorloni (2012) suggests that organisations in the cultural and creative industries should analyse at least the following areas: public value, internal learning and growth, external relationships, and resources and finances. As suggested by Florea (2016), this study uses the following list of internal factors: setting goals, designing strategies, financial force, feedback from different people or organisations work programs during the day, performance assessment, etc.; and external factors such as the degree of competitiveness, external challenges, etc. These factors are not considered to be challenges, as they are constantly present and can be seen as the natural setting for organisations.

The questionnaire for this study was composed using three sources. To map challenges, the study by Tscherning & Boxenbaum (2011) targeting creative enterprises was used. A self-assessment tool introduced by BTW Consultants (2010) in the USA was used to measure strategic planning and management practices. Additionally, Birnkraut's (2011) suggestions for evaluation practices were drawn upon to map the regular organisational performance practices. The full questionnaire is included as annex 1; in short the questionnaire consisted of the following five sections:

- *Profile of the organisation* (subsector, number of employees, legal form and age of the organisation);
- *Organisational values* (education of employees, orientation to creativity, development orientation, enthusiasm, competition oriented mindset, etc.);
- *External environment* (competitive environment, uniqueness of products, and a wide list of challenges);
- *Internal processes and analytical mindset* (regular analysis of performance, existing system for analysing performance and individual activities, existence of well-established methodologies for performance measurement, planning and an analytical mindset, types of indicators used);
- *Organisational performance measurement* (frequency of collecting customer feedback, frequency of comparing plans with results, tools and/or methods used for collecting and/or analysing the feedback and/or performance).

CCIOs face numerous challenges daily, both internally and externally. When planning the study, the idea that an “organisation’s greatest challenge may not be external threats or opportunities, but instead the effects of entropy and inertia” (Rumelt, 2011) was kept in mind. Therefore, both types of challenges were paid equal attention. The internal aspects were targeted via mapping the strengths and weaknesses and also the plans and attitudes of the organisations. The study by Tscherning & Boxenbaum (2011) identified key challenges that affect the daily existence of organisations in the cultural and creative industries. According to their study, the following internal factors affect the daily performance of cultural and creative industries organisations:

- the educational profile of employees;
- the balance between the creativity and profit-seeking aspirations, daily activities based on the written mission statement, vision, strategy, and innovation;
- the uniqueness of production compared to competitors, and financial management (Tscherning & Boxenbaum, 2011).



FIGURE 1. CONCEPTUAL FRAMEWORK OF FACTORS INFLUENCING THE ORGANISATIONAL PERFORMANCE EVALUATION OF CCIOs

Source: Authors' own elaboration.

The study of external factors focused on identifying the strategic opportunities and threats (Hill & Jones, 2012). Figure 1 illustrates the layers of the study. Therefore, these (sets of) aspects are expected to influence organisational performance evaluation in CCIOs. Additionally, different internal and external challenges might have a certain impact as well. Based on the literature review, these challenges are caused by different factors – managerial, content, funding and external. In the following subchapter these challenges are discussed in more detail.

Challenges for CCIOs

When trying to understand how organisations in the cultural and creative industries work, the constantly changing internal and external environment needs to be taken into consideration. Faulkner & Anderson (1987) already described the “cultural industry” in the 1980s as having great unpredictability

– which means they have to face different challenges on a daily basis. Even today, the cultural and creative industries form a significant and rapidly growing set of different industries with the continuous emergence of new sub- industries; in other words, a remarkable sector but not one that is cohesive (Potts & Cunningham, 2008).

The way CCIOs function differs from how the other business sectors function and the challenges managers in the sector face also differ. Often CCIOs do not even have a horizon for long-term commercial planning, as a Danish study revealed, they still face major challenges concerning strategy and business development (Tscherning & Boxenbaum, 2011). This may be caused by the fact that managers in CCIOs often have an educational background in the arts and are not formally educated to manage organisations. Jeffcutt & Pratt (2002) also agreed that in practice most managers of CCIOs do “not have either a core task or a core competency in management”. Therefore, the first challenge the industry faces is the competence of its managers. The research by Tscherning & Boxenbaum (2011) showed that there is a great need for the development of support services within the creative industries sector that would concentrate, among others, on the strategy and business development of creative organisations. The same study also stressed that one barrier that CCIOs face daily is a lack of business competencies.

Perhaps the most widespread challenge concerns the managerial process. Berziņš (2012) found that the strategic management process is more complicated in creative than in traditional industries. One of the reasons for this is that when implementing classical management functions – planning, organisation, motivation and control – the managers in creative organisations must consider additional factors and parallel functions (Berziņš, 2012).

Different financial factors form another group of challenges for CCIOs in terms of the lack of both financial resources and financial literacy. The analysis by Tscherning & Boxenbaum (2011) revealed that there was a special need for attention to the areas of finance, marketing and strategic development, where creative companies lack competencies, and according to Noyes, Allen & Parise (2012) financial resources shape the survival and innovation capacity of players in creative industries. A Baltic-Nordic comparative study also revealed a lack of knowledge in all areas of the most important entrepreneurial competencies; for example, working with numbers, accounting and financial planning were especially difficult for creative people (Küttim, Arvola & Venesaar, 2011). Moreover, planning

and decision-making on whether to prefer artistic aims over financial ones (doing what one likes or what earns income) were outlined as well (Küttim et al, 2011).

Probably the most difficult challenge to overcome is related to the performance (products and services) of CCIOs. Many of the services provided by cultural institutions are of an intangible nature or functionally creative (Towse, 2010). CCIOs are all involved in the production of goods and services with cultural value that is sometimes called “symbolic value” (O’Connor, Cunningham & Jaaniste, 2011).

The challenges discussed above are caused mainly by internal factors. However, perhaps the most important challenge that CCIOs have to overcome on a daily basis is the constantly changing competitive environment. One might ask how this is different from other industries. In addition to the typical competitive business environment, there are more competitive aspects for CCIOs. As stated in the study by Benghozi & Lyubareva (2014), CCIOs have to handle dematerialized transactions, market extensions, new offerings and new customer relations. Another important aspect that differentiates the CCIOs is that they belong to a highly specialized and highly skilled industrial sector “that is based around individual expertise, individuals can be “leached out” of firms, or lost altogether, through employee migration and poaching” (Jeffcutt & Pratt, 2002).

Therefore, we can conclude that the factors influencing strategic management within organisations may be external or internal, but may also be characterized in terms of attitudes and real activities. After analysing the challenges, it is possible to clarify how changes in some factors may radically alter the mix of efficacious strategies (Rumelt, 2011), or more relevant in the context of the current article, to understand the essence of strategic management in Estonian CCIOs. This leads us to the first research question: *what are the main external and internal challenges according to CCIO managers in Estonia?*

Strategic management attitudes of CCIOs’ managers

CCIOs are usually considered to be creative by nature, and therefore supposed to be managed differently. Caves (2000) has paid attention to the fact that employees in the creative industries often care mainly about originality and do not perhaps pay so much attention to the practical side of their production.

The research by Berziņš (2012) showed that creative organisations use the same strategic management methods as traditional organisations, but with two exceptions. The strategic planning period in cultural and creative industries organisations is shorter and strategic flexibility is correlated with the compliance of management decisions with the external environment of the organisation and the specifics of the creative industry (Berziņš, 2012). Furthermore, other studies have indicated that the focus of management issues in CCIOs is usually “here and now” and not dedicated to the future (Jeffcutt & Pratt, 2002). Tafel-Viia et al (2011) revealed that 62% of creative enterprises were lifestyle oriented, while only 19% were “growth-oriented” and 19% were creative enterprises with “features of growth orientation”. This central finding contradicts the overwhelming business logic that companies are usually growth-oriented (Tafel-Viia et al, 2011).

Therefore, the management of cultural and creative industries is usually considered complex because creativity and innovation are managed in a context of diverse and fast-changing knowledge flows (Jeffcutt & Pratt, 2002). However, there seems to be an understanding that the field could be characterized by controversies (Banks & O’Connor, 2009) and it is necessary to understand the organisational phenomena of CCIOs (Pick et al, 2015) before making any conclusions. Pick et al (2015) claim that the development of a theory for creative industry management requires new thinking. The authors of this article were eager to identify the driving forces behind current thinking and so the study that forms the basis for the current article aims at establishing the factors that influence managers of Estonian CCIOs when selecting specific management practices, including strategic management and performance evaluation. This leads us to the second research question: *what factors make some managers of CCIOs think and act strategically and some not?*

Measuring success, efficiency and effectiveness in CCIOs

The central question in strategic management is how organisations can identify whether they are successful or not. There are different approaches concerning the relations between success and strategic management. For instance, Andrushkiv & Fedyshyn (2013) have stated that a “key prerequisite for successful strategic management improvement is organisations ability to quickly and efficiently connect market requirements with the potential of new technologies and integrate the results into their own products and processes development”, while Rumelt (2011) has claimed that the core of strategy

work is in “discovering the critical factors in a situation and designing a way of coordinating and focusing actions to deal with those factors”. Turbide & Laurin (2009) have paid attention to a slight contradiction in CCIOs – even though non-government organisations (NGOs) in the field of performing arts have acknowledged artistic excellence as their most important success factor, their performance measurement systems focus more on the financial indicators than on the non-financial ones. Therefore, they identify their success through financial performance indicators.

Pfeffer, Salancik & Leblebici (1976) claim that “organisations survive to the extent that they are effective and their effectiveness derives from the way they can handle demands of different interest groups upon which the organisation depends for resources and support”. Neely, Gregory & Platts (1995) also state that effectiveness is related to customers; according to them, this refers to the extent to which customer requirements are met. Neely et al (1995) point out that efficiency indicates the economical use of the firm’s re- sources. Gilhespy (1999) finds that efficiency is related to socially desirable aspects of performance while effectiveness is more about the output of achieved objectives. Therefore, in order to find out if the organisation is effective or not, its actions need to be analysed, and special attention is focused here on the external environment – clients. According to the guidelines of the “quality framework” in Scotland, the importance of audience information is stressed for forming overall planning and decision-making in arts organisations (Scottish Arts Council, 2009).

Therefore, there is a clear link between success and performance measurement. However, there is still a certain resistance towards performance evaluation in CCIOs. Birnkraut (2011) stresses that conducting an evaluation has very much to do with the psychological ability to recognize errors or weaknesses and the potential for change. Therefore, it is also important to consider changes and optimisation options as something positive. Birnkraut (2011) admits that one reason for the reluctance to evaluate is that cultural institutions defend themselves by saying that artistic quality cannot be measured. But even if the artistic quality is not evaluated, functioning processes, effective use of resources and good internal and external communication are involved in the success of an organisation.

According to common sense, analysis/learning and improvement/development (that might lead to success) go hand in hand. Consequently, in order to develop, one needs to analyse the current situation. However, people

and organisations do not often make rational choices. Rational choice-driven approaches emphasize the logic of consequences. This means that actors identify their goals and then choose the most efficient way to achieving those goals (Morgan et al, 2009). In order to do that, the organisations need to plan their goals and later analyse whether these have been achieved. Still, the choices of CCIOs are not always very rational. This leads us to the third research question: *what features characterize a CCIO with a strategic mindset and orientation toward organisational performance measurement?*

SAMPLE AND METHODOLOGY

Estonian creative industry organisations

Discussions about the creative industries agenda in the Baltic countries began in the 2000s. The first state level steps involved statistical mapping surveys of creative industries in Estonia, Latvia and Lithuania in 2010 (Allikmäe, 2011). The Estonian definition of creative industries addresses “collective creativity”, and the official definition is as follows: “Creative industries are industries that have their origin in individual and collective creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property”. In 2013, the Estonian Institute of Economic Research (Eesti Konjunktuuriinstituut, 2013) mapped the Estonian creative industry organisations and concluded that based on their objectives they can be described as follows:

- creative businesses with clear business goals (revenue, profits, employment);
- creative businesses and institutions that organize cultural events mainly using the state or local government funding;
- creative businesses and institutions that enhance culture in the region and/or public awareness and bring indirect foreign investment and promote inter- national business;
- creative people who do not have a commercial objective, and who enjoy the creative process, and do not care about the market and consumers (Eesti Konjunktuuriinstituut, 2013).

According to the Overall Global Creativity Index (Florida, Mellander & King, 2015), Estonia is ranked 33rd in the world, while other Nordic Countries (Finland, Sweden, Norway) are ranked 5th, 7th and 11th, respectively, and neighbouring Latvia 40th, and Lithuania 51st. Estonia

seems to be doing slightly better in terms of creativity than the other Baltic States, while the high level of creative know-how in the Nordic countries seems to be out of reach. The reasons for that are not clear yet.

Sample description

The aim of the study was to determine the factors that influence strategic management practices in Estonian organisations in the cultural and creative industries, and as a result, analyse different organisational clusters based on the latent tendencies. Proceeding from the purpose of the study, our research was designed as a systematic sampling survey to provide inferences for the whole population of cultural and creative industries in Estonia on the basis of a carefully selected subset. According to the latest available data, the number of CCIOs in Estonia in 2011 was 7,066 organisations (Eesti Konjunkturiinstituut, 2013). The final sample used for the current analysis included 460 managers of different CCIOs, representing all 13 cultural and creative industries subsectors.

The representativeness for each cultural and creative industries subsector was guaranteed by the fact that all five most common organisational forms were well represented – private enterprises (45%), NGOs (17%), public sector institutions (16%), municipal bodies (17%) and foundations (5%) as presented in table 1. The table also illustrates the number and percentage of the subsectors and organisational form of participating organisations. All responses in the survey were weighted in order to achieve the same proportion of organisations in different subsectors as in the study of 2013 (Eesti Konjunkturiinstituut, 2013), which currently provides the latest available statistical data on CCIO indicators in Estonia.

The data was collected using the Google Forms online platform. In total, 2,001 organisations were targeted and the final sample of 460 respondents was achieved – which makes the response rate approximately 23%. The survey environment was accessible for the participants during 2.5 months (from mid-January until the end of March 2016).

TABLE 1. SUBSECTOR AND ORGANISATIONAL FORM OF THE RESPONDENTS Source: Authors' own elaboration.

| Sub-sector of CCI | Number of Respondents | Valid Percentage within the Sample | SHARE OF OWNERSHIP FORMS WITHIN THE SUB-SECTORS | | | | | |
|------------------------|-----------------------|------------------------------------|---|--------------|--------------|--------------|------------------|--|
| | | | PUBLIC % | NGO % | PRIVATE % | FOUNDATION % | MUNICIPAL BODY % | |
| Architecture | 58 | 12.60 | 0.00 | 1.70 | 98.30 | 0.00 | 0.00 | |
| Design | 34 | 7.40 | 0.00 | 11.80 | 88.20 | 0.00 | 0.00 | |
| Performing Arts | 26 | 5.70 | 0.00 | 65.40 | 3.80 | 26.90 | 3.80 | |
| Film and Video | 25 | 5.40 | 0.00 | 16.00 | 80.00 | 4.00 | 0.00 | |
| Publishing | 29 | 6.30 | 10.30 | 6.90 | 79.30 | 3.40 | 0.00 | |
| Art | 10 | 2.20 | 10.00 | 40.00 | 50.00 | 0.00 | 0.00 | |
| Entertainment Software | 4 | 0.90 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | |
| Museums | 19 | 4.10 | 57.90 | 0.00 | 0.00 | 31.60 | 10.50 | |
| Music | 69 | 15.00 | 1.40 | 56.50 | 31.90 | 8.70 | 1.40 | |
| Libraries | 129 | 28.00 | 44.20 | 0.00 | 0.00 | 0.00 | 55.80 | |
| Advertising | 38 | 8.30 | 0.00 | 5.30 | 92.10 | 2.60 | 0.00 | |
| Broadcasting | 3 | 0.70 | 66.70 | 0.00 | 33.30 | 0.00 | 0.00 | |
| Handicraft | 16 | 3.50 | 0.00 | 43.80 | 56.30 | 0.00 | 0.00 | |
| TOTAL | 460 | 100.00 | 16.00 | 17.00 | 45.00 | 5.00 | 17.00 | |

Data analysis

Analytical framework

Data analysis was conducted using SPSS (Statistical Package for the Social Sciences). The questionnaire including 35 questions targeted organisational performance measurement issues, strategic management and the external environment of organisations in the cultural and creative industries.

First, simple descriptive analyses were used in order to understand the scene and identify whether there was any correlation between the variables. It was considered useful to base the analysis on sets of variables and not operate with single items. In order to move from data to information, complexity was reduced at the variable level using factor analyses and at the case level using cluster analyses. Factor analyses were chosen in order to highlight the connections among the long list of variables based on the latent variables. In the subsequent analysis, cluster analyses were used in order to identify homogenous groups among the CCIOs.

Factor analysis

Factor analysis is only significant if the variables involved are sufficiently correlated to one another. Therefore, the pre-analysis started with a Pearson correlation in order to identify whether the correlations were sufficiently strong to apply factor analyses. The Pearson correlation was applied to all the statements of the questionnaire. Factor analyses were considered to be reasonable, since the Pearson correlation coefficient was greater than 0.30 for 26 out of 34 variables. The strongest correlation coefficient occurred for evaluation-related statements. The KMO and Bartlett's Test indicated that 82.9% of the content could be described using factors; therefore, it was concluded that the data was suitable for factor analyses.

The results of several types of factor analysis were compared to identify the best possible solution for summary variables. Finally, the factor analysis using the Principal Component Analysis method was selected. The analysis produced three initial factors with eigenvalues over 1. As the principal components extraction using Varimax rotation produced a set of factors that were the easiest to interpret, and were also superior according to the statistical parameters, it was decided to persevere with this type of factor analysis. The statistical parameters considered were the commonalities of

the initial variables, the cumulative proportion of variance described by the factor model, the evenness of the distribution of initial variables between factors, and the proportions of variance described by each factor. To see whether merging some factors would increase the reliability, Cronbach's alpha as the most suitable reliability test for a Likert scale was calculated for every set of variables forming the basis for the 3 factors.

Cluster analysis

Cluster analysis is a method "for displaying the similarities and dissimilarities between pairs of objects in a set" (Romesburg, 2004). In order to better understand the latent tendencies illustrated by factors, a cluster analysis on the basis of the same factors (F1, F2 and F3) was conducted. The goal of the cluster analysis was to divide the weighted cases into groups so that a high degree of similarity exists between cases in the same group, and a low degree of similarity between cases belonging to different groups. Before starting with the cluster analyses, the correlations of the (remaining) variables were measured again. The correlations were especially high among the evaluation subsection variables, but nonetheless no collinearity was discovered between the variables.

A two-step procedure was used for clustering the CCIOs. First, the hierarchical clustering method was used in order to define the number of clusters. Ward's method as a variance method was selected – the means for all the variables were computed for each cluster. The distance between the clusters was calculated using Absolute Euclidean Distance. Various models were calculated and compared to find the best solution. Based on the agglomeration schedule and dendrogram, 4-7 clusters appeared as the suitable model solutions. This result was used as an input for the K-means method.

In the next research phase, the cases were weighted and data was analysed using the K-means cluster analysis. The following statistical criteria were considered: the reasonableness of cluster sizes, the f-values of the variables within the model (=10-161) and the clear difference between clusters as described by cluster centre values. The most suitable model appeared to be the one with five clusters produced by the K-means cluster analysis. The distribution of the organisation numbers within the 5 clusters is described in table 2.

TABLE 2. DISTRIBUTION OF 5 CLUSTERS Source: Authors' own elaboration.

| | | Unweighted | Weighted |
|----------------|----------|-------------------|-----------------|
| Cluster | 1 | 81 | 93.88 |
| | 2 | 162 | 130.80 |
| | 3 | 63 | 62.99 |
| | 4 | 78 | 90.56 |
| | 5 | 76 | 80.51 |
| | | 460 | 458.74 |

RESULTS AND MAIN FINDINGS

When analysing the responses of organisations in the selected sample, it appeared that all types of cultural and creative organisations shared the following characteristics: innovative mindset, creativity-focused approach and uniqueness of their services or products. A more precise description of organisations could be formed based on organisational type and age – both variables correlated with the competition and challenges related variables, but as it was just the start of the study it will not be elaborated further here.

The main external and internal challenges of strategic management

In order to understand what kinds of factors influence the strategic management in CCIOs, a factor analysis was applied. First, the latent variables describing the scene were indicated in order to identify the key factors that influence the operational performance of the CCIOs. It was expected that both internal and external challenges played a central role in influencing the daily strategic management practices and attitudes. However, the actual results formed three slightly different factors: evaluation practices (F1), strategic challenges (F2) and mindset (F3). Therefore, these factors describe the latent trends that have a major impact on the strategic management of the organisations in the field. These three factors will now be analysed in more detail.

Evaluation practices (F1). The first factor mainly indicated the regular evaluation practices and partly the attitudes towards the “evaluation-culture”. The strongest correlation besides the factor-variables could be found with the factor and the following statement: “Analysis of the performance and current activities is a natural part of our daily work”. This rather surprising result might be explained by the fact that the Estonian CCIOs measure

their organisational performance for two reasons, to ensure the maximum efficiency of their operations both for the founder and the organisation itself. In the current Estonian context, where remarkable EU funding is contributing to developing the infrastructure of CCIOs, the CCIOs have a special interest in meeting the evaluation criteria set by the EU. However, the factor is also weakly correlated to learning and development values within organisations and with a written mission statement, vision and strategy governing the organisations.

Strategic challenges (F2). The second factor indicated the main challenges that organisations face in their daily existence. Based on the strongest correlations besides the factor-variables, the following aspects seemed to be the most challenging for organisations: analysing and reporting on activities and acting in compliance with laws. The Danish study cited above also revealed that the major challenges of CCIOs concern strategy and business development (Tscherning & Boxenbaum, 2011). The following weak correlations indicate more moderate challenges that the organisations face in their daily activities: being innovative, making profit, having no confidence in terms of income, receiving external funding, finding customers and obtaining new orders.

Mindset (F3). The third factor described the attitudes concerning creativity and enthusiasm, but also the dependence on the state budget. The factor is weakly correlated to the statement concerning the existence of a written mission statement, vision and strategy that govern the organisations. This finding corresponds well with the study by Tscherning & Boxenbaum (2011), where the Danish researchers stated that one of the challenges that CCIOs face is seeking a balance between the creativity and profit-seeking aspirations, daily activities based on a written mission statement, vision and strategy. Negative correlations could be found with the following statement: “We operate in a field/market with strong competition”. Therefore, the sense of high competition seems to limit creativity and enthusiasm.

What factors make managers of CCIOs think and act strategically?

In order to understand what makes some managers of CCIOs think and act strategically and some not, a cluster analysis was used. This made it possible to describe the character of the CCIOs that do and those who do not think and act strategically. The analyses resulted in five clusters and the formal characteristics of the clusters are described in table 3. Same clusters are content-wise described in Annex 2.

The main informal aspects that differentiated the clusters included level of competition and existing evaluation practices. The significant differences between the clusters indicate that there is no single and uniform strategic mindset in the cultural and creative industries – strategic management traditions are different and depend more on available resources and attitudes towards the enthusiastic mindset.

The cluster analyses revealed that when describing organisations based on their performance measurement practices and strategic attitudes, approximately 18% of the organisations in the cultural and creative industries consider organisational performance evaluation important and practice at least some elements of it on a regular basis (cluster 1). Conversely, 14% of the respondents of the survey did not consider performance evaluation important and avoid it even though they are among the most eager to collect feedback from their target groups after each activity (cluster 3). Approximately 52% of the organisations (clusters 2 and 4) do collect and analyse feedback from their target groups, but not as systematically or consciously as the organisations belonging to cluster 1 (18%). The members of the fifth cluster do not employ systematic or conscious evaluation practices and from the managerial perspective are weaker than the rest of the participating organisations.

TABLE 3. FORMAL CHARACTERISTICS OF THE CLUSTERS

Source: compiled by the authors

| CRITERIA | Cluster 1 | Cluster 2 | Cluster 3 | Cluster 4 | Cluster 5 |
|--------------------------------|---------------------------|--|--|---|--|
| Number and % of cases in total | 94 (18%) | 131 (35%) | 63 (14%) | 91 (17%) | 81 (16%) |
| Type of organization | private enterprises (73%) | mixed – mainly NGOs, public sector and foundations | mixed – mainly private enterprises, NGOs | private enterprises (91%) | private enterprises (74%) |
| Typical field of activity | mixed | mixed – dominated by music organizations and libraries | mixed | mixed – dominated by architecture and advertising | mixed – dominated by architecture, music |
| Age of the organization | over 10 years | over 25 years | over 10 years | 6-25 years | over 10 years |

| CRITERIA | Cluster 1 | Cluster 2 | Cluster 3 | Cluster 4 | Cluster 5 |
|--|------------------|------------------|------------------|------------------|------------------|
| Share of employees with higher education | lowest | high | high | high | highest |
| Dependence on state/local funding | low | highest | high | lowest | low |
| Market competitiveness | high | lowest | low | highest | low |

Features characterizing the CCIOs with strategic mindset and orientation to organisational performance measurement

The most evaluation-friendly (cluster 1) and the most evaluation-hesitant (cluster 3) clusters have rather opposite positions – this indicates that a more challenging environment leads to less performance evaluation practices and vice versa. The external environment of the organisations in the first cluster is competitive and they are willing to improve their international competitiveness and to expand into foreign markets. The managers of these organisations do not consider strategic planning challenging and their performance measurement attitude is very positive. Their activities are based on a written mission statement, vision and strategy, while their organisational culture supports learning and development values. The organisational performance measurement practices of these organisations are systematic – they claim to have an effective system for analysing the performance and this is integrated into the daily working process. However, it is not just the existing performance measurement system that characterizes them formally, but also the practical implementation of the plans and processes. The achieved results are then compared to core goals, and the annual planning is related to the analysis of past performance. However, organisations belonging to this cluster do not seem to face any challenges, neither financial nor challenges in their daily activities that might limit the performance of other organisations.

The key feature of organisations belonging to the third cluster is uncertainty concerning income. They seem to struggle a lot with finances – both earning a profit and receiving external funding but also financial management in general is seen as a challenge by those organisations. CCIOs belonging to that cluster seem to struggle more than other organisations with recruiting

qualified personnel, which might influence the rest of the challenges they face; for instance, being in compliance with the law or being innovative. The managers of these organisations do not see performance measurement as valuable and do not practice any kind of organisational performance measurement – they do not collect or analyse any kind of data concerning their performance. They consider strategic planning, analysing and reporting very challenging, and therefore difficult. Their activities do not follow a written mission statement, vision or strategy. They seem to be “lost” since they do not have a strategy that could guide them out of the jungle of challenges.

DISCUSSION

As our analysis in the previous chapter revealed, the most important challenges faced by the cultural and creative industries organisations in Estonia are related to financial management and strategic planning. Similar results were found in the Danish study that targeted only the private creative enterprises (Tscherning & Boxenbaum, 2011) and which revealed that organisations in the creative industries have acknowledged the need for new know-how in regard to strategic planning. In the current study, not all aspects of evaluating organisational performance differentiated the respondents. The core aspects concerned annual planning, comparison of goals with actual performance, managerial attitudes towards the benefits of performance measurement, learning from previous experience and the existence of performance measurement systems and methodologies.

As a result of the analyses, the following modified conceptual model can be presented. Based on the empirical data from this study, the model was modified and, as presented above, strategic challenges (both internal and external), mindset and competitive market indicate the attitudes and activities related to organisational performance evaluation.

The data also indicated that the organisations belonging to the most evaluation-friendly cluster do not face any challenges, while the evaluation-hesitant organisations struggle with all possible challenges. In order to find an explanation for this, one has to look at cluster number 4. Organisations belonging to that cluster practice organisational performance measurement but also struggle with some challenges. They are not as eager of evaluation practices as the organisations in cluster 1 and their orientation to learning is

at an average level. The biggest difference between cluster 1 and cluster 4 is that the CCIOs belonging to cluster 4 are not oriented towards development and expansion and they have difficulties with financing. However, more interestingly they face most of the challenges that limit the third cluster but do not limit the first cluster. These are future oriented challenges: expansion to foreign markets, being innovative, justification of their existence to funders and strategic planning. Their daily challenges are related to the following fields: analysing and reporting, finding customers and obtaining new orders, recruiting qualified personnel and laws-related challenges.



FIGURE 2. FRAMEWORK OF FACTORS INFLUENCING ORGANISATIONAL PERFORMANCE EVALUATION OF CCIOs

Source: Authors' own elaboration.

The general findings indicate that the organisations that depend on external funding were more enthusiastic about what they did. Whether state-funded organisations are more enthusiastic about what they do because they do not need to worry about income, or whether there are other reasons needs further investigation. However, the organisations that are already active in

organisational performance measurement do not seem to have any shortage of know-how or lack of qualified personnel. While organisations that are evaluation-hesitant could benefit from training in the following fields: strategic planning, analysing and reporting, and financial management. They could also benefit from an infrastructure that supports them with development and expansion, finding customers, obtaining new orders, recruiting qualified personnel and finally, but most importantly, receiving external funding. However, their central struggle seems to be coping with their daily activities.

CONCLUSION

The article discusses the results of a survey conducted among Estonian cultural and creative industries organisations. A diverse set of topics focusing on the evaluation of organisational performance and managerial attitudes in these organisations was explored. The central question the paper proposed was: which factors affect strategic management attitudes and practices in creative industries organisations?

First, the main strategic challenges of CCIO managers in Estonia are analysing and reporting on activities and acting in compliance with the laws. CCI-s also face the following challenges in their daily activities: being innovative, making profit, having no confidence in terms of income, receiving external funding, finding customers and obtaining new orders.

Second, CCIOs are driven to think and act strategically by three closely linked factors: challenging environment, willingness to increase international competitiveness, and willingness to expand to foreign markets. However, organisations that think and act strategically barely face any challenges – internal or external. It is also important to stress that they are also coping well with their finances. The managers of such organisations do not consider strategic planning challenging and their performance measurement attitude is positive.

Third, the CCIOs that are evaluation-hesitant avoid comparing their goals with actual results and do not consider evaluation activities useful or beneficial. The most remarkable fact is that they display the greatest difficulty with regard to different external challenges even though they consider their business environment the least competitive compared to the other organisations.

Fourth, based on the results, it is possible to conclude that organisations that have a strategic mindset do not face any of the challenges listed in the questionnaire. Further research is required to investigate whether sufficient resources cause the strategic mindset or vice versa.

The current study has its limitations, since the number of respondents in some subsectors of cultural and creative industries was insufficient for statistical interventions, thereby preventing us from drawing any conclusions from the subsectors. However, there is reason to believe that the organisations from different subsectors represent different strategic management attitudes and activities. Further exploration of this topic using a larger sample is definitely necessary. Therefore, future research plans are to conduct a study to investigate whether the regular practice of organisational performance evaluation leads to better financial performance.

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ANNEX 1

QUESTIONNAIRE

How many paid employees does your organization have?

What is the juridical form of your organization?

What is the age of your organization?

Please choose the field of activity of your organization?

ORGANIZATIONAL VALUES AND OPPORTUNITIES

- 1) Employees higher education rate in our organization is over 75%
- 2) Creativity and creativeness play central role in our organization
- 3) Our organization is oriented to the development and/or expansion
- 4) Our organization is governed by the written mission statement, vision and strategy
- 5) The employees of our organization could be characterized rather by enthusiastic acting than striving for results or profit
- 6) Our organization's earnings depend directly on the state/local grants
- 7) Our organization has no confidence in terms of income
- 8) For our organization it is more important to do something that really interests us than earning revenue
- 9) Our organization is innovative
- 10) We want to increase the international competitiveness of our organization
- 11) We operate in the field/market, where there is strong competition

ENVIRONMENT

- 12) The services offered by our organization do not differ significantly from those offered by the competitors
- 13) Making profit is challenging for our organization
- 14) Protecting copyright and other intangible rights is challenging for our organization
- 15) Expansion to foreign markets and/or international cooperation is challenging for our organization
- 16) Being innovative is challenging for our organization
- 17) The justification of our own existence for funders or the public is challenging for us
- 18) Recruitment of the qualified personnel is challenging for our organization
- 19) The financial management and keeping the budget balanced is challenging for our organization
- 20) Strategic planning is challenging for our organization

- 21) Being in compliance with laws is challenging for our organization.
- 22) Receiving external funding is challenging for our organization.
- 23) Analysing and reporting on the activities is challenging for our organization.
- 24) Finding customers and obtaining new orders is challenging for our organization.
- 25) Daily analysis of the performance and current activities is a natural part of our work.

INTERNAL PROCESSES

- 26) Our organization has developed an efficient system for analysing the performance and individual activities.
- 27) Our organization values learning and development.
- 28) Our organization has well-established methodologies for analysing and assessing the work performance.
- 29) When planning new activities, we take into account the analysis results of the current activities.
- 30) The managers see performance evaluation as an important input to improve employees' performance and activities.
- 31) In our organization, not only will the performance be measured, but the achieved results will be compared with the goals planned.
- 32) In drawing up the annual plan the quantitative indicators to measure performance are planned.
- 33) In drawing up the annual plan the qualitative indicators to measure performance are planned.

PERFORMANCE EVALUATION

- 34) How often do you collect feedback from your visitors, and/or target groups?
- 35) How often do you analyse if the planned goals have been achieved?

ANNEX 2 – 5 clusters of cultural and creative industries

Organizations

The symbols used in the following table are as follows:

- ++ the most positive result
- + above average
- A average
- below average
- the lowest result

| | Cluster 1 | Cluster 2 | Cluster 3 | Cluster 4 | Cluster 5 |
|---|-----------|-----------|-----------|-----------|-----------|
| DEVELOPMENT & COMPETITION | | | | | |
| Orientation to development and expansion | ++ | + | -- | - | - |
| Willingness to improve the international competitiveness | ++ | + | -- | + | - |
| FUTURE-ORIENTED CHALLENGES | | | | | |
| Expansion to foreign markets as a challenge | -- | + | ++ | + | - |
| Being innovative as a challenge | -- | + | ++ | + | - |
| Justification of own existence to funders as a challenge | -- | + | ++ | + | - |
| Strategic planning as a challenge | - | + | ++ | + | -- |
| DAILY CHALLENGES | | | | | |
| Analysing and reporting as a challenge | -- | - | ++ | + | -- |
| Finding customers and obtaining new orders as a challenge | -- | + | ++ | + | -- |
| Recruitment of the qualified personnel as a challenge | - | + | ++ | + | -- |
| Financial management as a challenge | - | A | ++ | + | -- |
| Being in compliance with laws as a challenge | - | - | ++ | + | -- |
| Protecting rights as a challenge | - | ++ | + | + | -- |
| FINANCES AND UNCERTAINTY | | | | | |
| Uncertainty concerning the income | -- | + | ++ | + | - |
| Earning profit as a challenge | -- | + | ++ | + | - |
| Receiving external funding as a challenge | - | + | ++ | + | -- |
| RATIONALISM vs EMOTIONS | | | | | |

| | Cluster 1 | Cluster 2 | Cluster 3 | Cluster 4 | Cluster 5 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Activities based on a written mission statement, vision and strategy | + | ++ | -- | - | - |
| Employees' level of enthusiasm vs strive for profit | -- | ++ | + | - | + |
| Preference of interesting activities to profit earning | -- | ++ | + | - | + |
| EVALUATION | | | | | |
| Daily analysis of the performance integrated to the work process | ++ | + | -- | + | - |
| Effective system for analysing the performance | ++ | + | - | + | -- |
| Learning and development values | ++ | A | -- | A | A |
| Existing methodologies for analysing the work performance | ++ | + | -- | + | - |
| Planning related to the analyses of past performance | ++ | + | -- | + | - |
| Managers' positive attitude towards performance evaluation | ++ | + | -- | + | - |
| Achieved results being compared to set goals | ++ | + | -- | + | - |
| Using quantitative indicators in planning process | ++ | + | -- | A | - |
| Using qualitative indicators in planning process | ++ | + | - | + | -- |

Appendix 6.

Publication 3.

Using the Strategy Tripod to Understand Strategic Management in the “Evaluation-Friendly” Organizations of Cultural and Creative Industries

Sassi, M., Jyrämä, A. and Pihlak, Ü.

Sassi, M., Jyrämä, A. and Pihlak, Ü. 2019. Using the Strategy Tripod to Understand Strategic Management in the “Evaluation-Friendly” Organizations of Cultural and Creative Industries. *The Journal of Arts Management, Law, and Society*, 324–346.

ABSTRACT

This article provides a new conceptual framework based on the Strategy Tripod to understand challenges and orientation that affect performance evaluation in the organizations of cultural and creative industries (CCI). The analysis is built on a quantitative study carried out in Estonia. Multinomial logistic regression was performed to assess the ability of different variables to predict performance evaluation. The new conceptual framework provides a holistic understanding of the uncertain environment and its impact on strategic management in “evaluation-friendly” organizations in CCIs. It adds new insight into theoretical and managerial discussions on how and why strategic management in CCIs is practiced.

KEYWORDS

Cultural and creative industries; performance evaluation; strategic management; strategic mind-set; Strategy Tripod

INTRODUCTION

The current article focuses “managerial rationality” inherent in discussions on the rationality of creative processes (Throsby 2001), actions (Weinberg 2009), organizations (Mintzberg 1984; Husted 1993), as well as consumers (Greffé 2008) and employees (Wilson 2009), and contributes new findings to this less-studied aspect. It builds on the analysis of performance evaluation in the cultural and creative industries (CCI) organizations (Sassi 2016). Even though organizations are usually perceived as goal-seeking—making rational choices based on data (Heracleous 1994) and monitoring the practices against set goals—we argue that management of CCI organizations is considered less rational in their decision making (Elmquist 2012). On the other hand, del Barrio and Herrero (2014) point out a need for a rational approach and efficient management in CCI organizations. In this article, we shall elaborate the rationality of CCI organization managers through a performance evaluation analysis based on the Strategy Tripod to gain more knowledge to understand the phenomenon in CCIs.

In strategic management literature, rationality and its benefits are often implicit assumptions; for example, seen as being conscious of uncertainties, making strategic priorities and then measuring performance (Waal 2013; Bredmar 2015). In strategic management theories, performance evaluation

provides a distinct frame, building on an underlying rationality assumption of organizations (Townley, Cooper, and Oakes 2003), arguing that organizations that practice strategic management perform better financially and non-financially than organizations that are less performance-management-driven (Waal 2013). Performance evaluation enables organizations to analyze the implementation of strategy and achievement of goals (Bredmar 2015). Performance evaluation thus contributes to quality improvements of the CCIs (Sassi, Pihlak, and Haldma 2017). However, performance evaluation is not yet widely used in CCIs (Birkraut 2011; IETM 2017). Moreover, Picket al. (2015) claim that theorizing for creative industry management requires new thinking from a theoretical point of view.

It is important to stress that the aim of the current study is not to compare the CCIs, but instead to test the relevance and interlinkages of the identified dimensions through conceptual theorizing. Thus, the current study aims to answer the following main research question: How do industry-based, resource-based and institution-based factors influence strategic decisions, as well as the performance of (evaluation-friendly) CCI organizations? A recent study (Sassi, Pihlak, and Haldma 2017) mapped the factors affecting strategic management attitudes and practices in CCIs and distinguished between “evaluation-friendly” and “evaluation-hesitant” CCI organizations based on their evaluation attitudes and activities. The same dataset (Sassi 2016) was used for the current study, with a clear focus on “evaluation-friendly” CCI organizations (which will be described in more detail in the methodology section). Having identified this paradox of simultaneous creative freedom (irrationality) and survival (rationality), focusing on their assumed impact on performance evaluation, we aim to shed more light on this phenomena, although we only focus on organizations that have a positive mindset towards evaluation and practice it on a regular basis; thus, they can be called “evaluation-friendly” (Sassi, Pihlak, and Haldma 2017).

Key questions of interest are the influence of industry-based, resource-based, and institution-based factors on strategic decisions, as well as the performance of CCIs. The Strategy Tripod combines industry-based, resource-based, and institution-based factors. This theory was proposed in 2008 by Peng, Wang, and Jiang (2008); thus far, it has been used to understand complex phenomena (Su, Peng, and Xie 2016) in strategy studies or international business, mainly in the context of emerging markets (Maclennan and Oliva 2018). For instance, the Strategy Tripod has been used for investigating the internationalization of services (Krull, Smith, and Ge

2012), relational governance (Ju, Zhao, and Wang 2014), export behaviors (Gao et al. 2010), knowledge creation capability (Su, Peng, and Xie 2016), and strategic positioning (Ju, Zhao, and Wang 2014). Even though Estonia is a developed country, CCIs in Estonia can be seen as part of a complex and emerging market, especially due to deficiencies in infrastructure and lack of management skills in general (Instituut Eesti Tuleviku Uuringute 2009), and to internationalize (Eesti Konjunkturiinstituut 2018). It is definitely a challenging task to use the Strategy Tripod to analyze the cultural management discipline, due to the fact that the Strategy Tripod is a new theory, does not yet have consolidated metrics, and uses rather different measures for analyzing similar constructs (MacLennan and Oliva 2018). However, this is what the authors do to shed light on performance evaluation within a novel context. Therefore, the following research questions derived from the Strategy Tripod were adopted:

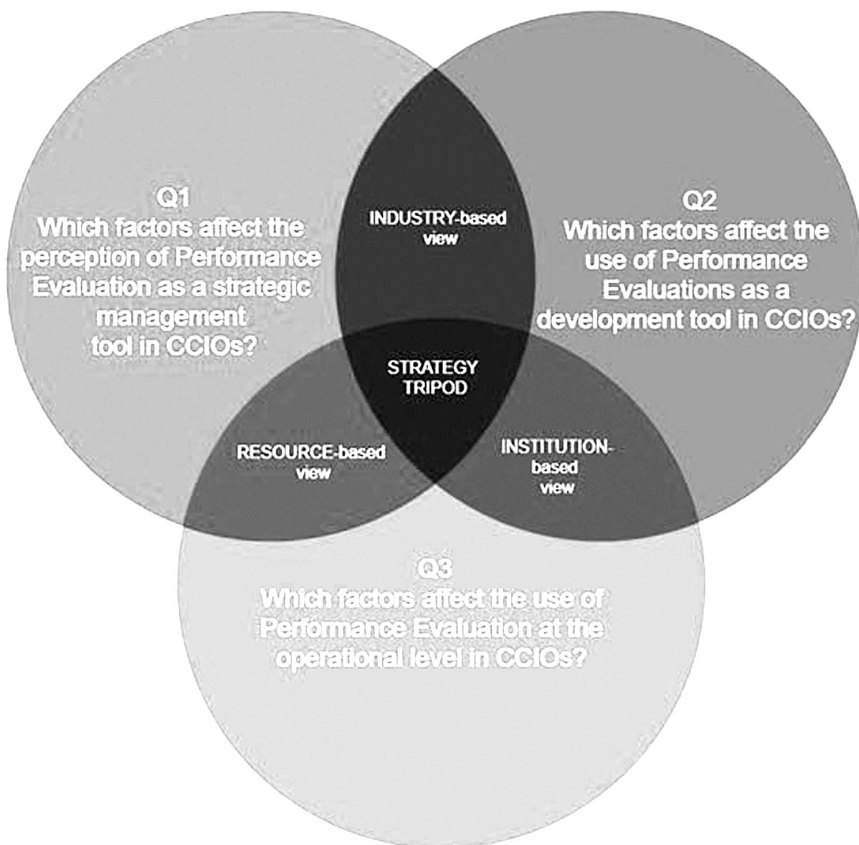


Figure 1. Research questions in theoretical setting. Compiled by the authors.

RQ1: Which factors affect the perception of performance evaluation as a strategic management tool in CCI organizations?

RQ2: Which factors affect the use of performance evaluations as a development tool in CCI organizations?

RQ3: Which factors affect the use of performance evaluation at the operational level in CCI organizations?

The Strategy Tripod approach enables us to elaborate on these questions through the industry-based view, resource-based view, and institution-based view to understand the strategic mind-set and behavior in their full richness. The phenomena under analysis can be fully understood only through multiple approaches (Kellert, Longino, and Waters 2006) (see Figure 1).

In our article, we first introduce the context (CCIs) and its specificities, then the theoretical conceptual framework is elaborated, followed by the research methods and then the results and analysis of the empirical study. We conclude by presenting the new conceptual framework. The main contribution of the article builds from understanding the strategic behavior of “evaluation-friendly” CCI organizations.

Cultural and creative industries

Cultural and creative industries are based upon individual creativity (Galloway and Dunlop 2007). The sector encompasses a number of small businesses and individual entrepreneurs, as well as nonprofit arts organizations that operate in highly competitive and uncertain markets (Garengo, Biazzo, and Bititci 2005). The industry consists of a number of different sub-industries with variety over time and in terms of their business models (KreaNord 2012; Potts and Cunningham 2008). Each sub-industry (film, television, new media, etc.) within the CCI has its own managerial specifics (Jeffcutt and Pratt 2002), with creativity (Keane 2013) or artistic or cultural output (Rozentale and Lavanga 2014) as the unifying character. Also, public- and private-sector CCI organizations are significantly different (Flew and Cunningham 2010).

The European Commission defines creative industries as “sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented,

whatever the type of structure that carries them out, and irrespective of how that structure is financed” (Official Journal of the European Union 2013). However, the latest CCI mapping study in Estonia revealed an old truth: the main difference between different CCI subsectors lies in their setting of goals—not all are business oriented, and there are also organizations aiming to contribute to the image of Estonia, and therefore their performance cannot be measured on an equal basis (Eesti Konjunkturiinstituut 2018).

Generally, CCIs are considered to be competitive, in part due to new sources of competition (Flew and Cunningham 2010) that might have direct impact on their ability to be resilient and flexible (Kourtit, Nijkamp, and Waal 2009). On the other hand, in the Estonian context, the cultural and creative industry has proven to be more risky compared to other industries, but at the same time less willing to take risks (Pallok 2015).

CCIs can be characterized by ambiguous business logic not understandable to investors and with a lack of competent managers (Pallok 2015). Their employment relations are often partnership-like and nonhierarchical (Bērziņš 2012).

A study by Küttim, Arvola, and Venesaar (2011), which compared CCIs in Estonia, Latvia, Finland, and Sweden, revealed that creative managers characterize their own management style as lacking market orientation, being too creative and flexible, overlooking managerial mistakes, not being sufficiently self-motivated, and being weak in planning time, organization, and financial matters (Küttim, Arvola, and Venesaar 2011).

Thus, previous studies on strategic management within the cultural field have identified specific challenges, such as making judgments about the success or quality of a cultural performance, which might be difficult because of the unpredictable nature of the field, while the determination of quality is subjective and ambiguous in arts. Moreover, the notion of success in CCIs is multifaceted and difficult to define and measure (Waal 2007; Hadida 2015). Hence, in CCI performance management, acting on performance measurements is vital, as it creates clarity in the goal setting, operationalization, and implementation of the strategy, as well as offering potential corrective actions (Waal 2013).

Building a theoretical framework

The performance models developed specifically for CCI organizations usually include both external and internal views of the organization's performance (Bailey and Richardson 2010). We adopted Strategy Tripod theory, thus combining the industry-based, resource-based, and institution-based views, for analyzing performance evaluation in CCI organizations. The *industry-based view* (Porter 1980) argues that the performance and strategy of companies are mainly determined by industry-specific aspects. The institution-based view incorporates the role of institutions in understanding why organizations differ in terms of competitive advantage, considering the environment as a key determinant in the analysis of an organization's performance (North 1990, 1991). The resource-based view focuses on unique resources, capabilities, and sustained competitive advantage of a specific organization (Malik 2018), thus considering the internal factors as drivers for the strategy and performance in particular organizations.

To return to our original paradox (rationality vs irrationality), we needed to analyze the developmental and planning activity of CCI managers on strategic and operational levels in a variety of decision-making categories. These decisions can be made in relation to a formal policy or guided by inspiration, intuition, common sense, and circumstance (Gilhespy 1999), or be linked to the mind-set, especially attitudes concerning creativity and enthusiasm (Sassi, Pihlak, and Haldma 2017) or organizational values and strategic orientation (Voss and Voss 2000). Building on previous studies (Hadida 2015; Jeffcutt and Pratt 2002; Turbide and Laurin 2014), we argue that, due to the importance of the creative process and a highly uncertain environment, the managerial decisions and performance evaluation are specific in CCI organizations compared to the regular business sector. As this is a complex issue, the Strategy Tripod is expected to be the framework helping to understand this in its full variance.

Seeing performance evaluation systems as a means to gain competitive advantages and continuously react and adapt to external changes (Ates et al. 2013), and as an act of rationality, we analyzed the phenomena on both strategic and operation levels, from various dimensions and perspectives united in the Strategy Tripod. An industry-based view allowed a deeper understanding of external factors, the resource-based view brought the internal factors into focus, whereas an institution-based view highlights the specific nature and strategic orientation of the field. Thus, the combination

of these three perspectives will bring more insightful understanding and implications to the field of strategic management (Peng et al. 2009). Next, we shall elaborate on each approach in more detail.

Strategic management through industry-based lenses

The industry-based view stresses the importance of conditions within an industry as determinants of firm strategy and performance (Peng, Wang, and Jiang 2008), mainly regarding external challenges. Organizational strategic management is a result of various internal and external pressures. The pressures are expected to be arising mainly from the external environment of organizations and are usually understood as “social, legal, and cultural forces outside the firm that exert influence on how managers perceive the environment” (Menguc, Auh, and Ozanne 2010, 285). Among others, these pressures have direct influence on the conforming/resistant preconscious/controlling character of organizations (Oliver 1991). The way that organizations react to the pressures or challenges differs on the basis of the pressure itself. However, a wide range of internal and external factors determine the responses to the pressures, including competitive advantage expectations, environmental uncertainty, and the diffusion of institutional expectations (Garces-Ayerbe, Rivera-Torres, and Murillo-Luna 2012).

Table 1. Industry-based concepts used in current study. Compiled by the authors.

| Industry-based Lenses | | |
|---|---|---|
| Variable | Source | General remarks |
| Strongly competitive market | (Porter 2008; Sassi, Pihlak, and Haldma 2017) | Mainly consisting of external challenges and factors. In the current context, it refers to the strategic management level of the organization. |
| Enthusiasm vs profit-orientation of staff | (Csikszentmihalyi 2014) | |
| Justification of own existence is challenging | (Concepcion Garces-Ayerbe 2012; Menguc, Auh, and Ozanne 2010) | |

“Creative personalities exhibit different characteristics than noncreative people” (Ewing, Napoli, and West 2001, 162), as they are considered to be more emotional, but also more playful, “combining playfulness with discipline, alternating between fantasy and reality, and enthusiastic” (Ewing, Napoli, and West 2001, 162). Thus, we argue that, according to the industry-based view, external factors, such as competitiveness of the

market and justification of own existence (to funders), or internal factors like enthusiasm vs profit-orientation of staff, play an important role in performance evaluation practices (Sassi, Pihlak, and Haldma 2017). The first research question shall be addressed in the Methodology section based on the following theoretical concepts (Table 1).

Strategic management through resource-based lenses

The resource-based view differs from the industry-based approach as its focus is mainly on explaining superior firm performance (Barney 2014). The view is sometimes criticized as focusing only on the competitive advantage (Barney and Mackey 2016). However, there is much more to it, such as the focus on “strategic resources” that create the basis for a competitive advantage. Yet, it can be claimed that some organizations have very privileged positions in very attractive industries and are still not profitable. Barney explains it as “the return potential of a firm’s strategies depends on the attributes of that firm’s resources and capabilities” (Barney 2014, 25). However, some mainly internal challenges and limitations also need to be addressed, as they are related to the existence or lack of “strategic resources” of CCIs.

A Danish study of creative enterprises revealed that the major challenges of CCIs concern strategy and business development (Tscherning and Boxenbaum 2011)—the ability to react to the external environment. The study in Estonia revealed the following know-how-related challenges in CCIs: analyzing and reporting on activities, and acting in compliance with laws (Sassi, Pihlak, and Haldma 2017).

In addition, the same study also indicated two finance-related challenges: no confidence in terms of income, and receiving external funding (Sassi, Pihlak, and Haldma 2017). Thus, as just revealed, CCIs are in a constant struggle for financial resources. One must take into account that the CCIs that depend on public money are expected to report at least annually on their performance; they are therefore expected to collect and analyze the data regularly, but this seems to be not always done (Vakharia and Janardhan 2017). Thus, we argue that, in order to understand the performance evaluation in CCI organizations, we need to include their funding principles as well as the perception of income.

Table 2. Resource-based concepts used in current study. Compiled by the authors.

| Resource-based Lenses | | |
|--|---|---|
| Variable | Source | General remarks |
| Confidence level of income | (Sassi, Pihlak, and Haldma 2017) | Mainly consisting of competitive advantage, internal factors, unique and strategic resources, and capabilities. |
| Challenging to analyze and report | (Tscherning and Boxenbaum 2011) | |
| Majority of staff has higher education | (Marrocu 2010; Florida 2002; Barney 2014) | In the current context it refers to the developmental level of the organization. |

Quite similarly to the findings of Richard Florida (2002), the study of Marrocu and Paci (2010) indicated that production efficiency can be explained through the highly educated creative people. Moreover, the employees' education is without doubt an important resource from the perspective of performance evaluation.

The second research question shall be addressed in the Methodology section based on the following theoretical concepts (Table 2).

Strategic management through institution-based lenses

The institution-based view of strategy conceives strategic choices as the result of interactions between organizations and the formal and informal institutional environment (Peng 2002). In the institutional approach, decision making, including performance evaluation, is affected by institutional logic and expectations (Garces-Ayerbe, Rivera-Torres, and Murillo-Luna 2012). The institution concept has a multitude of definitions with specific characteristics (for further discussion, see, e.g., Dunning and Lundan 2008; North 1990; Peng et al. 2009; DiMaggio and Powell 1983; Oliver 1991). In earlier days, CCIs were sometime referred to as copyright (-based) industries. Towse (2010, 1) has explained CCI relations to copyright-related issues in the following way: "copyright comprises both economic and moral rights, it offers a combination of extrinsic and intrinsic reward and motivation." Thus, this is not just about one law that frames concerned organizations' daily activities, but goes into the norms and values level as well.

In this study, we focus on the institutional norms, values, and pressures affecting performance evaluation. For example, both the organizational

orientation to expand and learning orientation are expected to have influence on organizational performance evaluation (Sassi, Pihlak, and Haldma 2017). The combination of market orientation and learning orientation (Slater and Narver 1994) or challenges (Kozarkiewicz and Kabalska 2017) leads to the improvement of performance, influencing the strategic choices and effective- ness (Bunderson and Sutcliffe 2003). Therefore, we propose that analyzing an organization’s orientation needs to be included in the analysis of its performance evaluation.

Table 3. Institution-based concepts used in current study. Compiled by the authors.

| Institution-based Lenses | | |
|--------------------------------------|--------------------------------|--|
| Variable | Source | General remarks |
| Organizational orientation to expand | (M. W. Peng et al. 2009) | Mainly consisting of interactions with external environment, expectations, norms, values, pressures and strategic orientation. |
| Learning and development orientation | (Bunderson and Sutcliffe 2003) | |
| Protecting copyright is challenging | (Towse 2010; Nielsén 2008) | In the current context chosen concepts refer to the operational level of the organization. |

Performance evaluation is interrelated with the pre-defined goals of the organization, including a mission statement (Voss and Voss 2000; Munir and Baird 2016). However, the aims and goals of CCI organizations may be multifaceted (Hadida 2015). The ambiguity of quality, the uncertainty in the field, as well as the multifaceted nature of goals, create challenges for data collection and monitoring (Carman 2011; Heracleous 1994). It has been proposed that performance management is vital, especially for organizations in uncertain conditions, as it creates clarity in goal setting, operationalization, and implementation of strategy, as well as potential corrective actions (Waal 2013). In order for the goals to be motivational, they need to be challenging and systemic (Algera, Monhemius, and Wijnen 1997). Yet, this becomes more challenging in CCI organizations with a multitude of aims and measures of success. Setting goals should be followed by monitoring the actual performance or outcomes. As there are few different institutional logics for different organizational departments and their staffs (Binder 2007), institution-based lenses can be measured through quite different sets of variables. Therefore, the third research question shall be addressed in the Methodology section based on the following theoretical concepts (Table 3).

Methodology

Research philosophy

The current research is exploratory in nature and aims to foster an understanding of the phenomena under investigation. The cornerstone of the current empirical methodology is the assumption that it would not bring us closer to the truth when asking the managers of CCI organizations directly what makes them think and act strategically, since strategic planning and evaluation, like decision making in general, tend to be based on constraining and filtering effects (Heracleous 1994). This means that the managers of CCI organizations most probably have not fully acknowledged why they act strategically, or would underestimate the role of social, political, and cognitive influencers. Therefore, a quantitative research approach was chosen, and a clear distinction between facts and values was made in the survey questionnaire.

As explained in the theory section, the Strategy Tripod framework was selected for finding the answers to the research questions. Figure 2 illustrates the research process in a timeline form.

Data collection

The authors conducted analyses based on an existing dataset (Sassi 2016) of CCIs in order to find answers to the posed research questions. The original questionnaire for collecting data for the dataset was composed using the core elements of a similar Danish study (Tscherning and Boxenbaum 2011) targeted at creative enterprises and a self-assessment tool introduced in the United States (BTW Consultants 2010) and example of self-assessment questions developed for cultural organizations (Birnkrant 2011). As the questionnaire was anonymous, there was no reason to believe that managers would intentionally hide their challenges or aspirations, or make their daily evaluation practices look better or worse than they are in reality.

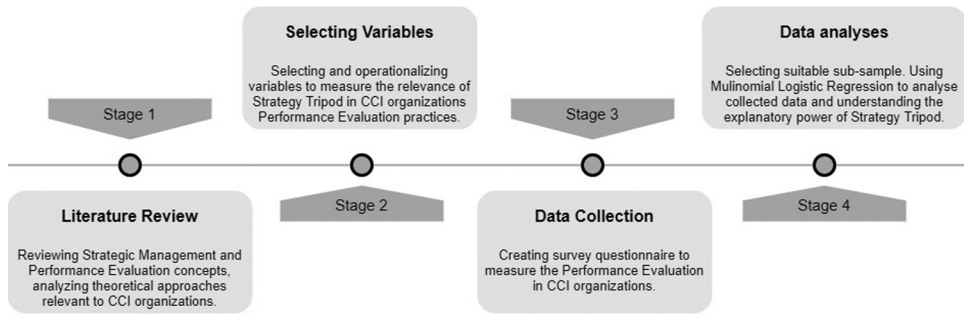


Figure 2. Research process. Compiled by the authors.

Table 4. Description of the responding organizations

| TYPE | Respondents (%) | AGE | Respondents (%) | STAFF | Respondents (%) |
|-----------------|-----------------|-------------|-----------------|----------------|-----------------|
| Private Company | 41 | >25 years | 40 | 1-5 employees | 68 |
| Municipal Body | 19 | 11-25 years | 25 | > 10 employees | 21 |
| Public Sector | 19 | 6-10 years | 14 | 6-10 employees | 7 |
| NGO | 16 | 3-5 years | 13 | no employees | 4 |

Sample of current study

According to the latest data available, there were 7,066 CCI organizations in Estonia in 2011 (Eesti Konjunktuuriinstituut 2013). The full dataset for this study consisted of 504 organizations, from which 460 responses were verified and used for research purposes. The final sample used for the current analysis included 321 managers of CCI organizations—all those that could be called “evaluation-friendly” (Sassi, Pihlak, and Haldma 2017). Those respondents had either a positive mindset about performance planning and evaluation and/or practiced performance evaluation in their organizations. Table 4 shows the core descriptive statistics about the participant organizations.

Descriptive statistics on the planning and evaluation attitudes and behavior indicated that even though the majority of the respondents claimed not to have an efficient system and methods to analyze and assess their performance, they still consider performance evaluation useful, and at least some of its elements are practiced regularly. As shown in Table 5, in most of the CCIs the logic of strategic planning and evaluation is followed to some extent—planning depends on the analyses of previous results, and after achieving the outcomes, they will be compared against the set goals.

Table 5. Performance planning and measurement activities and attitudes within CCIO sub-sectors. Compiled by the authors.

| ACTIVITY | Architecture | De-sign | Perfor-ming Arts | Film and video | Pub-lishing | Art | Entertain-ment Soft-ware | Muse-ums | Mu-sic | Lib-ra-ries | Adver-tise-ment | Broad-casting | Handi-craft | TO-TAL |
|---|--------------|---------|------------------|----------------|-------------|--------|--------------------------|----------|--------|-------------|-----------------|---------------|-------------|--------|
| Planning depends on the analysis of set results | 82,80% | 80,00% | 71,40% | 68,80% | 86,40% | 83,30% | 50,00% | 88,20% | 86,30% | 77,80% | 75,90% | 100,00% | 100,00% | 80,70% |
| Regular performance analysis practices | 79,30% | 80,00% | 78,60% | 50,00% | 77,30% | 33,30% | 0,00% | 88,20% | 64,70% | 68,70% | 72,40% | 66,70% | 63,60% | 69,50% |
| Achieved results are compared against set goals | 79,30% | 75,00% | 42,90% | 43,80% | 59,10% | 83,30% | 25,00% | 58,80% | 62,70% | 57,60% | 65,50% | 66,70% | 72,70% | 61,70% |
| Managers' positive mind-set about evaluation | 75,90% | 55,00% | 35,70% | 37,50% | 68,20% | 66,70% | 0,00% | 47,10% | 49,00% | 49,50% | 58,60% | 100,00% | 81,80% | 54,20% |
| Qualitative indicators | 44,80% | 30,00% | 64,30% | 50,00% | 59,10% | 83,30% | 50,00% | 82,40% | 54,90% | 50,50% | 55,20% | 100,00% | 63,60% | 54,20% |
| Quantitative indicators | 41,40% | 30,00% | 42,90% | 18,80% | 50,00% | 66,70% | 50,00% | 70,60% | 23,50% | 42,40% | 41,40% | 100,00% | 45,50% | 40,50% |
| Existing evaluation methodology | 65,50% | 35,00% | 21,40% | 12,50% | 50,00% | 33,30% | 25,00% | 23,50% | 23,50% | 50,50% | 44,80% | 66,70% | 18,20% | 39,90% |
| Efficient system for performance analysing | 34,50% | 30,00% | 35,70% | 6,30% | 59,10% | 16,70% | 0,00% | 29,40% | 21,60% | 34,30% | 41,40% | 66,70% | 45,50% | 32,70% |

Measures

The measures chosen for the analyses were based on the three legs of the Strategy Tripod. The choice of variables described and justified in the Theory Section are summarized in Figure 3.

In the following section, the relevance of the current model, based on the Strategy Tripod, will be tested in the CCI context.

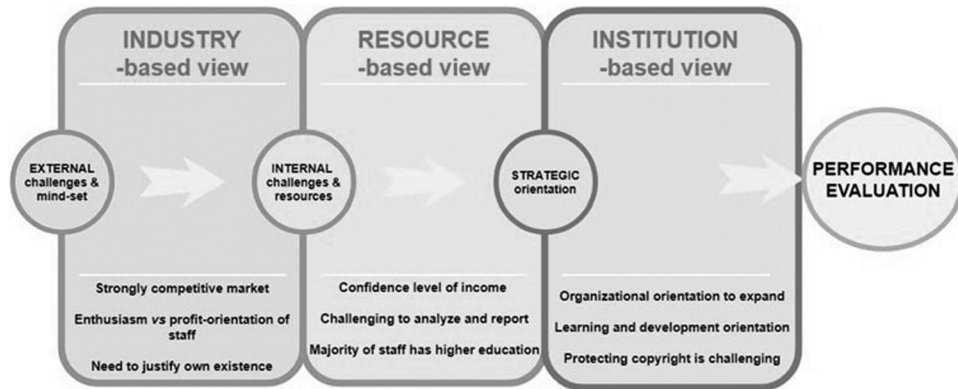


Figure 3. Variables used in current study in Strategy Tripod framework. Compiled by the authors.

Data analysis

The aim of the chosen methodology was to estimate the relations between the measurement of organizational performance and the variables affecting the daily planning and evaluating practices of CCI organizations based on the Strategy Tripod. Since the research was targeted at finding out which factors, and combinations of factors, predict that CCI managers plan and evaluate their performance, a positivist research paradigm was chosen. Multinomial logistic regression was chosen for three reasons. First, because it enables us to estimate the probability that an event occurs; in the current case, it helps to estimate if an organization uses planning and evaluation tools and methodologies and has the corresponding mind-set. Second, because it allows us to include more than one explanatory variable in the analysis; it was obvious in the current case that there is more than one variable that explains the phenomena. And third, because the variables had more than two possible discrete outcomes.

First, a simple descriptive analysis was used to understand the scene and identify whether there was any correlation between the variables. All dependent variables of the research questions—“Managers’ Attitude towards Evaluation,” “Performance Evaluation as Daily Practice,” and “Achieved Results are Compared against Set Goals”—were first measured on a five-point Likert scale. For analysis purposes, those variables were transformed into dummy variables (agree/neutral/not agree). All independent variables were also first measured on the five-point Likert scale and dummy variables with three options were created at a later stage, in such a manner that the answers indicated whether or not performance evaluation was used in organizations or the respondents had no opinion about this (Table 6).

Table 6. Description of the included variables. Compiled by the authors.

| Variable | Mean | Std. Dev. |
|--|------|-----------|
| INDUSTRY-BASED FACTORS | | |
| Strongly competitive market | 3.84 | 1.286 |
| Enthusiasm vs profit-orientation of staff | 3.95 | 1.065 |
| Justification of own existence is challenging | 3.32 | 1.328 |
| RESOURCE-BASED FACTORS | | |
| Confidence level of income | 3.21 | 1.344 |
| Challenging to analyze and report | 2.41 | 1.132 |
| Majority of staff has higher education | 3.99 | 1.474 |
| INSTITUTION-BASED FACTORS | | |
| Organizational orientation to expand | 4.14 | 0.916 |
| Learning and development orientation | 4.22 | 0.836 |
| Protecting copyright is challenging | 3.39 | 1.280 |
| PERFORMANCE EVALUATION FACTORS | | |
| Analyzing the performance is a daily routine in organization | 4.20 | 1.308 |
| The managers see performance evaluation as an important input to improve employee performance and activities | 3.66 | 0.935 |
| The performance will not only be measured, but also the achieved results will be compared to the goals planned | 3.78 | 0.967 |

Multinomial logistics regression was performed to assess the ability of different variables to predict different aspects of organizational performance evaluation. The results of testing the three research questions are presented in the following section.

RESULTS

The purpose of this research was to determine the three types of factors (industry-based, resource-based, and institution-based) that influence performance evaluation practices in CCIs. First of all, the study indicated that the following conditions most affect the performance evaluation in CCIs: enthusiasm vs profit orientation of staff; challenging to analyze and report; organizational orientation to expand; learning and development orientation; and confidence level of income.

Additionally, there are two challenges that are directly related to the organization's evaluation orientation and practices: "challenging protection of copyright and other intangible rights" and "challenging to analyze and report." The fact that the CCIs consider analyzing and reporting challenging is the only factor that influences their performance evaluation practices and mind-set on all three levels—strategic, operational, and development. However, the biggest surprise is that only one industry-based factor had an influence on the performance evaluation practices—strongly competitive market. Detailed results, according to the research questions, are presented as follows.

RQ 1: Factors affecting the managers' perception of performance evaluation as a strategic management tool

The only factor that affects the managers' perception of performance evaluation is the profit orientation of staff. Appendix 1 illustrates the odds ratios and significance level of all industry-based factors that were expected to affect the managers' perception of the performance evaluation. Agreeing with having "profit-oriented staff" increases by one unit the odds of choosing disagreement over neutral increases by 2.9 times. This means that managers in the CCIs who do consider their staff as being profit oriented are more likely to have a positive perception of performance evaluation.

RQ 2: Factors affecting the decision to compare achieved results with set goals (as a development tool)

The factors that affect the decision to compare achieved results with set goals are related to "confidence level of income" and "challenging to analyze and report." Appendix 2 illustrates the odds ratios and significance level of all resource-based factors that were expected to affect the decision to compare achieved results with set goals.

Two variables have significant effects in the current model: “confidence level of income” and “challenging to analyze and report.” This indicates that they explain the phenomena of comparing the achieved results with the set goals.

Not agreeing with not having secured income increases by one unit the odds of choosing agreement over neutral increases by 6.6 times. This means that managers in the CCI organisations with “no confidence of income” are more likely to compare the achieved results with the set goals than those who have “no confidence of income.”

Agreeing with having confidence of income increases by one unit the odds of choosing disagreement over neutral increases by 2.8 times. This means that managers in the CCIs in which income is confident are less likely to compare the achieved results with the set goals than those who have no confidence of income.

Agreeing with analyzing and reporting being challenging increases by one unit the odds of choosing agreement over neutral increases by 3.0 times. This means that managers in the CCIs who consider it challenging to analyze and report are less likely to compare the achieved results with the set goals.

RQ 3: Factors affecting the decision to analyze performance as a natural part of daily work (at operational level)

The factors that affect the decision to analyze performance as a natural part of daily work are related to two types of orientation: the learning and development orientation and the organizational orientation to expand. Appendix 3 illustrates the odds ratios and significance level of all institution-based factors that were expected to affect the decision to analyze performance as a natural part of daily work.

Two variables included in the model have significant effects—the learning and development orientation, and the organizational orientation to expand—which indicates that they are needed to explain the phenomena of analyzing performance as a natural part of daily work.

Not agreeing with having “organizational orientation to expand” increases by one unit the odds of choosing agreement over neutral increases by 68.9 percent. This means that the CCIs with no organizational orientation to

expand are less likely to analyze performance as a natural part of daily work.

Agreeing with having “learning and development orientation” increases by one unit the odds of choosing agree over neutral increases by 3.3 times. This means that the CCIs that have a learning and development orientation are more likely to analyze performance as a natural part of daily work.

Table 7. Goodness-of-fit test.

| | | Chi-Square | df | Sig. |
|---------------------|----------|------------|----|-------|
| RESEARCH QUESTION 1 | Pearson | 30,293 | 32 | 0,553 |
| | Deviance | 29,920 | 32 | 0,572 |
| RESEARCH QUESTION 2 | Pearson | 27,589 | 38 | 0,894 |
| | Deviance | 32,394 | 38 | 0,726 |
| RESEARCH QUESTION 3 | Pearson | 25,162 | 28 | 0,619 |
| | Deviance | 29,662 | 28 | 0,380 |

Table 8. Model fitting information.

| | Model | Model Fitting Criteria | | | Likelihood Ratio Tests | | |
|---------------------|----------------|------------------------|----------------|-------------------|------------------------|---------|-------|
| | | AIC | BIC | -2 Log Likelihood | Chi-Square | df | Sig. |
| | | RESEARCH QUESTION 1 | Intercept Only | 128,370 | 135,913 | 124,370 | |
| | Final | 135,846 | 188,646 | 107,846 | 16,524 | 12 | 0,168 |
| RESEARCH QUESTION 2 | Intercept Only | 142,889 | 150,432 | 138,889 | | | |
| | Final | 140,348 | 193,148 | 112,348 | 26,541 | 12 | 0,009 |
| RESEARCH QUESTION 3 | Intercept Only | 140,167 | 147,710 | 136,167 | | | |
| | Final | 125,522 | 178,322 | 97,522 | 38,645 | 12 | 0,000 |

Table 9. Pseudo R-Square test.

| | RES.QUES 1 | RES.QUES 2 | RES.QUES 3 |
|----------------------|------------|------------|------------|
| Cox and Snell | 0,050 | 0,079 | 0,113 |
| Nagelkerke | 0,060 | 0,096 | 0,142 |
| McFadden | 0,029 | 0,047 | 0,075 |

Verification

There was no interchange between the respondents and researchers while completing the survey questionnaire. The values and expectations of the researchers were completely separated from the process because of the online survey method. The researchers played an active role in proposing the research questions, testing, and analysis of data.

As a result of choosing the best logistic models, the tests were used in order to verify the results. First, the goodness-of-fit test of the final model is presented in Table 7.

This test indicates that the dataset is suitable for testing all of the hypotheses and the data are considered suitable for the analysis. The results of model fitting information for the model are presented in Table 8.

Provided information also indicates that the dataset is suitable for the analysis. In Table 9, the Pseudo R-Square Test is presented.

As shown in Table 9, only the model of the last research question describes about 14 percent of the variety of variables, which means that the presented models are not ideal models. However, the models are sufficiently good to indicate the factors that affect the phenomena in CCIs under consideration.

DISCUSSION AND CONCLUSION

Going back to the beginning, the current study has revealed that managers in CCIs can be and are rational, once this is determined by the external and internal environment. The current study indicated the central role of challenges (no confidence of income and challenging to analyze and report)

and orientation (enthusiasm vs profit orientation of staff, organizational orientation to expand, learning expansion) in creating the framework for performance evaluation practices and mind-set in “evaluation-friendly” CCI organizations. Even though it has been argued and empirically proven by the current study that all legs of the Strategy Tripod (industry-based, resource-based, and institution-based) influence the performance evaluation in CCIs, one leg of this tripod—the industry-based one—might limp a bit, as it is based on one factor only (which is also not statistically significant). In the following, the research questions developed in the Introduction are answered and discussed using the Strategy Tripod framework.

Managers’ perception of performance evaluation as a strategic management tool

The study revealed that the only factor that affects the managers’ perception of performance evaluation is the profit orientation of staff. Thus, the managers in the CCIs who consider their staff more profit oriented, rather than just working enthusiastically without really thinking about the results, are more likely to have a positive perception of performance evaluation. Thus, we claim that these managers see performance evaluation as a strategic management tool. The study also revealed that, in organizations with “enthusiastic staff,” the perception of performance evaluation as a strategic management tool is not evident. However, in-depth interviews with managers could bring more light onto it in the future.

The decision to compare achieved results with set goals (as a development tool)

The factors that affect the decision to compare achieved results with set goals (thus actually developing the organization) are related to having “no confidence of income” and “challenging to analyze and report.” More specifically, the study revealed that managers in the CCIs who consider it challenging to analyze and report are less likely to compare the achieved results with the set goals. Common sense would have assured us of the same outcome. On the other hand, this finding may also signal the importance of the role of analyzing and reporting skills in CCIs. Earlier studies have shown that there is a lack of managerial skills (Tscherning and Boxenbaum 2011). Birnkraut (2011) has explained the possible difficulties of analyzing and reporting in her evaluation book targeted to art organizations by saying that the difficult thing about using metrics is not just in setting goals, but also

finding numbers that relate to each other or numbers that stand meaningfully by themselves.

Not surprisingly, the managers in the CCIs where income is more or less secured (this was not studied; it is due to stable state funding or profit earning) are less likely to compare the achieved results with the set goals than those who have no confidence of income. Turbide and Laurin (2014) have stated that, among other factors, the type of financial dependence affects the managerial decisions in CCIs. Thus, we claim that no confidence of income affects the decision to compare the achieved results with the set goals.

The decision to analyze performance as a natural part of daily work (operational level)

The CCIs where performance evaluation is seen as a natural part of daily work can be described as having clear learning and organizational orientation to expand. The current study made it quite clear that CCIs with no organizational orientation to expand are less likely to analyze performance as a natural part of daily work. On the other hand, the study also revealed that the CCIs that have a learning and development orientation are more likely to analyze performance as a natural part of daily work. Also, a study on “team-level performance outcomes in organizational settings using objective measures of performance” suggests that learning orientation is directly related to team learning and effectiveness (Bunderson and Sutcliffe 2003).

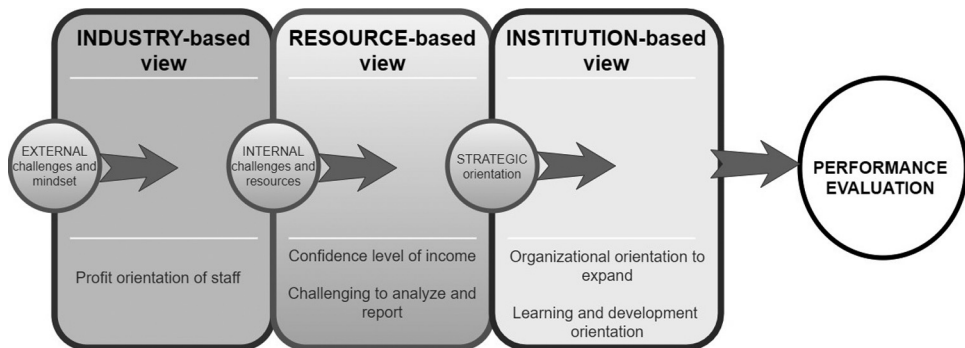


Figure 4. Final framework of factors affecting the performance evaluation practices in CCI organizations. Compiled by the authors.

This article seeks to contribute to management literature relevant to CCI organizations by examining industry-based, resource-based, and institution-based factors within these organizations that may affect their perspective on, and use of, performance evaluation. The Strategy Tripod proved to be a suitable framework for this research. To summarize our findings, a new framework is proposed (see Figure 4) to illustrate the linkages between different challenges, resources, and orientations that affect performance evaluation in evaluation-friendly CCI organizations.

To conclude, we wish to highlight that, based on our study, we can propose to better implicate managers by emphasizing conscious development of managers' skills, among these especially the competences in analytical and reporting skills, to enhance the use of performance evaluation as a strategic, developmental, and operational tool. Perhaps this could be an argument for the government to invest more in Cultural and Creative Industries' know-how and provide training to improve CCI managers' "strategy toolbox," as indicated in the development documents (Pallok 2014). Although this was an Estonia-based study, the findings have implications for CCI organizations elsewhere where there is a need to have a deeper look at the framework for performance evaluation.

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Appendix 1

| Parameter Estimates | | B | Std. Error | Wald | df | Sig. | Exp(B) | 95% Confidence Interval for Exp(B) | |
|---|--|----------------|------------|-------|----|------|--------|------------------------------------|-------------|
| | | | | | | | | Lower Bound | Upper Bound |
| FACTORS AFFECTING THE MANAGERS PERCEPTION OF PERFORMANCE EVALUATION (as strategic management tool) | | | | | | | | | |
| Intercept | | -2,479 | ,932 | 7,077 | 1 | ,008 | | | |
| NOT-Strongly competitive market | | 1,583 | ,868 | 3,327 | 1 | ,068 | 4,870 | ,889 | 26,692 |
| Strongly competitive market | | 1,406 | ,796 | 3,123 | 1 | ,077 | 4,080 | ,858 | 19,400 |
| Market is a neutral issue | | 0 ^b | . | . | 0 | . | . | . | . |
| Profit-oriented staff | | ,209 | ,941 | ,050 | 1 | ,824 | 1,233 | ,195 | 7,789 |
| Enthusiastic staff | | -,289 | ,551 | ,276 | 1 | ,599 | ,749 | ,255 | 2,203 |
| Staff is not profit-oriented or enthusiastic | | 0 ^b | . | . | 0 | . | . | . | . |
| Justification of own existence is NOT challenging | | -,801 | ,686 | 1,362 | 1 | ,243 | ,449 | ,117 | 1,723 |
| Justification of own existence is challenging | | ,002 | ,528 | ,000 | 1 | ,998 | 1,002 | ,356 | 2,821 |
| Justification of own existence is a neutral issue | | 0 ^b | . | . | 0 | . | . | . | . |
| DISAGREE | | | | | | | | | |
| Intercept | | -,300 | ,427 | ,494 | 1 | ,482 | | | |
| NOT-Strongly competitive market | | ,335 | ,388 | ,747 | 1 | ,387 | 1,398 | ,654 | 2,991 |
| Strongly competitive market | | ,508 | ,306 | 2,747 | 1 | ,097 | 1,662 | ,912 | 3,029 |
| Market is a neutral issue | | 0 ^b | . | . | 0 | . | . | . | . |
| Profit-oriented staff | | 1,073 | ,531 | 4,087 | 1 | ,043 | 2,923 | 1,033 | 8,270 |
| Enthusiastic staff | | ,042 | ,310 | ,019 | 1 | ,892 | 1,043 | ,568 | 1,914 |
| Staff is not profit-oriented or enthusiastic | | 0 ^b | . | . | 0 | . | . | . | . |
| Justification of own existence is NOT challenging | | ,039 | ,340 | ,013 | 1 | ,908 | 1,040 | ,534 | 2,026 |
| Justification of own existence is challenging | | ,304 | ,300 | 1,025 | 1 | ,311 | 1,355 | ,752 | 2,442 |
| Justification of own existence is a neutral issue | | 0 ^b | . | . | 0 | . | . | . | . |
| AGREE | | | | | | | | | |
| The reference category is: neutral. | | | | | | | | | |
| This parameter is set to zero because it is redundant. | | | | | | | | | |

Appendix 2

| Parameter Estimates | | | | | | | | | |
|---|----------------|------------|-------|----|------|--------|------------------------------------|-------------|--|
| FACTORS AFFECTING THE DECISION TO COMPARE ACHIEVED RESULTS WITH SET GOALS (as developmental tool) | B | Std. Error | Wald | df | Sig. | Exp(B) | 95% Confidence Interval for Exp(B) | | |
| | | | | | | | Lower Bound | Upper Bound | |
| Intercept | -2,282 | ,920 | 6,155 | 1 | ,013 | | | | |
| Confidence of income | ,916 | ,712 | 1,654 | 1 | ,198 | 2,499 | ,619 | 10,088 | |
| No confidence of income | 1,528 | ,605 | 6,378 | 1 | ,012 | 4,611 | 1,408 | 15,097 | |
| Confidence level of income is a neutral issue | 0 ^b | | | 0 | | | | | |
| Not challenging to analyze and report | ,840 | ,531 | 2,506 | 1 | ,113 | 2,317 | ,819 | 6,561 | |
| Challenging to analyze and report | ,834 | ,757 | 1,213 | 1 | ,271 | 2,302 | ,522 | 10,146 | |
| Analyzing and reporting is a neutral issue | 0 ^b | | | 0 | | | | | |
| Majority of staff has not higher education | -,352 | ,805 | ,192 | 1 | ,661 | ,703 | ,145 | 3,405 | |
| Majority of staff has higher education | -,631 | ,695 | ,826 | 1 | ,364 | ,532 | ,136 | 2,076 | |
| Higher education of staff is a neutral issue | 0 ^b | | | 0 | | | | | |
| Intercept | ,309 | ,524 | ,347 | 1 | ,556 | | | | |
| Confidence of income | 1,026 | ,344 | 8,909 | 1 | ,003 | 2,790 | 1,422 | 5,473 | |
| No confidence of income | ,389 | ,302 | 1,653 | 1 | ,199 | 1,475 | ,816 | 2,668 | |
| Confidence level of income is a neutral issue | 0 ^b | | | 0 | | | | | |
| Not challenging to analyze and report | ,201 | ,285 | ,496 | 1 | ,481 | 1,223 | ,699 | 2,139 | |
| Challenging to analyze and report | 1,091 | ,436 | 6,255 | 1 | ,012 | 2,978 | 1,266 | 7,004 | |
| Analyzing and reporting is a neutral issue | 0 ^b | | | 0 | | | | | |
| Majority of staff has not higher education | -,237 | ,540 | ,193 | 1 | ,660 | ,789 | ,274 | 2,271 | |
| Majority of staff has higher education | -,314 | ,475 | ,439 | 1 | ,508 | ,730 | ,288 | 1,851 | |
| Higher education of staff is a neutral issue | 0 ^b | | | 0 | | | | | |
| a. The reference category is: neutral. | | | | | | | | | |
| b. This parameter is set to zero because it is redundant. | | | | | | | | | |

Appendix 3

| Parameter Estimates | | | | | | | | | |
|--|----------------|------------|--------|----|------|--------|------------------------------------|-------------|--|
| FACTORS AFFECTING THE DECISION TO ANALYZE PERFORMANCE AS A NATURAL PART OF DAILY WORK (as operational tool) | B | Std. Error | Wald | df | Sig. | Exp(B) | 95% Confidence Interval for Exp(B) | | |
| | | | | | | | Lower Bound | Upper Bound | |
| Intercept | -,038 | ,578 | ,004 | 1 | ,948 | | | | |
| No organizational orientation to expand | -1,736 | 1,168 | 2,208 | 1 | ,137 | ,176 | ,018 | 1,740 | |
| Organizational orientation to expand | -1,170 | ,494 | 5,601 | 1 | ,018 | ,311 | ,118 | ,818 | |
| Organizational orientation to expand is neutral issue | 0 ^b | | | 0 | | | | | |
| No Learning and development orientation | ,563 | 1,044 | ,290 | 1 | ,590 | 1,756 | ,227 | 13,598 | |
| Learning and development orientation | ,465 | ,527 | ,779 | 1 | ,377 | 1,592 | ,567 | 4,473 | |
| Learning and development orientation is neutral issue | 0 ^b | | | 0 | | | | | |
| Protecting copyright is not challenging | -,162 | ,565 | ,082 | 1 | ,774 | ,850 | ,281 | 2,575 | |
| Protecting copyright is challenging | -,690 | ,561 | 1,515 | 1 | ,218 | ,502 | ,167 | 1,505 | |
| Protecting copyright is not an issue (neutral) | 0 ^b | | | 0 | | | | | |
| Intercept | ,289 | ,439 | ,435 | 1 | ,510 | | | | |
| No organizational orientation to expand | -1,266 | ,682 | 3,443 | 1 | ,064 | ,282 | ,074 | 1,074 | |
| Organizational orientation to expand | ,213 | ,368 | ,334 | 1 | ,563 | 1,237 | ,601 | 2,546 | |
| Organizational orientation to expand is neutral issue | 0 ^b | | | 0 | | | | | |
| No Learning and development orientation | -,126 | ,826 | ,023 | 1 | ,878 | ,881 | ,175 | 4,447 | |
| Learning and development orientation | 1,205 | ,349 | 11,925 | 1 | ,001 | 3,336 | 1,684 | 6,610 | |
| Learning and development orientation is neutral issue | 0 ^b | | | 0 | | | | | |
| Protecting copyright is not challenging | -,503 | ,393 | 1,641 | 1 | ,200 | ,605 | ,280 | 1,306 | |
| Protecting copyright is challenging | ,042 | ,353 | ,014 | 1 | ,906 | 1,042 | ,522 | 2,083 | |
| Protecting copyright is not an issue (neutral) | 0 ^b | | | 0 | | | | | |
| a. The reference category is: neutral. | | | | | | | | | |
| b. This parameter is set to zero because it is redundant. | | | | | | | | | |

Appendix 7

Publication 4.

Organizational Performance Evaluation and Performance Paradox in CCI Organizations

Sassi, M., Pihlak, Ü. and Birnkraut, G.

Sassi, M., Pihlak, Ü. and Birnkraut, G., 2021. Organizational performance evaluation and performance paradox in CCI organizations. *International Journal of Productivity and Performance Management*.

ABSTRACT

Purpose

To understand how practicing Organizational Performance Evaluation (OPE) is related to the Performance Paradox (tensions between Creative Freedom and Survival Challenges) in “evaluation-hesitant” Cultural and Creative Industries (CCI) organizations.

Design

Mixed methods research, consisting of moderation analyses and unstructured expert interviews.

Findings

A conceptual model to explain how Creative Freedom and Survival Challenges affect OPE in “evaluation-hesitant” CCI organizations.

Originality

The authors bring a new understanding to the factors that may contribute to evaluation-hesitance in CCI. The paper contributes to discussing both the Theory of Paradox and Flow Theory in explaining the relations between Organizational Performance Evaluation, Creative Freedom, and Survival Challenges.

Keywords

Cultural and Creative Industries, Organizational Performance Evaluation, Strategic Management, Theory of Paradox, Flow Theory, Performing Paradox, Creative Freedom, Survival Challenges, “evaluation-hesitance,” etc.

INTRODUCTION

Lempiälä and Vanharanta (2018, p.2) have claimed that “ensuring success and survival is necessary for work organizations, and the creative actions undertaken in an organizational context face demands in terms of meeting organizational goals.” Cultural and Creative Industries (CCI) specific research in the field of Arts Management confirms that Organizational Performance Evaluation (OPE) contributes to the success of CCI organizations (Gstraunthaler and Piber, 2007; Piber, 2020). On the other hand, both theory and practice show that OPE is not as widespread among CCI organizations as it could be (Birnkraut, 2011; Sassi et al., 2020). There must be good reasons for not practicing something that is expected to be beneficial. However, there is not much evidence to be found about the reasons that limit CCI organizations’ ability to practice OPE. Therefore, the starting point for the current study was the need to address at least the surface of the broad set of potential reasons why CCI organizations do not use OPE.

The official definition of CCI by the Estonian Ministry of Cultural Affairs is used in this study – “an economic sector that is based on individual and collective creativity, skills and talent, and is capable of creating welfare and jobs through the generation and use of intellectual property” (Ministry of Culture, 2019). Thus, organizations acting in core creative arts, other core cultural industries, related industries, and broader cultural and creative industries are included in the current research (Throsby, 2008). Thus, the scope of current research is limited to CCI organizations. This is an essential specification as an industry can be “a key determinant of the level of autonomy or control exercised” (Gilbert and Sutherland, 2013, p.9). Nevertheless, most of the papers referred to in the current research discuss OPE in museums, the music industry, or architecture. Thus, the generalized CCI organizations’ approach to OPE and paradoxes seems to be not widely discussed in academic literature. However, each sub-sector separately, and the whole CCI sector, may be dealing with paradoxes and OPE differently, justifying the need for the current empirical study. Therefore, the current paper uses Moderation analyses to analyze both the independent and interaction effects between OPE (representing control) and Creative Freedom (representing creativity, flexibility, and autonomy) and Survival Challenges.

Management literature refers to a dilemma that managers usually are often confronted with – “whether to grant employees autonomy or to use control

to guide their performance” (Gilbert and Sutherland, 2013, p.1). How CCI organizations operate is considered rather complex and mystical (Wilson, 2009; Keane, 2013). And for them making a lot of money fast (Küttim et al., 2011, p.372) is not their ultimate goal, as they tend to value Creative Freedom more. Another significant specific feature of CCI organization management is the constant struggle with a wide range of dual goals (Lampel et al., 2000; Kohlmann, 2012; Svensson, 2017), sometimes resulting in paradoxes (Adler and Chen, 2011).

The authors of the current paper consider the paradox between Creative Freedom and Survival Challenges in CCI organizations the most relevant to be analyzed through the Performance Paradox lens. This type of paradox is germane in “monitoring and efficiency within the organization” (Cohen 1998, p.273). The contradiction between control and creativity is considered of interest for study as both are important drivers of organizational success (Gilson et al., 2000). The tension between creativity and control is inherent in CCI (Adler and Chen, 2011; Jeacle and Carter, 2012). Additionally, there is no consensus on how the dilemma between autonomy and control should be handled (Gilbert and Sutherland, 2013). Some proof has been found that creativity can flourish in the presence of control (Speklé et al., 2017). Thus, both are essential for creating a Flow state in organizations (Csikszentmihalyi, 2014).

The level of autonomy or control that differentiates in different industries (Gilbert and Sutherland, 2013). In general, continuous balancing between creative freedom and managerial control is critical for any organization, especially from an innovation management perspective (Lempiälä and Vanharanta, 2018). Thus, the effectiveness of Strategic Management in CCI organizations depends on finding a balance between Creative Freedom and commercial imperatives (Lampel et al., 2000). According to the literature, the balance between the three variables of OPE, Creative Freedom, and Survival Challenges tends to be critical for management. Nevertheless, the exact roles in that interaction have so far remained unclear. Therefore, the authors of the current paper were driven to explore whether the same factors influencing the strategic management also associate with OPE, as OPE is considered to support strategic management functions (Cioclea, 2011). Therefore, this study set an even more challenging goal by asking the same question but focusing only on those CCI organizations that are not actively implementing OPE, thus “evaluation-hesitant” CCI organizations.

The “evaluation-hesitant” CCI organizations typically struggle a lot with finances and usually do not consider OPE a crucial managerial tool (Sassi et al., 2017). These organizations can be described from one side as driven by creativity (81.3%) and, on the other side, continually struggling with survival, as earning profit is considered challenging in 74.8% of these organizations (Sassi, 2016). What makes this specific group of CCI organizations especially interesting is that only in 2.9% of these organizations exists either a useful system or methodology to analyze performance. So far, the reasons for not practicing evaluation have not been widely discussed (Sassi et al., 2020). One of the few authors to do so – Pattyn (2014) listed the following reasons for not carrying out the evaluation: “no pre-reform evaluation experience; outputs that are easy to measure; absent evaluation demand from organizational management and civil society organizations; absent skills to outsource evaluations” (Pattyn 2014, p. 362). Nevertheless, Pattyn called for future studies about causal mechanisms behind the evaluation inactivity (Pattyn, 2014). This, and the evidenced resistance to measurement in arts organizations (Birnkrant, 2011), sets the focus of the current study on those CCI organizations who are passive about OPE to understand the reasons for not practicing OPE in CCI organizations.

The current study is inspired by discoveries published in 2017 in the *International Journal of Arts Management*, where Manzoni and Caporarello (2017) presented their qualitative research findings on an architecture firm that successfully manages its paradoxes. As architecture is not only art but business, architects view themselves not only as artists but also as entrepreneurs and managers responsible to multiple stakeholders (Manzoni and Caporarello, 2017) makes this a solid basis for the current study. Using different research methods and addressing differently focused research questions, the present study extends their work in two ways. First, rather than focusing on a wide range of different paradoxes, the present study investigates more deeply one specific Paradox – the Performance Paradox (in the current case, seen as tensions between Creative Freedom and Survival Challenges). Second, the study uses different methodological (mixed-methods research and a specified sample focusing on “evaluation-hesitant” organizations only) and theoretical lenses to combine the Theory of Paradox and Flow Theory. Thus, using the Theory of Paradox and Flow Theory as a theoretical basis, the current paper seeks to determine how practicing OPE is related to the Performance Paradox in “evaluation-hesitant” CCI organizations and building a framework for explaining the relations between OPE, Creative Freedom, and Survival Challenges. Therefore, the following research questions are posed:

- How are OPE, Creative Freedom, and Survival Challenges in “evaluation-hesitant” CCI organizations related?
- How are the performance paradoxes managed in “evaluation-hesitant” CCI organizations?
- What are the main obstacles to achieve the “Big Picture” in “evaluation-hesitant” CCI organizations?

This paper is structured as follows: first, we discuss the essence and interlinkages between OPE, Creative Freedom, and Survival Challenges in CCI Organizations. Then the CCI specific tensions and paradoxes and responses to paradoxes are addressed. Then, we proceed to justify our methodological choices and present the findings. Finally, we discuss the contribution of our research.

1. THEORETICAL BASIS AND THEORETICAL MODEL FOR STUDY

Since CCI organizations do not function as typical business organizations because they do not follow standard business logic (Tafel-Viia et al., 2011) and exhibit flourishing creativity (Wong et al., 2010), additional lenses are needed to understand their organizational behavior. In management literature, paradoxes in an organizational context are often analyzed through the Theory of Paradox, as it offers a new way of viewing organizational phenomena and managerial problems (Diefenbach et al., 2018). This is especially relevant as creativity (an embedded feature to CCI organizations) has been seen as a mediator between paradox and superior organizational performance (W. Smith and Lewis, 2011).

The tensions in CCI organizations have already been researched by several authors (Lampel, Lant, and Shamsie, 2000; Andriopoulos and Lewis, 2009; Adler and Chen, 2011; DeFilippi et al., 2012; Parush and Koivunen, 2014; Manzoni and Caporarello, 2017). Most scholars point out “dual goals” as challenges that might lead to paradoxes. Still, the set of those dual goals differentiates quite a lot – reconciling creativity and routine, flexible and integrated activities (Thompson et al., 2007), artistic autonomy, and the social relevance of cultural offerings (Svensson, 2017). As there are different types of tensions, the authors of the current paper address the tension between Survival Challenges and Creative Freedom in CCI organizations as persistent performance paradox, thus profoundly

rooted in CCI organizations and not something to ignore, especially in a post-COVID-19 era.

Kellert et al., (2006) have indicated that there are phenomena that are not explainable by one single theory. Therefore, multiple approaches are required to clarify and examine them; currently, the Theory of Paradox and Flow Theory are used. The Theory of Paradox is “a theoretical lens to understand and to lead contemporary organizations” (Smith and Lewis 2011, p.398). In the context of current research, it enables understanding not just the essence of paradoxes but also the diverse ways how to “manage competing demands simultaneously and the consequences of their (in)effective management” (Lewis et al., 2019, p.502). However, it is essential to highlight that the Theory of Paradox assumes that tensions can be beneficial if handled correctly (Vos et al., 2015). Previous studies have found some evidence that strategic responses to paradoxes may be related to evaluation practices (Sassi et al., 2017). It also suggests that tensions between integrative and generative mechanisms occur in four areas: organizing, belonging, learning, and performing (W. Smith and Lewis, 2011). Tensions can also appear between, as well as within, the described categories. The current study addresses only the performance paradox.

The studies have indicated a relationship between Flow characteristics and performance (Aubé et al., 2014). Even though relatively new in a leadership context, Flow Theory has proven to be relevant to the modern practice of management (Buzady, 2017). It explains the core concepts of freedom and control (Hooker and Csikszentmihalyi, 2003) and links them with creativity, “which generates a continuous flow of new ideas” (Svejenova et al., 2007, p.539). Therefore, it is anticipated to be a well-suited approach for understanding the paradoxes in CCI organizations driven by creativity (Wong et al., 2010). However, all core concepts of Flow Theory – clear task goals, a sense of control, and clear feedback contribute directly to an evaluation mindset. Flow theory also emphasizes the role of balance between challenges and skills (Cskizentmihalyi, 2014). Thus, it touches at least the surface between the tensions and skills gap (both typical to CCI) and can therefore be considered an appropriate choice for analyzing the solutions for paradoxes.

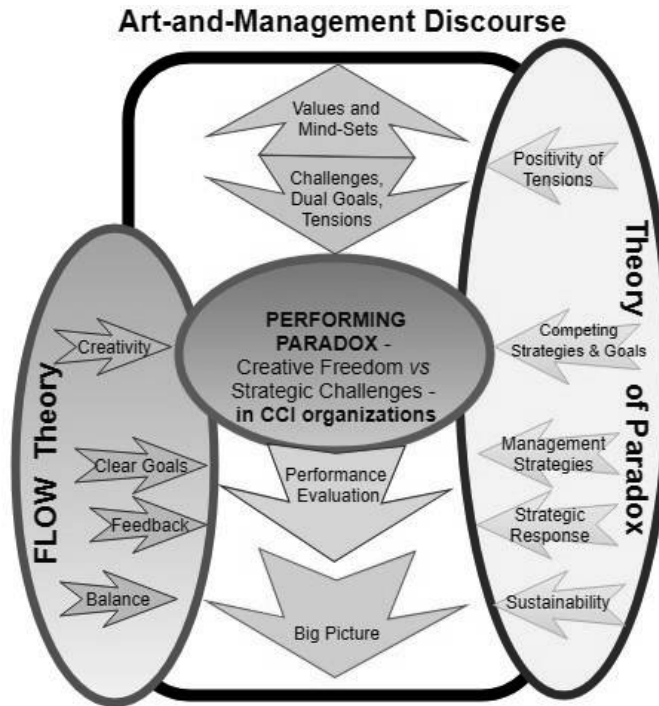


Figure 1 – Theoretical Model of the study.

The figure visualizes the relations between the foundational theories and key concepts expected to influence and explain the relations between the Performance Paradox and OPE in CCI organizations. In the forthcoming subsections, the elements of the model are described in detail.

1.1 OPE in CCI Organizations

“Managers are expected to lead but also be led, be in control but also relinquish control, be calculative but also playful, plan but also surrender to the flow of events, broadcast but also listen, see the “Big Picture” but also the “small details” (Parush and Koivunen 2014, p.108). This somewhat contradictory list of responsibilities also highlights the paradoxical nature of CCI organizations as being a manager in a CCI organization tends to raise the level of paradoxes even higher. Evidence has been found that effective leaders are more paradoxical in their behaviors than ineffective leaders (Denison et al.,1995). There are even attempts to create a theory of paradoxical creativity (Calic and Hélie, 2018). Even though both pieces of literature provide some engaging insights to understand the relationship

between creativity and leadership, the current research focuses on the organizational level, attempting to find a solution for CCI organizations. Could OPE be the solution to overcome the paradoxes? In the following, the use and non-use of OPE in CCI organizations are introduced and problematized.

In general, the literature on the topic considers OPE to be one of the critical drivers for organizational survival (Cezarino et al., 2012). The rationale behind the idea is that OPE addresses both – the process and strategy of any organization (Ensslin et al., 2017). Waheed et al. (2010, p. 330) have defined OPE as “assessing if the organization functions well and whether the managerial decisions are good or bad.” OPE is not widespread so far in CCI organizations (Birnkrout, 2011), most probably because “the strategy in CCI organizations is oriented towards finding, developing, and maintaining control over resources like talent, creativity, and innovation” (Lampel et al., 2000, p.265), thus rather challenging to be implemented. Also, “artists’ abilities and competence, stress, relationships and reactions, engagement and motivation to improve their consistency” (Ricotta et al., 2019, p. 166) and well-being (ibid.). Evans (2000) points out the different expectations of OPE in CCI organizations by describing how artists in the opera are interested in measuring their performance while the funders want the organization to measure the impact on student performance, while at the same time, the board is interested in measuring the annual growth for different types of productions. Due to CCI organizations’ specifics, the common understanding seems to be that CCI organizations need specific evaluation approach and tools (Bailey and Richardson, 2010).

There seems to be a common understanding that OPE is a powerful tool for learning and integral to each organization’s practice (Woolf, 2004). It allows organizations to ensure that they are on track against their goals (Hadida, 2015), thus can control their performance. Five decades ago, Wildavsky considered an ideal organization to be “self-evaluating and, therefore, performs continuous monitoring of its activities to determine whether it was meeting its goals or whether these goals should even prevail” (1972, p.509). Birnkrout (2010) sees OPE as necessary for change management by claiming that evaluation results are the basis for discussion and lead to jointly supported change processes. Gilhespy (1999) has pointed out that organizations’ strategic choices may conflict with each other. And therefore, those choices require weighting, suggesting that evaluation could be the tool for that kind of weighting.

Despite the common understanding that organizations could benefit from using OPE, CCI managers are not too eager to measure their performance. Several reasons for not practicing OPE has been discussed in the academic literature. The current authors now cover the general reasons for “evaluation-hesitation” and those specific to CCI organizations.

Woolf (1999) has claimed that making judgments about the success or quality of cultural performance is difficult because performance results might be unpredictable. The evaluation process involves all organizations’ employees and partners. Thus, it is a rather challenging task for CCI organizations that often consist of rather individualistic individuals. Also, CCI organizations’ production processes are considered difficult to evaluate (Lampel et al., 2000). For example, “a contracted pop music act has no mechanisms to monitor, audit, specify, direct, control, predict, or to meaningfully evaluate the actions taken by its contracting partner” (Thompson et al., 2007, p.634). There are some speculations that the “evaluation-hesitation” of CCI organizations might be related to the very core processes of CCI organizations, but also “creative values” that are seen to “have replaced operational efficiency and strategic planning as the primary source of “competitive advantage” in business” (Bilton and Leary 2002, p.49). Birnkraut (2011) sees the wrong way of handling the evaluation results as the main counterargument for practicing evaluation. Thus, ideally, there should be no direct link between the result of the evaluation and funding decisions in the form of a penalty (Birnkraut and Heller, 2008). Also, Epstein and McFarlan (2011) have stated that using different metrics can be difficult because low-performing organizations might not be entirely honest in reporting their results to cover the problems. Woolf (1999) goes even further by pointing that it is not possible to evaluate an organization unless its aims, objectives, and success measures have been defined in advance, which might not always be possible for CCI organizations.

Paulus (2003) has stated that “an efficient museum is one that achieves a maximum number of outputs with a minimum number of inputs” (p.60). In reality, most museums are often mainly evaluated based on the number of visitors. For instance, Lafortune et al. (1999) report that 74% of Canadian museums used visitor numbers as an indicator. However, there is a wide range of other ways to measure performance in CCI organizations. Therefore, in the following section, the essence of two contradictory elements – Creative Freedom and Survival Challenge – are discussed in more detail.

1.2 Creative Freedom

“Autonomy, empowerment, and self-management are all expressions of the notion that employees have the ability to achieve results through their own striving and independence” (Gilbert and Sutherland, 2013, p.3). Autonomy is essential for innovative orientated jobs (Gilbert and Sutherland, 2013), like most of the jobs in CCI that are “a key contributor to innovation economies” (Wijngaarden et al., 2019, p. 392). Autonomous behavior is associated with feelings of competence and satisfaction (Ricotta et al., 2019). It has been found that autonomy (especially concerning the process), but not necessarily the ends, is essential to achieve creativity (Amabile, 1998). In some cases, Creative Freedom is seen as a tool to raise motivation, especially in an innovation context (Lempiälä and Vanharanta, 2017).

In CCI organizations, Creative Freedom can be seen as a synonym of autonomy as it is closely related to concepts like creativity, artistic autonomy, flexibility, innovation, artistic values, and (individual) inspiration. All the concepts mentioned above can be described through tensions (Damskau and Svensson, 2006). None of them is easy to nurture or realize; they are tricky to manage and especially control. As the current paper aims to cover all those concepts, an umbrella term, “Creative Freedom” is used. Svejnova et al. (2010) has defined Creative Freedom as a unique driver in projects of passion, which can only be sustained through a sound business model that allows for the generation of revenues and the covering of costs in a sustainable and timely manner.

Creatives are challenging to manage due to a degree of autonomy and persistence of inherent and fundamental tensions in managing creativity (Thompson et al., 2007). Davis and Scase (2000) argue that creative employees will not be told what to do, and if they meet bureaucratic barriers, they will withdraw their creativity. To avoid that, in Sun Microsystems, talented people are hired and then just “left alone” (Florida, 2014). Thus, Creative Freedom needs to be approached differently. Kleppe (2017) claims that there is no single way theater managers manage their artistic autonomy as they justify decisions and their positions differently.

However difficult it is in different CCI sub-fields; creativity within an organization needs to be organized, planned, and evaluated. One possible way to do it is to build creative systems to help artists produce cultural products but not allow the system to suppress personal inspiration (Lampel et

al., 2000). On the other hand, evidence has been found that creativity cannot exist without any boundaries. Still, it is impossible to achieve it “by forcing people into rigid roles and behaviors” (Hooker and Csikszentmihalyi, 2003, p.13). Gilbert and Sutherland (2013) seem to agree with that by claiming that absolute autonomy can lead to chaos without clear guidelines, and to avoid this happening indirect control should be practiced (Gilbert and Sutherland, 2013). Nevertheless, the proof has been found that “creative output depends on an interaction between situation, paradox, and cognition” (Calic and Hélie, 2018, p. 13). Thus, finding the right balance between Creative Freedom and control seems to be one of the critical issues for any CCI organization manager.

1.3 Survival Challenges

Innovative companies handle the external environment’s challenges faster and better than regular companies (Naranjo-Valencia et al., 2016). Even though CCI organizations are often associated with innovation, limited resources, and lack of financing, many deals with it daily (Viia et al., 2011). So far, no single explanation has been found. Andriopoulos and Lewis (2009b) have found that “achieving exploitation and exploration enables success, even survival, but raises challenging tensions.” Therefore, it is essential to analyze the Survival Challenges in tensions context within the current study.

There seems to be no universal definition for Survival Challenges in management literature despite its relatively common concern. The authors of the current paper see survival challenges as equivalent to environmental interactions defined by Anderson et al. (2001, p.676) – “environmental conditions that pose much sterner challenges to organizational survival than others do.” Thus, these environmental conditions threaten the survival of a particular organization. Environmental pressures are also found to influence the adoption of performance measurement practices as “they limit the set of envisioned pressures and organizational choices” (Munir and Baird, 2016, p.114). The current paper aims to cover external and internal pressures that impact CCI organizations’ survival; therefore, an umbrella term, survival challenges, is used.

Profit-making is found to be challenging in most of the CCI sub-fields. Negus (2004) opens up the music industry’s challenges by highlighting that only one in eight records released into the marketplace makes a profit for

the production company. Surprisingly, by some authors, market failure is considered somehow natural (Dannen, 1990) in the music industry. On the other hand, Manzoni and Caporarello (2017) stress, from an architecture perspective, the need to make the performance profitable for both the client and the firm. In general, the long-term survival of CCI organizations is considered to depend on using and renewing their creative resources, and “commercial survival dictates that market realities cannot be ignored indefinitely” (Lampel et al., 2000, p.268). Manzoni and Caporarello (2017) claim that when focusing primarily on making a profit, the real architectural role is dispersed (for an architectural project), and one might lose itself to a *money loop*.

However, there are some values, besides artistic values, that are expected to contribute to commercial success. Most of them can be measured by the ability to select, for instance, in the performing arts field, the plays which have the broadest audience appeal, which is not easy as the demand patterns in CCI are highly unpredictable (Lampel et al., 2000). Nevertheless, there seems to be no mutual understanding if paradoxes are good or not. Also, Survival Challenges are not necessarily entirely negative (Miron-Spektor et al., 2011) as “constraints can help to frame the decision problem in such a way that creative thinking is required because standard solutions will not do to meet all decision parameters” (Speklé et al., 2017, p.78). Thus, limited resources can even boost creativity and lead to better performance. Herrero-Prieto found in his research that the greater the level of public funding and the greater the involvement of volunteers in museum tasks, the lower the efficiency measured in terms of the number of visitors (Herrero-Prieto, 2013). This finding refers to the need to find a perfect balance between Survival Challenges and Creative Freedom. Now, with all three core concepts of the study elaborated, their paradoxical essence shall be explained.

1.4 Paradoxes in CCI Organizations

The tension between control and (creative) freedom was first addressed in organizational psychology, which “has fed into theories of managing creative individuals” (Lempiälä and Vanharanta, 2017, p. 5). Creative teams and organizations are often said to be challenging to manage because of the “tension between rationalization and creativity” (Parmentier and Thietty Picq, 2016, p. 17).

In the current paper's context, the contradictory goals or tensions of CCI organizations are addressed as paradoxes because the borderline between the tensions, dilemmas, and paradoxes is not always clear. Nevertheless, one crucial differentiation is that a paradox "embodies the "and" mindset as opposed to an "either/or mindset" of a dilemma" (Gilbert and Sutherland, 2013). Thus, "a paradox is contradictory yet interrelated elements exist simultaneously and persist over time (Smith and Lewis, 2011, p. 386), and its elements seem logical in isolation but absurd and irrational when appearing simultaneously" (Lewis, 2000, p.760). Usually, paradoxes consist of the following components: underlying tensions and responses that embrace tensions simultaneously (Lewis, 2000). However, "the two poles of a paradox may succeed each other at different points in time" (Clegg et al., 2002, p. 485). To understand what kinds of triggers motivate certain behaviors, the nature of paradoxes needs to be opened up first. In the following paragraphs, the nature of paradoxes in CCI organizations is elaborated further.

The contradictory goals of the CCI organizations often result in paradoxes (Adler and Chen, 2011). Lampel et al. (2000) emphasize that to understand CCI, it is essential to understand the five polar opposites that define the field of action in CCI organizations – artistic values vs. mass entertainment, product differentiation vs. market innovation, demand analysis vs. market construction, vertical integration vs. flexible specialization, and individual inspiration vs. creative systems (Lampel et al., 2000). CCI organization managers are continually navigating the tensions that arise from opposing imperatives that result from these industry characteristics (Lampel et al., 2000). DeFillippi et al. (2007) has put it in the following way – "managing creative personnel poses challenges because of tensions that arise based on the dual goals of commerce and art, often associated with exploitation for efficiency and profitability contrasted with exploration in which returns are both uncertain and not limited to economic ends" (p.515). Also, the study of Küttim et al. (2011), based on Estonian CCI data, refers to CCI organizations' need to choose between artistic or financial goals. Thus, most scholars point out "dual goals" as challenges that might lead to paradoxes. Still, the set of those dual goals differentiates quite a lot – reconciling creativity and routine, flexible and integrated activities (Thompson et al., 2007), artistic autonomy, and cultural offerings' social relevance (Svensson, 2017). The list of dual goals addressed in the arts management literature are summarized in the following Table 1:

Table 1 – Paradoxes in CCI organizations (Kohlmann, 2012; Thompson, 2007; Lampel et al., 2000; Manzoni and Caporarello, 2017; Svensson, 2017; Lampel et al., 2000).

| DUAL GOALS | | AUTHOR |
|---------------------------------------|---|-----------------------------|
| Rationality | Irrationality | Kohlmann, 2012 |
| Creativity | Routine | Thompson, 2007 |
| Artistic Values | Mass Entertainment | Lampel et al., 2000 |
| High-Level Symbolic Content | Profitable | Manzoni & Caporarello, 2017 |
| Artistic Autonomy | Social Relevance of Cultural Offerings | Svensson, 2017 |
| Projecting the Lead Architect's Views | Incorporating the Ideas of Clients and other Architects | Manzoni & Caporarello, 2017 |
| Structured | Emotional | Manzoni & Caporarello, 2017 |
| Interplay of Innovation | Tradition | Manzoni & Caporarello, 2017 |
| Product Differentiation | Market Innovation | Lampel et al., 2000 |
| Demand Analysis | Market Construction | Lampel et al., 2000 |
| Vertical Integration | Flexible Specialization | Lampel et al., 2000 |
| Individual Inspiration | Creative Systems | Lampel et al., 2000 |

Thus, the paradoxes associated with CCI organizations are mainly about creative staff, creative products, and the creative managers but also about creativity as such (Kohlmann, 2012; Thompson, 2007; Lampel et al., 2000; Manzoni and Caporarello, 2017; Svensson, 2017; Lampel et al., 2000). Thus, CCI organizations are often defined through creativity or Rationalität der Irrationalität that contradicts the standard behavioral model of Homo Oeconomicus (Kohlmann, 2012).

As a result of being in a rather particular position in the market, CCI organizations are seen by scholars as “a particularly fecund empirical field for investigating paradoxes of creativity” (DeFillippi et al., 2007, p.513). Parush and Koivunen (2014) claim that the art and management discourse does not deny paradox but instead tends to present it as a positive source of creative tension. Also, Libeskind and Goldberger (2008) have claimed that this pressure or tension is actually positive. Manzoni and Caporarello (2017) claim based on an architectural project, that a smaller budget and more constraints may turn out to a more creative result than projects with a generous budget.

Manzoni and Caporarello (2017) revealed that architectural firms are challenged by the following: creating a high-level symbolic project that

is also profitable; projecting the lead architect's views while incorporating the ideas of clients and other architects; making architecture musical, structured and emotional at the same time; balancing the interplay of innovation and tradition. To generalize this, CCI organizations face a complex set of managerial challenges that require different solutions from regular businesses. The core paradox in managing creative personnel can be seen as a set of tensions, challenges, dilemmas, and contradictions that arise mainly based on the dual goals of commerce and art (DeFilippi et al., 2012). The scope of the current paper is limited to competing goals of Creative Freedom and Survival Challenges that are interpreted by the authors as a performance paradox. This paradox refers to a situation where the managers "know what to do to improve performance but ignore or act in contradiction to either their strongest instincts or to the data available to them" (Cohen, 1998, p.30). Performance paradoxes might be related to multiple competing goals or performance simultaneously (W. Smith and Lewis, 2011), like conflicting managerial demands (Lüscher and Lewis, 2008) or definition of success of important stakeholders (W. Smith and Lewis, 2011) or managerial implications like strategy formulation, resource allocation or project implementation (Manzoni et al., 2012). Harbour (2009) tackles performance management in the OPE framework and calls in his book "Performance Paradox" for using Feedback loops for analyzing the relations between Performance Modeling, Performance Measurement, and Performance Improvement. In general, performing paradoxes explain the reasons behind multiple stakeholders' simultaneous different (Manzoni and Caporarello, 2017) and competing goals (Sandoff and Widell, 2015) that may result in competing strategies (W. Smith and Lewis, 2011) which cannot be the best possible option.

Speaking about the solutions to paradoxes, Lempiälä, and Vanharanta (2017) pay attention to the need to rethink the control-freedom paradox (in the innovation management framework). Even though paradoxes are not always seen as disturbing, there seems to be an understanding in the academic literature that balancing is still needed between seemingly contradictory practices (Lampel et al., 2000) that might lead to uncertain economic ends (DeFilippi et al., 2012). While managerial objectives remain consistent, managerial execution in CCI organizations "takes place on a case-by-case basis" (Thompson et al., 2007, p.634). Therefore, the debate around preserving creative freedom and novelty while also controlling creative processes that impose rules, procedures, and knowledge transfer mechanisms (DeFillippi et al., 2007) will most probably last forever.

Thus, it is possible to conclude that there is no “management dilemma of autonomy versus control, in an absolute manner; rather, autonomy and control paradoxically can and must co-exist to form a powerful management tool” (Gilbert and Sutherland, 2013, p.11). This shall be addressed more in the following sub-chapter.

1.5 Responses to Paradoxes

Lempiälä and Vanharanta (2017) paid attention to the danger of oversimplifying the polarities. Even though there is no common understanding if paradoxes are negative or positive, there seems to be a common understanding of how the paradoxes should be handled – they can only be managed and not solved (Serretta, Mike, and Sutherland, 2009). Andriopoulos and Lewis (2009a) have claimed that managing paradox “does not imply resolution or eliminating the paradox, but tapping into its energizing potential” (Andriopoulos and Lewis, 2009a, p. 702).

Smith and Lewis (2011) have suggested that a dynamic equilibrium can balance the persistence of conflicting forces. Manzoni and Caporarello (2017) claim that in a professional art organization, it is possible to balance economic and symbolic concerns, thus in the context of the current article, overcome the core paradox between Creative Freedom and Survival Challenges. As an example of Daniel Libeskind, it is possible to ensure equilibrium and harmony in organizations (Manzoni and Caporarello, 2017). This kind of a Big Picture – a balance between cultural and commercial aspects of performance (Manzoni and Caporarello, 2017) – is something that most CCI organizations (especially creative enterprises) aim to achieve.

Usually, the rational production process is not seen as crucial from CCI organizations’ perspective. They do not aim to sell more or cheaper but instead look into “creating and maintaining an organization that can produce and sell meaning” (Lawrence and Phillips 2002, p.431). That can be partly explained by the fact that specialists with very different backgrounds and understandings are involved in art production and the selling process (KEA European Affairs, 2006). For instance, in the record industry, musicians create music, but companies produce records; thus, the former can only enter the market through the latter (Thompson et al., 2007). Nevertheless, dependent on the position logic; also, staff involved in different stages may have at least partly contradictory understanding of what needs to be

done. Thus, the music industry makes a good case in the context of current research due to its high level of complexity and interdependence.

Jarzabkowski, Lê, and Van de Ven (2013) elaborate on four examples of strategic responses to paradoxes by developing a response to each paradox separately – splitting¹, suppressing² (for instance, ignoring goal-critical requests from the other party), and opposing and adjusting approach. Also, organizational ambidexterity is considered highly relevant for handling organizational tensions. It forms virtuous cycles on the simultaneous use of paradoxical forces (Andriopoulos and Lewis, 2009). The same authors also refer to a specific paradox of “personal drivers” that may take place between the exploitation – discipline (control, accountability, and structure) and exploration – passion (a powerful blending of personal expression, challenge, and pride). To manage that particular type of paradox, they suggest a differentiation as a solution – to segregate routine/administration and non-routine/creation responsibilities during different projects and different project phases to overcome the paradox. However, the described solutions are not so far specific to CCI organizations, while Manzoni and Caporarello (2017) have developed management approaches to solve paradoxes in architecture firms. For the performance paradox, they suggest involving all team members in presenting the Big Picture and the organization’s strategic direction and work on goals and selection criteria for new orders, pursuing specific goals (artistic research vs. profitability) for each project.

CCI organizations continually struggle to balance cultural and commercial aspects of performance (Manzoni and Caporarello, 2017). However, it is crucial not just to look at the relations between Creative Freedom and Survival Challenges, but also how their interaction influences the OPE in CCI organizations. Also, Gilbert and Sutherland (2013) have found that the performance management system has an essential role in balancing autonomy and control. Thus, it is possible to assume that OPE impacts the Creative Freedom in CCI organizations, but if and how it relates to Survival Challenges remains unclear. Therefore, the current paper’s empirical part shall test the relations between Creative Freedom, Survival Challenges, and OPE to understand if OPE could bring the desired balance into CCI organizations, especially in the current turbulent times.

¹ A response to tension that involves separating contradictory elements either temporally or spatially (Jarzabkowski et al., 2013).

² A response to tension that involves prioritizing one element and allowing it to dominate or overrule the other element of a paradox (Jarzabkowski et al., 2013).

2. METHODOLOGY

The researchers carried out mixed methods research as both approaches, qualitative and quantitative, are important and useful (Johnson and Onwuegbuzie, 2004) to understand a complex issue like OPE in CCI organizations. The chosen methodology aimed to estimate the relations between OPE and Creative Freedom and Survival Challenges. Even though most data came from the quantitative survey, expert interviews and Correlation analyses were used to decide on the final content of core variables for Moderation analyses. The research phases are mapped in the following Figure 2.

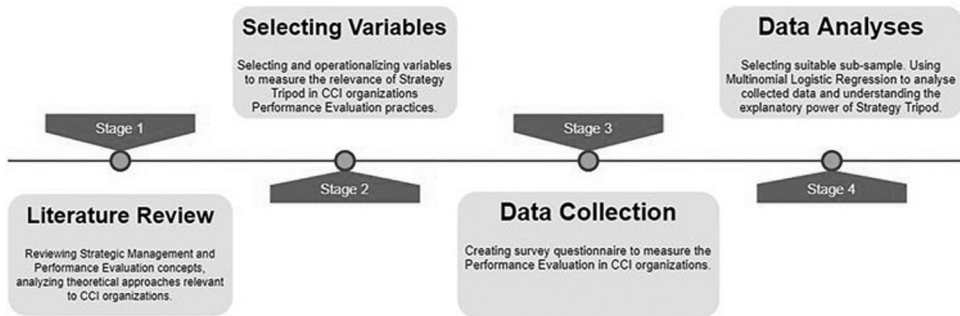


Figure 2 – Research phases of the study.

In the following section, the data collection and data analyses are described in more detail.

2.1 Data Collection and Sample

The first stage of research was designed using a sub-sample of a dataset of CCI organizations in Estonia (Sassi, 2016) that consisted of responses of 139 “evaluation-hesitant” CCI organization representatives. This grouping was a result of the previous research phase using Cluster Analyses. Table 2 illustrates the key characteristics of “evaluation-hesitant” CCI organizations.

Table 2 – Key characteristics of the quantitative sample.

| TYPE | Respondents (N=139) (%) | AGE | Respondents (%) | STAFF | Respondents (%) |
|--|-------------------------|-------------|-----------------|----------------|-----------------|
| Private Company | 54.7 | >25 years | 26.6 | 1-5 employees | 71.2 |
| Municipal Body | 11.5 | 11-25 years | 28.8 | > 10 employees | 6.5 |
| Public Sector | 10.1 | 6-10 years | 18.0 | 6-10 employees | 12.9 |
| NGO | 20.1 | 3-5 years | 18.0 | no employees | 9.4 |
| Foundation | 3.6 | 0-2 years | 8.6 | | |
| FIELD OF ACTIVITY | | | | | |
| Architecture (20,9%), Design (10,1%), Performing Arts (8,6%), Film and video (6,5%), Publishing (5,0%), Art (2,9%), Museums (1,4%), Music (12,9%), Libraries (21,6%), Advertisement (6,5%), Handicraft (3,6%). | | | | | |

“Big Picture” – a balance between cultural and commercial aspects of performance (Manzoni and Caporarello, 2017) was expected by authors to be achieved through regular Performance Evaluation practices. Based on that, the following variables (see Table 3) of Creative Freedom, Survival Challenges, and Performance Evaluation were included in the analyses:

Table 3 – Key characteristics of the variables for a quantitative study.

| VARIABLE | MEAN | STD. DEV. |
|---|------|-----------|
| CREATIVE FREEDOM sub-factors | | |
| Creativity’s central role in organization (81,3% agree) | 4,37 | 0,949 |
| Employees’ enthusiasm (66,9% agree) | 3,95 | 1,099 |
| Preferring interesting tasks to profit (55,4% agree) | 3,6 | 1,22 |
| SURVIVAL CHALLENGES sub-factors | | |
| Challenging financial management (35,3% agree) | 2,96 | 1,39 |
| Unstable customer flow (40,3% agree) | 3,21 | 1,207 |
| Unstable income (50,4% agree) | 3,53 | 1,298 |
| Challenging external funding (64,0% agree) | 3,86 | 1,26 |
| Challenging profit-making (74,8% agree) | 4,21 | 1,093 |
| PERFORMANCE EVALUATION sub-factors | | |
| When planning new activities, we take into account the analysis results of the current activities (39,6% agree) | 3,19 | 1,177 |
| Daily analysis of the performance and current activities is a natural part of our work (28,1% agree) | 2,75 | 1,252 |

| VARIABLE | MEAN | STD. DEV. |
|---|------|-----------|
| The managers see performance evaluation as an important input to improve employees' performance and activities (14,4% agree) | 2,41 | 1,166 |
| In our organization not only will the performance be measured, but the achieved results will be compared with the goals planned (11,5% agree) | 2,03 | 1,116 |
| Our organization has well-established methodologies for analyzing and assessing the work performance (2,9% agree) | 1,61 | 0,812 |
| We have efficient system for analyzing the performance (2,9% agree) | 1,54 | 0,836 |
| In drawing up the annual plan the qualitative indicators to measure performance are planned (1,4% agree) | 1,46 | 0,725 |
| In drawing up the annual plan the quantitative indicators to measure performance are planned (0,7% agree) | 1,39 | 0,665 |

Data for expert interviews were collected from eight CCI organization managers' to discuss the preliminary results of the survey and put them into the context for setting the focus for further data analyses. The following sub-fields of CCIs were represented: music, libraries, performing arts, and art and design. Additionally, one festival organizer, one umbrella organization, and one expert from Cultural Endowment were interviewed. All expert interviews lasted over 60 minutes and were recorded for further analyses.

2.2 Data Analysis

The basic assumption of the current empirical methodology was that the CCI organizations' managers should not be directly asked what their strategic response to faced paradoxes is. Therefore, a quantitative approach as more anonymous was used to find answers to mindset-oriented questions. First, a simple descriptive analysis helped to understand the scene. Then, the Cluster Analysis results of a previous study were used (Sassi et al., 2017) as a starting point for a Pierson Correlation Analysis. After expert interviews, Moderation Analysis was performed using SPSS PROCESS Model 1 of Hayes to identify whether Creative Freedom and Survival Challenges moderate with Performance Evaluation (HAYES, 2012). Dawson (2014, p.1) has described moderations as "any variable that affects the association between two or more other variables; moderation is the effect the moderator has on this association." Moderation Analyses is often used in Management Research as it can "lead to important and useful insights for strategic management theory and practice (Aguinis et al., 2017, p.666).

Eight unstructured expert interviews were carried out with managers from different CCI organizations' sub-fields to answer the second research question. The analysis focused on strategic management practices, from creative and commercial aspects, based on the quantitative survey's preliminary results. The expert interviews were analyzed using Content Analysis. Interview transcripts were coded by mapping the main themes and finally categorizing them.

2.3 Limitations

The current empirical study is based on a one-country sample; however, the Estonian context is an appropriate choice. The scale of the country is comprehensive (the impact of internal challenges and global trends are visible in a short period), which made reaching the highly representative sample (through well-functioning umbrella organizations) possible.

The number of respondents for both the quantitative and qualitative research portions was limited, and the scope covered only "evaluation-hesitant" CCI organizations. As a result of a particular sample, the authors are able not just to answer the research questions but also to bring some new understanding of the factors that may contribute to evaluation-hesitance in CCI.

3. RESULTS

In the following section, the answers to each sub-question are provided.

3.1 Relations between Performance Evaluation, Creative Freedom, and Survival Challenges in "evaluation-hesitant" CCI organizations

As presented in Annex 1, the study revealed a weak Pearson correlation ($r=0.221$, $N=139$, $p=0.009$) between Performance Evaluation and Creative Freedom in "evaluation-hesitant" CCI organizations. Also, all three Creative Freedom sub-variables do correlate with two Performance Evaluation practices and mindset variables. The study revealed no correlation between Performance Evaluation and Survival Challenges. However, one sub-variable of Survival Challenges ("keeping budget balanced") does weakly correlate with Performance Evaluation ($r=0.190$, $N=139$, $p=0.025$), and three sub-variables of Survival Challenges do correlate with five OPE practices and OPE mindset variables. Even though Survival Challenges did

not correlate with Performance Evaluation, it was tested using Moderation Analysis if Creative Freedom and Survival Challenges together influence the OPE in “evaluation-hesitant” CCI organizations.

As a result of the Correlation analysis, there was a reason to believe that Creative Freedom and Survival Challenges interact with Performance Evaluation. The results of the Moderation analysis were significant, and based on Table 4, it is possible to claim that Survival Challenges moderate the relationship between OPE and Creative Freedom in “evaluation-hesitant” CCI organizations.

Table 4 – Moderation Model of “evaluation-hesitant” CCI organizations (N=139).

| | B | SE B | Mean | St.dev | t | p | LLCI | ULCI |
|---|----------|-------------|-------------|---------------|----------|----------|-------------|-------------|
| Constant | 2,0585 | 0,043 | | | 47,8603 | 0 | 1,9734 | 2,1435 |
| Creative Freedom | 0,148 | 0,0549 | 3,9736 | 0,7936 | 2,694 | 0,008 | 0,0394 | 0,2567 |
| Survival Challenges | -0,1165 | 0,0506 | 3,554 | 0,8551 | -2,3031 | 0,023 | -0,2165 | -0,0165 |
| Creative Freedom x Survival Challenges | -0,1308 | 0,0576 | | | -2,2717 | 0,025 | -0,2447 | -0,0169 |

Figure 3 explains the moderation of the effect of Creative Freedom (X) on Evaluation (Y) at the values of the moderator Survival Challenges (W). All effects are significant; the Creative Freedom will increase the probability of OPE marginally (0.15 units), while Survival Challenges have a negative and significant effect. If Survival Challenges are high, then the interaction’s moderation effect will make the effect of Creative Freedom to OPE marginal. Thus, high Survival Challenges, combined with Creative Freedom, decrease the OPE and wipe away the positive effect of Creative Freedom on OPE.

In the current case, the interaction effect, in general, is significant. However, the effect is significant only during high or medium levels of Creative Freedom, meaning that the effect is not significant when the Creative Freedom level is low. In the case of lower Survival Challenges and higher Creative Freedom, the CCI organizations’ OPE level is higher than in a situation of high Survival Challenges. The full model is presented in Figure 4.

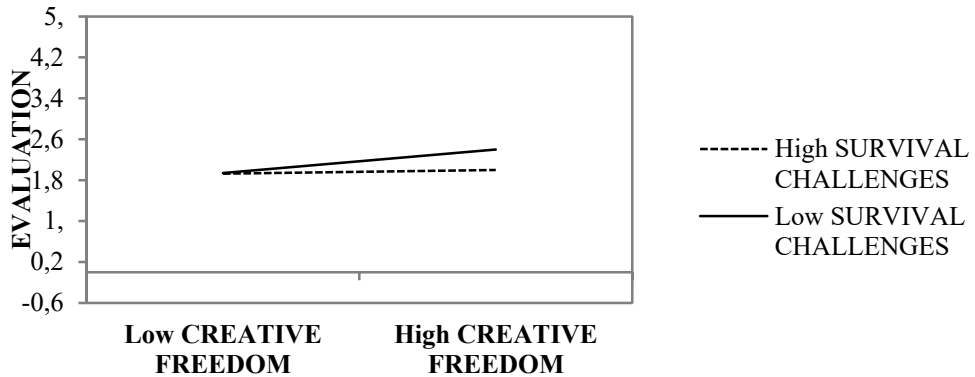


Figure 3 – Moderation effect of Creative Freedom on OPE at values of the moderator Survival Challenges.

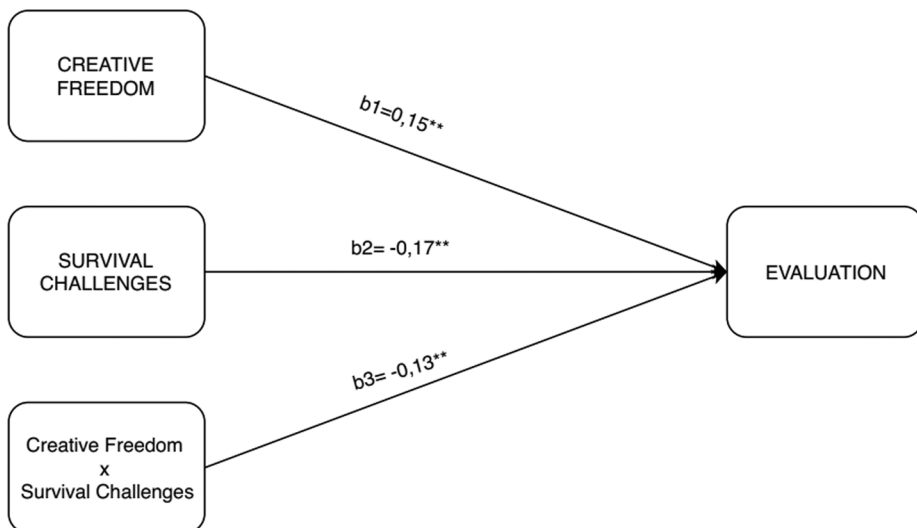


Figure 4 – Moderation Effect of Survival Challenges (X) on Performance Evaluation (Y) by Creative Freedom (W).

3.2 Main obstacles to achieve the “Big Picture” in “evaluation-hesitant” CCI organizations

Two quotes from the interviews indicate well there is a particular imbalance (that might be a threat to Big Picture) between the Creative Freedom and Survival Challenges in CCI organizations:

- “without the warm bed, there is no applause” (interviewee, Performing Art) – thus, there is a need to correspond to clients’ needs to earn some income;

- “in art organizations, there is often the tension that we need to give honey to the flies” (interviewee, Art) – thus, often, choices made are clearly profit-oriented.

Throughout the interviews, the role of a manager as a “balancing power” was brought up by respondents as the CCI organizations manager “needs to draw some borderlines – the lines the artists should not compromise, but that should not “squeeze” the artists too much, either.” It was also discussed that “the creativity needs to be flying. The manager needs to know well how to catch it.” Moreover, “Scandinavian stability” was brought up, the desired situation where CCI organizations do not need to compete for funding if they have previously demonstrated high- quality performance. The same interviewee described the Estonian cultural field’s current status as “revolutionary,” conveying that there seems to be no balance, mainly due to instability in funding.

Also, project funding requirements as triggers to plan (both artistic and financial resources) were mentioned. In project applications, concrete indicators are required, which leads to some planning and later analysis “as the achieved results cannot be too different from the planned ones” (interviewee, Music). Thus, project-based funding causes instability in financial terms.

The “non-financial oriented mindset” could be well illustrated with the following example from an interview – “When delivering a Christmas concert, our only measure of success is that the audience enjoys it; the box office does not matter” (interviewee, Music). Thus, managers do not only choose between the profit-orientation and Creative Freedom in their target setting but also consider customer (audience) satisfaction.

4. DISCUSSION

CCI organizations consider strategic managing challenging (Küttim et al., 2011; Sassi et al., 2017) and struggle to find the balance between creativity and profit-seeking aspirations (Küttim et al., 2011; Tscherning and Boxenbaum, 2011). So far, little evidence from academic literature demonstrates any linkage between the paradox, challenges, and skills gap. Thus, the study adds to a new understanding of how Survival Challenges and Creative Freedom influence “evaluation-hesitant” CCI organizations

and their OPE. By adapting the quantitative methods (by extending the work of Manzoni and Caporarello), the authors found causal relationships between a performance paradox (tensions between Survival Challenges and Creative Freedom) and OPE and can explain the circumstances that lead to use or not to use of OPE (as a response to paradox). To be more precise, the study's quantitative results revealed that Creative Freedom does boost OPE practices. In contrast, Survival Challenges have the opposite effect; when CCI organizations face difficulties surviving, they practice less OPE. Also, evidence was found that it is not the balance between Survival Challenges and Creative Freedom that leads to OPE, but a situation dominated by a high level of Survival Challenges. Thus, a high level of Survival Challenges combined with Creative Freedom wipes away the positive effect of Creative Freedom to OPE.

Even though Flow theory research has so far not tackled the OPE, it explains the organizational behavior by emphasizing similar concepts to OPE as a precondition to Flow. This is why one of the findings of the current study – in the case of lower Survival Challenges and higher Creative Freedom, the CCI organizations OPE level is higher than in a situation of high Survival Challenges – does also make a minor contribution to Flow Theory by specifying the challenges and skills that are needed for balance (Cskizentmihalyi, 2014) in CCI organizations. These are managerial skills and survival challenges.

The results also revealed that in cases where CCI organizations do not have to fight for their survival, and their Creative Freedom level is high, they do practice more OPE compared to the CCI organizations that have difficulties to survive. Thus, the results indicate that creativity does not contradict with control, as already shown by Speklé et al. (2017). But most of all, this finding could also be interpreted as a practical implication for CCI organizations to use OPE as a solution to overcome the paradox between Creative Freedom and Survival Challenges.

Due to the limited number of interviewees, only some of the obstacles to achieving the Big Picture (balance between cultural and commercial aspects of performance) in CCI organizations have been mapped; lack of professionalism and competences in the creative field, short-term planning caused by instability in funding and a non-profit-orientation (focus on audience satisfaction). Project-based financing and short-term planning accompanied by an unethical outcome of project-funding (only seeming

to have achieved its stated goals) have also been mapped in a study by the Estonian Institute of Economic Research as a core problem of CCI organizations (Eesti Konjunkturiinstituut, 2018). Most of the interviewees agreed that there is a lack of professionalism and competencies in managerial skills. A comparative Baltic-Nordic study also revealed a lack of knowledge in the following areas: working with numbers, accounting, and financial planning was incredibly difficult for creative people. Furthermore, planning and deciding whether to prefer artistic aims over financial ones were also outlined as challenging tasks (Küttim et al., 2011). Lack of skills may also affect the capabilities and know-how of achieving the balance between Creative Freedom and Survival Challenges. However, future research is needed to verify this.

The study also revealed that the managers do not choose just between the profit-orientation and Creative Freedom, which was the basic assumption of the current study; in addition to this central performance paradox, managers also consider audience satisfaction when making decisions. Fulfilment of customers' needs and "perceptions of what the market wants" has also been mentioned by Thompson et al. (2007, p.633) earlier. However, the role of OPE in feedback collection and acknowledging the customers' needs should never be underestimated.

By enriching the existing theoretical work on OPE in CCI organizations with insights from Theory of Paradox and Flow theory, the authors can now better explain the relations between Creative Freedom and Survival Challenges and their effects on OPE. Thus, the paper contributes to general Arts Management research by bringing in a new understanding of coping with the paradoxes in "evaluation-hesitant" CCI organizations.

By adapting its quantitative methodology, the authors also identified the circumstances that lead to choosing whether to use OPE. Thus, causal relationships between existing paradoxes and OPE were verified. Additionally, the results also contribute to the Theory of Paradox by suggesting that organizations use OPE to overcome the paradoxes between Creative Freedom and Survival Challenges.

5. CONCLUSION

The current study is one of the first attempts to explain the connections between Creative Freedom, Survival Challenges, and OPE using quantitative research methods. Based on the study, it is possible to claim that in “evaluation-hesitant” CCI organizations the Creative Freedom leads to OPE. At the same time, Survival Challenges play a moderating role in that relationship. The following model describes the relationships between Creative Freedom, Survival Challenges, and OPE (see Figure 5).

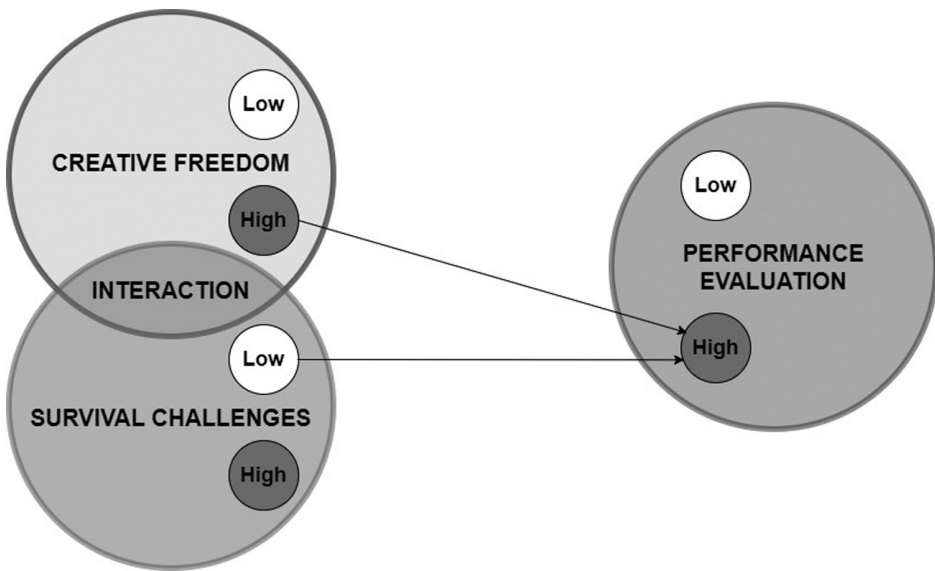


Figure 5 – Conceptual Model of OPE as an outcome of Creative Freedom and Survival Challenges interaction.

The paper also tackled the obstacles to achieve the “Big Picture” – a balance between cultural and commercial aspects of performance (Manzoni and Caporarello 2017) in “evaluation-hesitant” CCI organizations. The following challenges and skills gaps tend to limit the balance in CCI organizations the most: the central role of manager as a “balancer,” lack of professionalism and competencies, short-term planning caused by and is causing instability, and non-profit-orientation.

To conclude, the issues discussed in the paper seem only at first glance specific to CCI. Still, they could be well implemented in any other organization where creativity and control seem to contradict. As Lampel et al. have claimed, “The dilemmas experienced by managers in cultural industries are

also to be found in a growing number of other industries where knowledge and creativity are key to sustaining competitive advantage” (Lampel et al., 2000, p.263). Hopefully, those in industry could utilize the article to review current OPE practices as well as understand the relations between Performance Evaluation, Creative Freedom and Survival Challenges.

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RESÜMEE

ORGANISATSIOONI TULEMUSLIKKUSE HINDAMINE LOOMESEKTORI ORGANISATSIOONIDES EESTI NÄITEL

Käesoleva doktoritöö fookuses on organisatsiooni tulemuslikkuse hindamine (ingl. k. *organizational performance evaluation*, edaspidi lühendatud OPE) Eesti loomesektori (CCI) organisatsioonides. Neljal artiklil põhineva dissertatsiooni eesmärk on analüüsida tegureid, mis mõjutavad nii suhtumist organisatsiooni tulemuslikkuse hindamisse kui ka selle rakendamist, et nende baasil välja töötada mudel, mis selgitab sisemiste ja väliste tegurite suhteid OPE rakendamisel CCI organisatsioonides.

Antud töös lähtutakse CCI määratlemisel Kultuuriministeriumi definitsioonist, millele vastavalt on tegemist „majandusvaldkonnaga, mis põhineb individuaalsel ja kollektiivsel loovusel, oskustel ja andel ning mis on võimeline looma heaolu ja töökohti ning suurendama majanduslikku tulu intellektuaalse omandi loomise ja kasutamise teel.“ Autor defineeris OPE loomesektorit organisatsioonides järgmiselt: „...teadlik strateegiline protsess, mis võtab arvesse konkreetse CCI organisatsiooni eripära, kasutades süsteemselt varasemat organisatsiooni tulemuslikkuse analüüsi sisendina uute tegevuste kavandamisel.“ Käesolevas doktoritöös tähistab mõiste „organisatsioon“ nii era- kui ka avalikku sektorit, hõlmates ka mittetulundusühinguid.

Erinevad autorid on leidnud, et OPE rakendamine koos seda toetava mõttemaailmaga võib parandada mitte ainult CCI organisatsioonide ellujäämisoskusi, vaid ka kasvavat konkurentsivõimet (Winch ja Schneider, 1993). OPE rakendamise põhjusi mõistmata on CCI kui majandussektori jätkusuutlikkust raske tõsta. Seetõttu ongi eriti oluline erinevaid OPE-t mõjutavaid tegureid Eesti kontekstis uurida. Käesolevas doktoritöös analüüsitakse OPE hoiakute polaarsust („hindamises kõhklemine“ vs „hindamissõbralikkus“) loomesektori organisatsioonides. Töö tulemusena selgitatakse välja, millised tegurid ja tegurite kombinatsioonid mõjutavad loomesektori organisatsioonides OPE rakendamist ja mitterakendamist, ning milline on selle mõju.

Doktoritöö esimeses peatükis tutvustatakse uuringu põhimõisteid ning põhjendatakse teema olulisust, teine peatükk annab ülevaate uurimistöö

teoreetilisest taustast. Kolmandas peatükis selgitatakse nelja uuringu andmekogumise ja –analüüsi meetodeid. Neljas peatükk võtab kokku uuringute peamised tulemused. Viimases peatükis arutletakse töö tulemuste üle, selgitatakse piiranguid ja tehakse ettepanekuid edasiseks uurimiseks. Doktoritöö lõpetavad kokkuvõte ja resümee eesti keeles.

Juba enne COVID-19 kriisi ei olnud Eesti loomesektori organisatsioonid piisavalt tugevad, et võrdselt traditsioonilisemate majandusharude projektidega rahastusele konkureerida. COVID-19 on enim mõjutanud just nõrgalt juhitud organisatsioone ja praeguse kriisi mõju seljatamine eeldab loomesektori organisatsioonide jätkusuutlikkusele suunatud lahenduste välja töötamist. OPE kasutamine võib anda juhtidele vajaliku sisendi, et mõista, millises seisus nende organisatsioon hetkel on ja millises suunas tuleks liikuda.

Kuigi nii CCI toimimine kui ka OPE olemus on teadlaste poolt põhjalikult uuritud valdkonnad, on loomesektori kesksed OPE-uuringud siiani olnud üsna piiratud ning mitmed olulised küsimused on jäänud vastuseta. Eesti loomesektori organisatsioonide kontekstis on OPE-t veelgi vähem uuritud ning teadusuuringute tulemusi CCI organisatsioonide strateegilise juhtimise kohta Eestis on vähe avaldatud. Seepärast sai autor Eesti-spetsiifilise tausta avamisel tugineda peamiselt rakendusliku sisuga uuringute aruannetele.

Strateegiline juhtimine loomesektori organisatsioonides erineb olulisel määral traditsioonilise äri sektori juhtimisest. Nimelt ei ole loomesektori organisatsioonide eesmärk üldjuhul mitte kasumi teenimine (Caust, 2005; Manzoni ja Caporarello, 2017; Gstraunthaler ja Piber, 2012), vaid sümboolse kapitali tootmine (Townley ja Gullede, 2015). See on valdavalt tingitud erinevast äri loogikast, mida paljud CCI organisatsioonid järgivad (Tafel-Viia jt 2011; Pallok, 2015). Lisaks on loomesektori organisatsioonide väljakutsed erinevad: kunstiliste- ja äriliste eesmärkide tasakaalustamise, juhtimise ja planeerimise tõhususe tagamine (Küttim jt, 2011). Ühtlasi ei peeta loomesektori organisatsioonides „äri loogikat” asjakohaseks ja üldjuhul välditakse kõnepruugis juhtimisterminoloogiat, näiteks selliseid mõisteid nagu „kvaliteet” või „strateegia”. Seega on põhjust arvata, et loomesektori organisatsioonides ei väärtustata ega järgita traditsioonilisemates majandusharudes hästi toimivaid juhtimispõhimõtteid. Kuigi selle põhjused pole täielikult selged, on põhjust arvata, et see võib mõjutada CCI organisatsioonide jätkusuutlikkust.

Otsustusprotsessid ei ole loomesektori organisatsioonides tihti ratsionaalsed (Elmquist, 2012) ning vajadust tõhusa juhtimise järele CCI organisatsioonides on mitmed teadlased teadustöodes rõhutanud (Townley jt 2009; Chong, 2002; del Barrio ja Herrero 2014). OPE on strateegilise juhtimise üks põhielemente (Bredmar, 2015; Dickel ja Moura, 2016) ning keskendub sellele, kuidas organisatsioonid saavad kindlaks teha, kas nad on edukad või mitte (Bredmar, 2015; Dickel ja Moura 2016), seega aitab see kaasa tõhususele ja ratsionaalsusele.

Gilbert ja Sutherland (2013) on välja selgitanud, et juhtimissüsteemi tulemuslikkusel on organisatsioonis oluline roll autonoomia ja kontrolli tasakaalustamisel. Seega võib eeldada, et OPE mõjutab loomesektori organisatsioonides loomingulist vabadust, kuid kas ja kuidas on see seotud ellujäämisväljakutsete ja jätkusuutlikkusega, pole siiani veel teaduskirjanduses kinnitust leidnud. Sellest lähtuvalt analüüsitakse käesolevas doktoritöös loomingulise vabaduse, ellujäämisväljakutsete ja OPE- vahelisi seoseid, et mõista, kas OPE aitab kaasa loomesektori organisatsioonides strateegilise tasakaalu saavutamisele.

Viimase 50 aasta jooksul on ideaalseks peetud organisatsiooni, mis rakendab regulaarset enesehindamist eesmärgiga kindlaks teha, kas ellu viidud tegevused täitsid oma eesmäärke või tuleks need üle vaadata (Wildavsky, 1972). OPE aitab kaasa organisatsiooni ja selle tulemuslikkuse tõstmisele, edule (Waheed jt 2010), jätkusuutlikkuse (Gstraunthaler ja Piber, 2007) ning konkurentsieeliste saavutamisele (Ates jt 2013; Cocca ja Alberti, 2010). Kuigi on levinud arusaam, et OPE on organisatsiooni konkurentsivõime jaoks hädavajalik (Jensen ja Sage, 2000), on loomesektori organisatsioonides vastuseis hindamisele siiski üsna levinud (Birnkrout, 2011). Paraku põhjuste üle, miks OPE-t ei rakendata, pole laialdaselt arutatud, kuigi Pattyn (2014) on teinud üleskutse hindamise passiivsuse mehhanismide põhjuslike tagamaade uurimiseks. Käesoleva doktoritöö eesmärk on täita see lünk loomesektori organisatsioonides ning analüüsida neis OPE-ga seotud hoiakuid ja praktikaid.

Kirjandusele tuginedes puudub ühtne arusaam, milline peaks olema CCI organisatsioonides kasutamiseks sobilik OPE. Samas on teadlased ühte meelt, et ettevõtlussektoris tõhusaks osutunud meetodeid üks ühele loomesektoris kasutada ei saa ning neid tuleb kohandada nii, et need vastaksid CCI organisatsioonide vajadustele ja võimalustele (Chiaravallotti ja Piber, 2011; Belfiore ja Bennett, 2010; Birnkrout, 2011). Seetõttu

on paljudes riikides kultuurivaldkonda reguleerivad organisatsioonid välja töötanud erinevaid vahendeid loomesektori organisatsioonide tulemuslikkuse ja selle mõju mõõtmiseks. Näiteks Ühendkuningriik ja Austraalia on juba aastakümneid kasutanud selleks eraldi välja töötatud CCI organisatsioonide hindamisvahendeid; ka Soomes on tehtud vähemalt üks katse kultuuriorganisatsioonide tulemuslikkuse mõõtmisvahendi väljatöötamiseks (Sorjonen ja Uusitalo, 2005). Autorile teadaolevalt pole Eestis riiklikul tasandil selleks jõupingutusi tehtud. Ühtlasi ei ole Ida-Euroopas OPE-t loomesektoris eriti uuritud, seda eelkõige Põhjamaadega võrreldes. Vaatamata rohketele Põhjamaade CCI uuringutele (Nørreklit, 2011; Tscherning and Boxenbaum, 2011; Pinheiro and Hauge, 2014) ei ole nende riikide juhtimispraktikad Eesti kontekstis täielikult asjakohased, kuna loomesektori organisatsioonide riiklikud tugisüsteemid on Põhjamaades ja Balti riikides väga erinevad. Seetõttu ongi käesoleva uuringu valimiks valitud vaid Eesti CCI organisatsioonid.

Käesolev doktoritöö põhineb kombineeritud uuringudisainil, täpsemalt seletava järjendanalüüsi meetodil (Creswell, 2014). Neli uuringuetappi ja viis uurimisküsimust täiendasid üksteist sisuliselt ja meetoodiliselt. Esimeses uuringu etapis kasutati peamiselt kirjeldavat statistikat, teised põhinesid eristusstatistikale ja neljas uuring ühendas kvantitatiivse ning kvalitatiivse andmete kogumise ja analüüsi kombineeritud uuringudisaini abil. Uuring tugines kahele andmekogule. Esiteks koguti andmeid kvantitatiivse küsitlusega 460lt loomesektori esindajalt, ja kvalitatiivsete andmete saamiseks intervjueriti kaheksat CCI organisatsiooni juhti. Kvalitatiivse lähenemisviisi kaasamine oli vajalik kvantitatiivsete anonüümsete tulemuste täpsustamiseks intervjuude kaudu. Uurimistöo etappide jooksul kasutati järgmisi andmeanalüüsi meetodeid: korrelatsioon-, faktor-, klasteranalüüs, logistiline regressioon, moderatsiooni ja sisu analüüs.

Järgnevalt tutvustatakse uurimisküsimusi ja põhitulemusi. Vaatamata Euroopa Komisjoni poolt esitatud väitele, et Euroopa Liidu loomesektori organisatsioonid seisavad silmitsi ühiste väljakutsetega (Euroopa Liidu Teataja 2013, L 347/225), on siiski tegemist üsna heterogeense majandusharuga. Kuna on põhjust arvata, et organisatsiooni heterogeensus mõjutab tulemuslikkuse juhtimise tavadid (Askim, 2015), oli antud uurimistöo raames oluline mõista, kas ja kuidas erinevad OPE praktikad erinevate loomesektori harude vahel ning teiste CCI organisatsioonide tunnuste alusel. Selle uurimise lünga täitmiseks sõnastati RQ1 järgmiselt: **Mille poolest erinevad OPE tööriistad ja praktikad erinevat tüüpi**

CCI organisatsioonides? Esimese uuringuetapi tulemused näitasid, et enamikus Eesti loomesektori organisatsioonidest ei ole oma tulemuslikkuse analüüsimise metoodikat ega süsteemi ning CCI organisatsioonide jaoks on peamine väljakutse seotud strateegilise juhtimisega üldiselt. Ühtlasi selgus, et need loomesektori organisatsioonid, kus pole palgatöötajaid, võitlevad enim oskuste vajakajäämisega. Tulemustest ilmselgus ka, et suurim väljakutse enamiku organisatsiooni vormide, aga ka CCI alasektorite lõikes on seotud kasumi teenimisega. Tulemused viitavad ka sellele, et vanematele organisatsioonidele on finantsjuhtimise ja strateegilise planeerimisega seonduv temaatika suurem väljakutse kui noorematele organisatsioonidele.

Kuna RQ1 keskendus peamiselt OPE praktikate kaardistamisele, pööramata põhjalikumat tähelepanu nende põhjustele, oli oluline mõista ka praktikate taga olevat mõttelaadi ja laiemas plaanis strateegilise juhtimise hoiakuid. Seetõttu sõnastati RQ2 järgmiselt: **Millised tegurid mõjutavad OPE hoiakuid ja praktikaid CCI organisatsioonides?** Teise uuringuetapi tulemused näitasid, et loomesektori organisatsioonide strateegilist juhtimist mõjutavad peamiselt järgmised tegurid: hindamistavad, strateegilised väljakutsed ja entusiastlik mõtteviis. Ühtlasi selgus tulemustest, et CCI organisatsioonides puudub ühtne strateegiline mõtteviis ning juhtimine sõltub pigem olemasolevatest ressursidest ja entusiastlikust mõtteviisist. Uuringu tulemusena töötati välja kaks uut kontseptsiooni – „hindamissõbralikkus” ja „hindamises kõhklemine”. Need lähtuvad olemasolevatest OPE praktikatest ja hoiakutest OPE-sse.

RQ3 keskendus erinevatele OPE-t mõjutavatele teguritele „hindamissõbralikes” loomesektori organisatsioonides ning oli sõnastatud järgmiselt: **Millised tegurid mõjutavad OPE rakendamist ja tajumist CCI organisatsioonides?** „Hindamissõbralike” organisatsioonide tulemused näitasid, et kasumile orienteeritud loomesektori organisatsioonid on suurema tõenäosusega OPE suhtes positiivsemalt meelestatud. Teisalt selgus, et ebastabiilse sissetulekuga organisatsioonides võrreldakse suurema tõenäosusega saavutatud tulemusi seatud eesmärkidega. Samuti ilmselgus, et õppimisele ja arengule suunatud hoiakud mõjutavad enim tulemuslikkuse analüüsimist igapäevase töö loomuliku osana.

Autor eeldas, et „hindamises kõhklevate” loomesektori organisatsioonide toimimist mõjutavad erinevad tegurid kui „hindamissõbralikke” organisatsioone. Seetõttu keskendus RQ4 „hindamises kõhklevatele” organisatsioonidele eesmärgiga välja selgitada, kas ja kuidas OPE

praktiseerimine on seotud loomingulise vabaduse ja ellujäämise väljakutsetega. Selle tulemusel sõnastati RQ4 järgmiselt: **Millised tegurid ja kuidas mõjutavad loomesektori organisatsioone OPE-t mitte kasutama?** Tulemused näitasid, et loominguline vabadus hoogustab OPE praktikaid, samas kui ellujäämise väljakutsetel on vastupidine mõju – nende kõrgema tasemega kaasneb OPE madalam tase.

Olles uurinud erinevaid OPE-t mõjutavaid tegureid loomesektori organisatsioonides, keskenduti uuringu viimase etapi intervjuudes seni selgusetuks jäänud strateegilise tasakaalu puudumise põhjustele. RQ5 kõlab järgmiselt: **Mida CCI organisatsioonid vajavad strateegiliseks tasakaaluks?** Tulemustest selgus, et järgnevad tingimused piiravad enim tasakaalu saavutamist loomesektori organisatsioonides: professionaalsuse ja juhtimispädevuse puudumine ning rahastamise ebastabiilsusest tingitud keskendumine lühiajaline planeerimine.

Käesoleva doktoritöö peamine kontseptuaalne panus seisneb loomesektori organisatsioonide tüpoloogias väljatöötamises ning sellest tulenevalt kahe uue kontseptsiooni loomises – „hindamissõbralikud“ ja „hindamises kõhklevad“ CCI organisatsioonid. Sellisel polaarsel liigitusel tuginev süvaanalüüs võimaldas esmakordselt Eestis avada OPE praktiseerimise ja mittepraktiseerimise põhjuste tagamaid loomesektori organisatsioonides. Enne käesolevat uuringut ei ole organisatsiooni tulemuslikkuse hindamise hoiakuid ja tavasid teaduskirjanduses tõlgendatud organisatsioone eristavate elementidena. Ühtlasi valmisid uuringu tulemuste baasil viis kontseptuaalset mudelit, mis selgitavad OPE-t mõjutavaid hoiakuid ja tegureid Eesti loomesektori organisatsioonides.

Lisaks teoreetilisele panusele panustab doktoritöö ka praktiliselt loomesektori arengusse, eelkõige selle strateegilisse juhtimisse ning kompetentside tõstmisse. Esiteks annavad tulemused olulist tõendusmaterjali loomesektori organisatsioonide juhtidele kui OPE võimalikele rakendajatele, et süsteemselt OPE-t praktiseerivad organisatsioonid ei pea ellujäämise nimel võitlema, kuna OPE aitab kaasa organisatsioonide stabiilsuse ja/või jätkusuutlikkuse saavutamisele. Teiseks, kuna uuring kaardistas ka loomesektori organisatsioonide juhtimisoskuste puudujääke, saavad poliitikakujundajad seda infot kasutada sisendina, et aidata kaasa oskuste arendamisele loomesektori organisatsioonides, pakkudes näiteks koolitusi vajalike pädevuste tõstmiseks ja/või hindamisvõimaluste väljatöötamiseks.

Doktoritöö teoreetiline panus on kokku võetud mudelis, mis ühendab kõiki uuringu tulemusi ning selgitab, kuidas erinevad OPE-t mõjutavad tegurid on seotud erinevate OPE aspektidega loomesektori organisatsioonides. Kuigi uuringu tulemused, sealhulgas väljatöötatud mudelid, on konteksti spetsiifilised, on need siiski asjakohased ka teiste väikeste arenenud Euroopa riikide loomesektori organisatsioonide jaoks.

Uuringute läbiviimisel, mille tulemusena püütakse mõista organisatsioonide sisemisi protsesse ja sellega seotud hoiakuid, tuleb arvestada mitmete piirangutega. Antud uuringu puhul on enamik neist seotud andmete kogumisega. Nimelt koguti neid peamiselt kvantitatiivselt ja ankeetküsitlus põhines täielikult enesehinnangutel. Seetõttu ei saa välistada sotsiaalselt soovitatavate vastuste andmist ega erapoolikust sündmuste nõuetekohasel meenutamisel. Seoses andmete kogumise piiranguga tuleb kindlasti mainida ka küsimustikus kasutatud terminoloogiat. Nimelt ei määratlenud autor küsitlusankeedis mõisteid, vaid kasutas juhtimisterminoloogiat asemel pigem tavakeelt, jättes kesksete mõistete tähendused vastajate tõlgendada.

Doktoritöö põhines kirjanduses kinnitust leidnud eeldusel, et organisatsioonid, kus praktiseeritakse strateegilist juhtimist, s.h. OPE rakendamist toimivad paremini nii rahaliselt kui ka mitterahaliselt. Siiski ei küsitud vastajatelt otse, kui hästi neil finantsiliselt läheb (kuigi küsimused välisrahastuse, sissetulekute stabiilsuse ning klientide leidmise kohta olid ankeedis esindatud), kuna tegemist on tundliku teemaga, mis oleks võinud mõjutada vastamise määra. Tähelepanuta ei saa jätta ka tulemuste usaldusväarsusega seotud piiranguid. Statistilisest vaatenurgast lähtuvalt on analüüsimeetodid ja mudelid statistiliselt olulised, kuna andmete sobivust igaks konkreetseks andmeanalüüsiks kontrolliti erinevate testide abil. Sellegipoolest ei saa välistada võimalust, et küsimustiku fookusest on välja jäänud muud tegurid või tegurite kombinatsioonid, mis samuti olulisel määral OPE hoiakuid ja praktikaid mõjutavad. Kuna küsimustikud ei saa olla liialt pikad, siis jääb täiendavate tunnuste mõju hindamine järgmisteks uuringuteks või järgmistele uurijatele.

CURRICULUM VITAE

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Work Experience

- 17.05.2021 – Tallinn City Museum, Development manager
01.01.2017 – European Commission (Creative Europe program), lead expert
01.10.2014 – Estonian Business School, (visiting) lecturer and junior researcher
21.05.2014 – NGO Artis Progressus, founder
01.10.2010 – 31.10.2010 Organization for Security and Co-operation in Europe (OSCE), international expert
01.01.2010 – 31.12.2012 International Organization for Migration (IOM), project coordinator
01.10.2003 – 07.10.2010 Ministry of Social Affairs, chief specialist
01.06.2001 – 01.10.2002 Tallinn University, project manager

Education

- 2014 – 2021 Estonian Business School, Management, doctoral studies
2010 – 2013 Estonian Academy of Music and Theatre, Cultural Management, MA
2001 – 2004 Tartu University EuroCollege, European Studies, MA
1995 – 2000 Tallinn Pedagogical University, Information Science, BA

Conference presentations

17.12.2020 – presentation Organizational Performance Evaluation (OPE) in Cultural and Creative Industries (CCI) Organizations in Estonia at EIASM conference “7th Workshop on Managing Arts and Cultural Organizations” (MINES ParisTech).

30.11.2018 – presentation “Contradictory goals and response to them in cultural and creative industries” at EIASM “6th Workshop on Managing Arts and Cultural Organizations” (University of Oxford, EIASM).

06.07.2018 – presentation “Organizing and Performing Paradoxes and Strategic Response to them in “evaluation-friendly” and “evaluation-hesitant” CCIOs” at EGOS conference “Surprise in and around Organizations: Journeys to the Unexpected” (Estonian Business School, European Group for Organizational Studies).

13.09.2017 – joint presentation with Ülle Pihlak “Reasons for Planning and Measuring Organizational Performance in Creative Industries” EIASM konveretsil “9th Conference on Performance Measurement and Management Control” (Nizza, France).

27-28.06.2017 – presentation “What makes CCIs to plan and measure their performance?” in Creative Industries Article Writing Workshop (in Edinburgh University).

27-28.10.2016 – article and presentation at the article writing workshop “Challenges in Managing and Organizing Processes of Change” (in Vilnius, Mykolas Romeris University).

06-07.10.2016 – joint presentation with Ülle Pihlak “Typology of the Organizations of Creative Industries Based on the Factors Affecting Strategic Management” at the ENCATC conference “Cultural Management Education in Risk Societies – Towards a Paradigm and Policy Shift?!” (Valencia, Spain).

04.08.2016 – presentation “Variables influencing the Organizational Performance Evaluation in Estonian Cultural and Creative Industries Organizations?” in the Doctoral School in Lapanina.

27.05.2016 – presentation “Halfway to improve the efficiency of cultural and creative industry organizations” in the Ronald Coase Institute workshop “Institutional Analyses” (in EBS).

13.11.2015 – joint presentation with Ülle Pihlak “Improving the efficiency of cultural and creative industry organizations” at the conference “International Symposium on Cultural Trajectories: Cultural Governance, What’s Next?” (in National Taiwan University of Arts).

03.08.-06.08.2015 – presentation “Towards a Methodology for Measuring Organization Performance in Cultural and Creative Industry by Means of Systematic Review” at the Phd Summer School (Pühajärve, Estonia).

26.06.-02.07.2015 – joint presentation with Ülle Pihlak “Developing Organizational Performance Measurement Tool for Cultural and Creative Industry using Design Research” at the AIMAC conference Phd Symposium (Marseille University).

13.02-14.02.2015 – presentation “Measuring organisational performance through qualitative indicators in Estonian cultural and creative sector organizations” at Baltic Doctoral Students Support Training workshop – “Research Methodology and Data Collection Methods” (University of Latvia).

Supervised dissertations

- Anna Maria Smirnova, Master’s Degree, 2021, Crisis Management Strategies in Tallinn Park Hotel based on Covid-19 Crisis, Estonian Business School
- Olawale Temitope Ojo, Master’s Degree, 2020, The Influence of Performance Appraisal on Employee Motivation: Case of Immigrants Currently Working in Estonia, Estonian Business School
- Kadri Hansson, Master’s Degree, 2020, The Use of Group Flow Components to Advance Teamwork in Design Sprints, Estonian Business School
- Georgiana Grudinschi, Master’s Degree, 2018, Cultural differences and work motivation: case of Chinese expatriates in Finland, Estonian Business School

Publications

2021

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2020

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2016

Anttonen, Riikka; Ateca-Amestoy, Victoria; Holopainen, Kaisa; Johansson, Tanja; Jyrämä, Annukka; Karkkunen, Anne; Kiitsak-Prikk, Kaari; Kuznetsova-Bogdanovits, Kristina; Luonila, Mervi; Kõlar, Juko-Mart; Plaza, Beatriz; Pulk, Kätlin; Pusa, Tiina; Ranczakowska-Ljutjul, Anna; Sassi, Marge; Stiller, Ira; Äyväri, Anne (2016). *Managing Art Projects with Societal Impact: Study Book for Students, Stakeholders and Researchers*. Helsinki: Unigrafia Oy.

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Organizational Performance Evaluation in Cultural and Creative Industries Organizations: the Example of Estonia

The existing problems concerning Cultural and Creative Industries (CCI) have been well mapped in Nordic and Baltic countries, nevertheless the relations between internal and external factors affecting the management in CCI organizations are less covered in academic literature. The current study is among the first to expand our knowledge about the relationships between Organizational Performance Evaluation (OPE), skills, (survival) challenges and creative freedom in CCI organizations.

Based on four studies, the doctoral thesis explains the different factors that affect attitudes towards and implementation of OPE. It is based on the data collected from ca 460 representatives of different CCI organizations, representing all 13 subsectors of the CCI in Estonia. The explanatory mixed-methods research design has been used for data collection and data analysis.

The first study of the thesis indicated that OPE is not widespread in CCI organizations in Estonia and none of the performance evaluation tools, proven their worth in other countries, are used either. CCI organizations face different kinds of challenges that correlate with their OPE practices; these challenges also explain their evaluation inactivity.

The findings of the second study show that a more challenging environment, leads to fewer OPE activities. As a major conceptual contribution, this study revealed that CCI organizations can be seen in terms of polarities – they are either “evaluation-friendly” or “evaluation-hesitant”.

The third study pays attention to the central role of analyzing and reporting as this particular variable predicts whether in “evaluation-friendly” CCI organizations the results achieved are compared with the set goals or not. The study also revealed that CCI organizations oriented towards learning and development are more likely to analyze their performance as a natural part of daily work.

The results of the fourth study confirm that when CCI organizations do not have to fight for their survival and their creative freedom level is high, they do practice more OPE compared to the CCI organizations that have difficulties surviving. As a conclusion it is possible to claim that CCI organizations could use OPE as a solution to overcome the constant struggle between creative freedom and survival challenges.

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