

Cultural entrepreneurship

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Abstract Cultural entrepreneurship is a new character in the cultural sector. This paper characterizes the cultural entrepreneur paying homage to the hermeneutic approach of Don Lavoie and others. The challenge is to render the “cultural” meaningful. An invention is the highlighting of the rhetorical qualities of entrepreneurship. A cultural entrepreneur is the character who is entrepreneurial in the realization of cultural values, so is the conclusion.

Keywords Entrepreneurship · The cultural economic perspective · Rhetoric · Hermeneutics

JEL Classification B · M · Z

1 Introduction

There is a new character in town. Ah well, he—or is it a she?—made a first appearance an odd 20 years ago, or so. But it did not generate much attention at first. The other characters in town did not have much use for him, and the storytellers did not immediately see the role it would begin to play. After all, it appeared in the scene of the art world and that world was not very open for economic themes at the time. Recently, the character is becoming more dominant. Not only sociologists and a few economists are filling its character but it also features in the talk of politicians and people involved in the world of the arts. It is the cultural entrepreneur we are referring to.

Austrian economics will easily recognize this character. After all, they have a claim on the very notion of entrepreneurship in the discourse of economics. And the followers of Don Lavoie will readily identify his influence in the addition of “cultural.” Although Don did not discuss in his work the cultural entrepreneur as

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such, I am sure that he would have embraced the characterization that I am going to give. He would concur with the observation that the conception of such a character requires an adjustment in the neoclassical narrative, as he would with the claim that entrepreneurship is about persuasion.

What I am about to do is intended as an homage to Don's way of doing economics. It is an homage to his path breaking work on hermeneutical economics which I embraced as I showed in my contribution to his book *Economics and Hermeneutics* (Lavoie 1988). It is an acknowledgment of his plea to consider economic process in their cultural context. Particularly relevant for my purpose here is *Culture and Enterprise* (Lavoie and Chamlee-Wright 2000), a pioneering book that he wrote with Emily Chamlee-Wright.

Don Lavoie also would have understood the motivation for introducing the character of cultural entrepreneur as not just an analytical device but also as a way to influence and maybe even to inspire certain people. I am thinking of people who are working in the cultural sector all over the world but especially in east European countries. Brought up in a culture of state-directed activities, these people are accustomed to operate in response to directives. As their governments are withdrawing, they seem to be left without direction. When they ask me to present to them my cultural-economic perspective, they expect a program, a plan that they can implement to realize their cultural projects. Whatever I tell, however, does not convince them, as I discovered in 2010 during presentations in Latvia and Slovenia. They told me about their pessimism—I discerned even cynicism. Such pessimism suffocates any initiative, any proposal for a change. At that point I decided I had to impress on them the character of the entrepreneur, of the character that is willing to take risk, of the person who has the courage to face the odds. And since they were working in the cultural field, I introduced them to the character of the cultural entrepreneur, in the hope that it would inspire them to let their pessimism go. It is for similar reasons that Western politicians use the notion to stimulate people in the cultural field to venture out in the world to generate other funds than those provided by governments. Accordingly, introducing this character is meant to change and influence perspectives and to motivate initiative and innovation in the cultural sector.

In the meantime, economists continue to ignore the role of the cultural entrepreneur. Towse's (2003) *Handbook of Cultural Economics* does not contain an entry for the cultural entrepreneur (but does for arts management), and it does not appear in Throsby's (2001) *Culture and Economy* or in Caves' (2000) *Creative Industries*. Its absence in the latter is especially noteworthy as Caves addresses the linkage between the worlds of commerce and those of the arts. You would expect Caves would have use for the cultural entrepreneur, but although he has ample attention for "gate keepers," "agents," and "dealers," the "cultural entrepreneur" is absent in his scenarios.

The question is whether economists have reason to follow suit and incorporate the character of the cultural entrepreneur in the conversation. Would its inclusion make a difference? I want to show that yes, we are in need for such a character albeit its role is not as obvious as it is commonly understood. For the cultural entrepreneur to be a distinct character, it needs to be distinguished from characters like the arts manager, the dealer, the seller or tradesman, the gatekeeper, the broker, and so on. First of all, its connection with the entrepreneur has to be made clear. And then we need to figure out what the adjective "cultural" does for this character.

An artist is active in maintaining an extensive network. He goes to many occasions and speaks with many people to interest them in his art. He sells well. Does that make him a cultural entrepreneur? Or does that make him a (good) salesman?

And what to think of Jet Manro, a woman I met in Rotterdam? She is publishing art books for young people, produces exhibitions and took up the idea to found an art museum for children in Rotterdam. She persuaded a few prominent citizens to be on the board, lobbied extensively in the political circuits, got an architect interested, found a project developer to provide collateral, recruited volunteers as well as a few professionals in arts education and realized after many years of hard work the Villa Zebra. Although the institution is struggling as governmental support is limited, it has survived so far. In its third year Jet Manro resigned and the board appointed a director to take over. She is back to publishing art books and organizing art exhibitions for children. Does Jet Manro qualify as a cultural entrepreneur?

The privately owned company produces musicals and recently started a section for the production of “serious theater.” It contracted an experienced director and a few prominent actors and announces a novel ad campaign designed to draw new public to the theaters, including visitors to its musicals. Although the government heavily subsidizes “serious theater,” this company wants to do it without subsidies. Does this company deserve the title of cultural entrepreneur? Or is it a company exploring new markets?

And what difference does it make to call anyone a cultural entrepreneur? Will we understand the art world differently if we spot the cultural entrepreneurs and register, record, and analyze their activities?

2 Narrative or metaphor?

An economic analysis usually involves a model. It is a setup that requires the specification of equations. If the entrepreneur makes any chance of being part of the analysis, he has to be in the model. That has proven difficult as entrepreneurs come with characteristics that are hard to specify, like creative, risk taking, and alert. How to put those in an equation? Partly because of the analytical difficulties, we rarely encounter entrepreneurs in economic models. Most theoretical work concerning entrepreneurial activity is qualitative or empirical.

Empirical research addresses questions on degree of entrepreneurship in a country and what the consequences are of a high or a low degree of entrepreneurship. How entrepreneurial are the Swedes and why are the Japanese not very entrepreneurial? What does the high level of entrepreneurship in the US mean for its economy? Do economies with low levels of entrepreneurship fare worse than countries with high levels? What has culture to do with entrepreneurship? Why do immigrants tend to be more entrepreneurial than locals, and why would they be more entrepreneurial away from their home country? (see also Lavoie and Chamlee-Wright 2000, on the cultural context of entrepreneurship).

From the rhetorical point of view, the entrepreneur is in these cases a metaphor. Instead of saying Joe is a lion, the researcher calls him an entrepreneur followed by a pretty well worked out definition of the entrepreneur. In a scientific setting, the objective is to stabilize the meanings of the metaphor as much as possible. Scientists employ the metaphor as an instrument to work their way toward the answers to their research questions.

The notion of the “entrepreneur” may also figure in a narrative context, as Lavoie would stress (Lavoie 1988, 1991; Lavoie and Chamlee-Wright 2000; Lavoie 2011). The narrator pictures the entrepreneur as a character with certain qualities, like virtues and vices. Austrians, for example, introduce the entrepreneur in order to tell a story about the dynamics of market societies and, implicitly, the sclerosis of governmental processes. In their narrative, the entrepreneur is cast as a hero with bureaucrats and managers as the more suspicious characters. I would surmise and have learned from interactions with a few of them that they celebrate entrepreneurial activities in their personal life, have been member of entrepreneurial clubs at their high schools, socialize with business groups in favor of entrepreneurship, and encourage their kids to be entrepreneurial. In contrast, Marxists will rather tell a story with entrepreneurs as the suspicious characters because of their insatiable greed and hunger for ever more profit and may be not very pleased when their offspring has the ambition to become “an entrepreneur.” In politics nowadays, entrepreneurship is a good thing and needs to be promoted. The chief executive of a multinational confided to me to be shocked how only a few business students expressed interested in starting a business themselves when he asked them about their aspirations. It was proof to him that the Dutch society is not very entrepreneurial and, practically minded as he is, needs incentives to boost entrepreneurship.

In a narrative context, the entrepreneur becomes a moral character in the sense that it conveys what is good and what is bad (see also chapter 5 in Lavoie and Chamlee-Wright 2000, for a penetrating analysis). The entrepreneur comes with qualifications that are either good or bad. For those who consider the entrepreneur the good guy, being without initiative is bad, obviously, while risk taking is good. So is dreaming about the impossible, being adventurous, risking failure, being alert, and being creative. At graduation, the commencement speaker will tell the students to go out in the world and assume their responsibility by taking initiatives, in other words, to be entrepreneurial. In other settings, speakers may use entrepreneurial in a pejorative sense by suggesting that entrepreneurs are suspicious characters, prone to greed and narcissism.

Accordingly, the entrepreneur can feature in a narrative of achievement or of tragedy. It is the narrative I am interested in. Rather than asking myself what cultural entrepreneurs do or do not do for the world of the arts, I want to figure out what the character of the cultural entrepreneur is all about, how it performs in the narratives people tell. This may seem odd as economists are expected to be positive and leave the normative issues to others. Yet, Aristotle, Smith, Don Lavoie, Amartya Sen, Deirdre McCloskey, and recently also Benjamin Friedman do ask moral questions. Smith preferred dealing with his brethren but prudence compelled him to consider appeals to the self love of the other. McCloskey weighs the virtues and the vices that operating in a market will engender, stimulate, and highlight and comes up with a

positive appraisal of the bourgeois virtue of prudence (McCloskey 2006). Benjamin Friedman weighs the pros and cons of economic growth and concludes that the pursuit of ever more is a characteristic to be celebrated and admired (Friedman 2005). Friedman, Lavoie, and McCloskey take issue with the critics of the market and the mentality that comes with the market. McCloskey likes to be scathing with respect to those who champion government programs and sees public service as a waste of talent.

It has been common in the circles of economic academics to ignore the moral connotations of their argument. They are normative, so the argument goes, and only positive statements belong in a scientific analysis. But does her argument for more bourgeois virtues disqualify McCloskey as an economist? If the answer is affirmative, Adam Smith has to be deleted from the list of economists, and Benjamin Friedman has reasons to worry about holding on to his union card. Let us face it; at the table with representatives of other disciplines, even positive economists find themselves defending certain principles, such as the principle of efficiency, or of cost-benefit analysis. “Hey, let’s be rational here; we do need to consider the opportunity costs of this public park!” Attention to the narrative raises awareness of the moral consequences of the argument. Admittedly, this may involve a shift in argumentation and tone. I would like to explore that shift here.

I do consider it the task of economists to get involved in the moral deliberations and contribute to the probing of characters like the cultural entrepreneur. It was my task, so I realized when talking with people in Latvia and Slovenia. I felt that I needed to give them a good story for the cultural entrepreneur. I felt the need to convince them that when the government abandons them, artists and cultural organizations are not condemned to become commercial, like for profit companies are. Cultural entrepreneurship is about something else. A good cultural entrepreneur, so I want them to see, is good at realizing financial as well as cultural values.

3 The introduction of the cultural entrepreneur

In 1982 (reprinted in 1986), Paul Dimaggio published a paper with the title “Cultural entrepreneurship in nineteenth-century Boston.” It provides an interesting perspective on the emergence of high culture and the foundation of institutions for high culture such as the Boston Symphony orchestra and the Museum of Fine Arts. He argues that when popular sentiments, fed by a wave of immigrants, took over in nineteenth-century Boston, the elite had to rely on its own resources. Here he finds the need for the invention of a new character. He calls it the cultural capitalist. “[Cultural capitalists] were capitalists in the sense that their wealth came from the management of industrial enterprises from which they extracted a profit, and cultural capitalists in that they invested some of these profits in the foundation and maintenance of distinctly cultural enterprises” (Dimaggio 1986/1982, p. 43) Note that he does not use the term entrepreneur here. They are characters in the sense that they were (1) successful in business, (2) interested in the arts, and (3) willing to assume responsibility and put their money where their mouth is. If anyone would

think that these people are just doing it for the social good, Dimaggio evokes Bourdieu when he gives a second characteristic of these cultural capitalists: “They also—and this is the second sense in which I use the term—were collectors of what Bourdieu has called ‘cultural capital,’ knowledge and familiarity with styles and genres that are socially valued and that confer prestige upon those who have mastered them” (ibid). Even so, he wants to give these characters credit: “It was the vision of the founders of the institutions that have become, in effect, the treasuries of cultural capital upon which their descendants have drawn that defined the nature of cultural capital in American society” (ibid, pp. 43–44). Apart from the use of cultural capital, his evocation of vision is striking. It is the same characteristic that we find in, for example, Schumpeter’s characterization of the entrepreneur. DiMaggio apparently attributes the same characteristic to his cultural capitalist.

In a later section, Dimaggio describes the founding of the Museum of Fine art and in particular that of the Boston Symphony Orchestra. The title of this section reads: “Cultural entrepreneurship: the museum of fine arts and the Boston symphony orchestra.” He does not elaborate on the notion of cultural entrepreneurship and does not even use it in what follows. Apparently, he sees in the successful businessman Henry Lee Higginson a cultural entrepreneur as he does more than invest his money but actually takes the initiative for a permanent symphony orchestra, convinces musicians and directors to work for the orchestra, provides them with contracts—with a controversial clause that allows for dismissal of musicians if their play does not satisfy Higginson himself—and basically runs the orchestra single-handedly. In this description, we distinguish someone who is willing to take risk, has a vision indeed, but also has the organizational power to realize his vision. This would make the cultural entrepreneur a more complex character than the cultural capitalist.

After this introduction of the character, it remained silent until the 1990s of the previous century. Apparently, there was no need for it. But with the increasing attention for the economic dimensions of the worlds of the arts, the character begins to pop up regularly. And with that the confusion sets in as to what is meant with the notion. Lounsbury and Glynn (2001) appropriate the character to stress the cultural dimension in which entrepreneurs operate. Interestingly for my narrative approach, they point at the narrative performance of entrepreneurs. That does not warrant the attribution of cultural to the entrepreneur, though. Even though my being Dutch requires me to enact Dutch culture somehow, I would not claim to be a “cultural Dutchman” for that reason.

According to Keith Acheson, Christopher J. Maule, and Elizabet Filleul, “[c]ultural entrepreneurship involves a conception, an initial launch, and a transition to an established event.” They identify the cultural entrepreneurs in the conception and implementation of a festival. The character may involve more than that, though. More pertinent is the characterization of the cultural entrepreneur in the policy briefings of Rick van der Ploeg (1999) as secretary of culture in the Dutch administration. In his report “Enterprising culture,” he sees the cultural entrepreneur as the person who combines two faculties:

1. Knowledge of and sensitivity toward the arts and creative processes, possibly combined with the ability to spot creative talents
2. Knowledge and comprehension of the potential public and marketing techniques

The policy objective was to stimulate business skills in artists and artistic organizations. As could be expected from an economist, van der Ploeg wanted to see more demand driven production of the arts rather than supply-driven production. He needed the cultural entrepreneur to tell stories about how the gap between the arts and the market could be bridged. The report makes all kinds of suggestions for cultural entrepreneurship.

A plea for this kind of cultural entrepreneurship has a moral overtone in the sense that it advocates a particular type of behavior and celebrates certain virtues over others. The policy includes programs to instill these virtues in art students. It is a form of moral education as it tries to make the students into different characters than their predecessors. They are all to be brought up to assume the character of the cultural entrepreneur.

So what does that character imply? The cultural entrepreneur of van de Ploeg combines artistic qualities with business sense; he or she is able to attract customers for the arts without compromising the artistic mission and artistic integrity. The cultural entrepreneur he champions can be an enterprising artist, a producer, someone or an organization commissioning a work of art, or a programmer. They all exemplify his wish for more economic sense in the world of the arts, for a less protective and conservative atmosphere and less reliance on the government for financial support.

The question is whether the arts manager who is bringing in a sponsor deal qualifies. Is a marketing person in a cultural organization by definition a cultural entrepreneur? Or what to say of Dimaggio's cultural capitalists who invest part of their profit in a cultural enterprise? And what prevents cultural entrepreneurs from compromising their artistic mission and integrity?

Van der Ploeg's characterization needs more body. The point to start is with the characterization of the entrepreneur. Later we can fill in the cultural to see what difference that makes.

4 The difficulty of conceiving the entrepreneur in economics

The last decade saw an explosion of popular literature on entrepreneurship in the form of biographies, company histories, newsletters, and journals such as *Entrepreneur and Inc.* The noise made in the business world, however, contrasts sharply with the silence of economists on the subject, with the exception for the noise that Austrian economists such as Don Lavoie made. The entrepreneur is a rare character in economic theory. An important reason is the conception of individual behavior in terms of constrained maximizations and the difficulty of incorporating the problem of knowledge in such a setup.

Many have already recognized that the constrained optimization strategy requires abstraction from the problem of knowledge. "Fully rational action," Shackle asserts, "can only occur in a momentary or timeless system..." (Shackle 1966, p. 20). He argues that in historical time, economic agents do not necessarily know their constraints, the actions of others, and the possible outcomes of their actions. Hayek concurs. In his well-known 1945 article, "The Use of Knowledge in Society," he writes: "The problem is thus in no way solved

if we can show that all the facts, if they were born to a single mind (as we hypothetically assume them to be given to the observing economist), would uniquely determine the solution; instead we must show how a solution is produced by the interactions of people each of whom possesses only partial knowledge (Hayek 1945, p. 530).” The thinking about the process is crucial to him. The optimization approach, he argues, “disregards an essential part of the phenomena with which we have to deal: the unavoidable imperfection of man’s knowledge and the consequent need for a process by which knowledge is constantly communicated and acquired.”¹

Knight, Schumpeter, as well as Kirzner deserve credit for recognizing that the Walrasian/constrained optimization setup ignores the problem of knowledge. To them, that lack is a good reason to introduce the entrepreneur into their analysis and, as I would like to advance as a hypothesis, their narratives. Schumpeter argues that where knowledge is imperfect there is operating space for entrepreneurs. His entrepreneurs are innovators; they upset the economic equilibrium and set the economy in motion. In Kirzner’s interpretation, which Lavoie (1991) would elaborate later, the entrepreneurs are equilibrators; they perceive opportunities others do not perceive and by acting upon what they perceive they are instrumental in the adjustments of markets to an equilibrium position. Thus, Kirzner gives flesh and blood to Walras’s lifeless auctioneer.

In both scenarios, the entrepreneurial process, including the formation and communication of knowledge, remains in a black box. Both Schumpeter and Kirzner simply postulate the problem of knowledge, allude to idiosyncratic qualities of the entrepreneurs, and leave the process to the reader’s imagination.

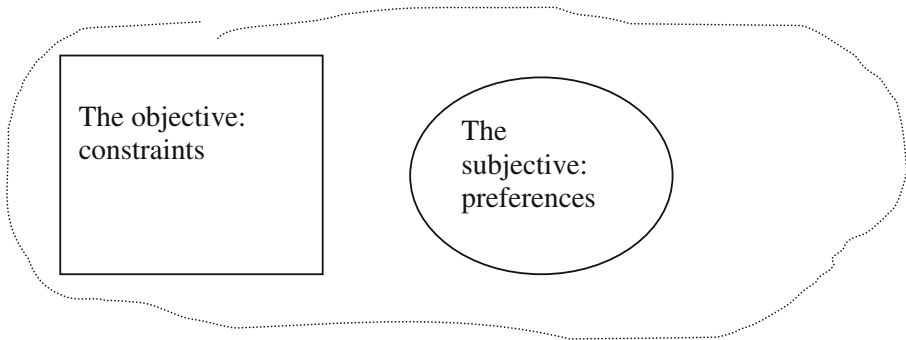
Sam Wu (1989) explains the presence of entrepreneurs with the absence of contingency markets. Moral hazard and adverse selection account for the absence of markets for entrepreneurial services. Entrepreneurs, therefore, are dependent on ex post rewards in the form of profits. To reduce risk, they cooperate with each other, that is, they organize firms. Thus, Wu adds further insight into the entrepreneurial process. Among economists who have considered the process of decision making are Nelson and Winter (1982). The evolutionary approach that they propagate motivates them to think of the search for and selection of decision rules. Their research needs to be taken seriously, but it does not go far enough. We propose that economists step down from their analytical throne and find out what entrepreneurs actually do.

I start with the knowledge process. In a conventional neo-classical/neo-Walrasian account decisions follow algorithmic rules with the given of (subjective) preferences. The decision is the outcome of interplay between the circle and the square in the picture below (see Klamer 1988). The circle is the domain of the personal, the subjective. Feelings, morals, (religious) beliefs, and preferences (taste) belong here, at least in this conventional approach. These are the factors left out of the analysis of the decision process. The (scientific) interest is directed at the square, the domain of the logical, of all that can be analyzed in systematic (or scientific) manners. It is where analysis takes place—the deduction of propositions from well-specifies

¹ Idem.

assumptions and axioms—as well as the (econometric) testing of the propositions with data.

2.



But most of actual deliberations take place outside the box and the circle. Because of the uncertainties they face, people stick to rules and principles and, as McCloskey and I have argued, persuade themselves and others of actions to be undertaken. One quarter of GDP is persuasion, so we have calculated (Klamer and McCloskey 1994; see also Shleifer on the role of persuasion in the stock market, Mullainathan and Shleifer 2005). It may be even more than that. Persuasion involves appeals not only to logic and facts but also to emotions (pathos) and relies on the credibility and authority of the speaker (ethos). In the fuzzy area outside the box of logic and subjectivity, people use analogies and metaphors, tell stories and anecdotes, and do so in an endless interactions (or conversations as I prefer to say). “How much do you really want this?” “Even though you think you will not be able to afford this diamond ring, imagine what happiness it will bring you for the rest of your life? How meaningless this amount of money is if you consider your enjoyment.” The point is that decision making involves communication and persuasion and usually does not respect algorithmic rules as the conventional analysis stipulates. Acknowledgement of the rhetorical dimension of human activity gets us closer to the distinctive features of the character that we call the entrepreneur.

How to be in the fuzzy domain outside the box? That is the question. Pursue that question and you most likely have to relinquish the safe haven of the logic of choice toward thinking in terms of human actions and activities. What do people do? That is the opening question.

Much of what people do is a matter of routine. Going to the refrigerator, the store, or the office we do what we usually do, without giving it much, if any, thought. Ignorance prevails, but we have learned to cope with it. Habitually we respond to the signals that invade our organs, habitually ignoring most of them. When do activities cease to be habitual? Schumpeter sidesteps the question, even though he stresses the fact that entrepreneurs break routines. We do not have a good response either. One could say that action that can be described in “square” terms is routine. That makes any action based on calculation according to well-specified strategies (such as cost-

² This is worked out in Klamer 1988.

benefit calculations) routine. But very few activities are likely to meet that standard. Much of what people do is a matter of mimesis: We follow examples—do what others do, or act by analogy—do what we did in an analogous situation. All this is part of a routine but cannot be captured in square terms only. In other words, routines follow rules, which can be conscious and tacit, individual and social.

The distinction between social and individual routine appears to be important when it comes to entrepreneurial behavior. Steve Jobs may habitually violate commonly held standards; the important point is that he does not do what others would do in a similar situation. He starts up a new firm when other “knowledgeable” persons advise him against it (in other words, he acts upon divergence in interpretation of the situation in the computer industry).

Why people break routines is an intriguing question. The promise of abnormal profit is elusive, as Sam Wu points out, a reward *ex post*. Schumpeter alludes to non-rational motives, among which the desire to acquire power, the excitement of conquering, and the joy to create. Personal motivations, however, become a less pressing issue once we recognize the discursive content as the dominant factor.

5 The rhetorical qualities of the entrepreneur

There are routines in scientific activities, too. Kuhn has pointed out the phenomenon of normal science: The majority of scientists are normal scientists respecting the routines as contained in exemplars and other elements of the disciplinary matrix.³ “Abnormal” scientists break the routines; they do what normal scientists consider unscientific, *ad hoc*, ideological, or lacking promise. Many of these “abnormal” activities are quickly buried somewhere under mountains of paper. A few are successful and turn into a new discursive practice (or paradigm). The question is how that can happen.

Just like the economic entrepreneur, abnormal scientists produce something new. One might be tempted to think of the production of new propositions, techniques, or ideas, but the proper focus, according to the rhetorical perspective, is the discursive practice. Producing a new idea is one thing; changing the conversation is quite another. The maverick comes up with weird or unusual ideas, the entrepreneur in science organizes conversations.

The entrepreneurial activity, therefore, is primarily a matter of coordination and organization. The rhetoricians or the feminists, to mention contemporary entrepreneurs in the world of academics, do not only write articles but they also pool resources. They get grants, secure academic positions, found institutions, organize conferences, and get other scholars to participate.

Schumpeter recognizes this organizational aspect of entrepreneurship, Kirzner does not, and Wu makes it a central element in his analysis. Yet, it is the rhetorical perspective that indicates possibilities for inquiry into this pivotal aspect of the entrepreneurial process.

The process of amassing resources and gathering people, namely, is one of persuasion. Where the established practice is preoccupied with constrained-

³ See Kuhn (1970).

optimization problems, people need to be persuaded to take the Austrian practice seriously. Joining the conversation is risky as academic rewards tend to go to those who follow the mainstream. Like in any budding research program, the goal of verisimilitude is elusive, so students and foundations need to be convinced of the promises that the new strategies contain. It is all a matter of make believe.

Persuasion must be as important in the economy as it is in science. Popular literature for aspiring entrepreneurs makes unequivocally clear that non-square qualities are needed to bridge the knowledge gap. Most of the discussion is about vision, philosophies, judgment, values, leadership, and other qualities that evoke the rhetorical dimension in the lives of business people. Although entrepreneurial activity may begin with the perception of an opportunity (cf. Kirzner), the critical entrepreneurial task is to convince others of that perception. Without persuasive powers, the (wo-)man with ideas is an adventurer, possibly an inventor, but not an entrepreneur. The latter persuades conservative bankers, risk-averse workers, ignorant consumers, and unimaginative bureaucrats and fires up potential partners.

Accordingly, the local owner of a Korean restaurant was entrepreneurial when she convinced a Japanese cook to move from California to the Midwest. That cook was entrepreneurial by convincing his family to go along. Tucker (as in Coppola's movie) ignites enthusiasm in his family, a few friends, a capitalist, and a government bureaucrat and persuades them to take big risks and support him in a crazy project to build a new car from scratch. And all that with just a few nice drawings as material.

When is an entrepreneur persuasive? The rhetorician will want to consider her ethos, the rhetoric, and the audience. The audience defines the discursive context. And that takes us to the cultural factor.

6 The cultural or anthropological factor

Persuasion requires sensitivity to the stories, visions, metaphors, values, and fact by which the addressed audience understands the world. Hayek may have thought of this when he wrote in "The use of knowledge in society":

We make constant use of formulas, symbols, and rules whose meaning we do not understand and through the use of which we avail ourselves of the assistance of knowledge which individually we do not possess. We have developed these practices and institutions by building upon habits and institutions which have proved successful in their own sphere and which have in turn become the foundation of civilization we have built up (p. 528).

The rhetorical perspective invites the researcher to go beyond the mere recognition of the intersubjective process and interpret the discursive context in which certain persuasive efforts succeed and others fail. We are led to wonder which stories work, which values entrepreneurs invoke, and what the impact of the cultural factor is.

The cultural factor probably affects the urge of individuals to undertake risky projects. That would be the impact of the values that people pick up from early childhood on through the education they get, the stories they hear, and the TV they watch. Economists argue that all these factors give way to one factor, namely the pecuniary gain of the project. The charm of money is important, but if that was all,

there would be no need for the sermons on the American Dream, excellence, positive thinking, and so on, which resound in the world of business.

As Lavoie and Chamlee-Wright (2000) insist, the cultural factor also affects the context in which an entrepreneur operates. It will be easier to break a routine when the community appreciates initiative and novelty. Strong traditions and aversion to uncertainty constrain entrepreneurial urges.

If the cultural factor makes a difference in the economy, as we presume it does, than cultural differences matter. The effect goes also the other way: Only when cultures differ and are liable to change, the cultural factor will be of interest. In an extensive statistical study, *Culture's Consequences* (Sage Publication, 1980), Geert Hofstede has shown relevant differences in cultural values related to economic behavior. Surveying attitudes in multiple countries, he found, among other results, a wide divergence in attitudes toward risk and uncertainty. Americans, for instance, were found to be more willing to take risks than other people.

7 The virtues of the entrepreneur

The cultural factor reminds us that people are not entrepreneurial on their own. Entrepreneurial activity needs a responsive environment. When the environment is rife with suspicion, the budding entrepreneur will have a sheer impossible task of persuading financiers, workers, and other to participate in the project. Where risk taking is quickly seen as reckless behavior and when people who are going out on their own are considered asocial, entrepreneurship will most likely be a marginal affair. When pessimism prevails, entrepreneurial types will continuously run up against a wall of miscomprehension and resistance (“yes, but”). Such environments are not conducive for the flourishing of the qualities of entrepreneurs. A culture that favors entrepreneurship, like American culture, tends to celebrate those qualities as virtues.

As far as the virtues are concerned, creativity and ability to break with routines—the Schumpeterian virtues of entrepreneurship—do not suffice, although they are undoubtedly part of the moral constitution of the entrepreneur. A manager that is reorganizing the company may be breaking with routines and he may even be creative in doing so but that does not make him an entrepreneur. The entrepreneur has more than organizational talents for those the manager presumably has, too. We have already listed vision, creativity, and just now persuasiveness as virtues (inspiration is 1% and the rest is all persuasion). But in none the entrepreneur is distinctive.

McCloskey lists seven virtues from which all others, so she claims, can be derived (McCloskey 2006). These virtues are prudence, temperance, courage, justice, and the three cardinal virtues faith, hope, and love. Although McCloskey wants us to believe that prudence is the bourgeois virtue, it is not the virtue that we first associate with the entrepreneur. Although a successful entrepreneur has foresight and is aware of budget and other constraints, it requires some folly, as Erasmus would say, to take the road that no one else has taken yet. Nor does the entrepreneur excel in temperance. Courage he or she needs. Justice, again, is not a distinctive virtue. But hope and faith undoubtedly are distinctive. An entrepreneur

needs to do well in hope, for without that he or she would not make the sacrifices that entrepreneurial activity usually requires. And faith stands for conviction, a clear sense of self, without which a vision never would carry and inspire others.

A narrative of virtues makes sense insofar it is possible to distinguish too much of one, or too little. Entrepreneurial as a virtue could be too much or too little. Someone can hope too much and have too much faith in his or her own vision, but someone can also hope and believe too little. When courage is taken to the point of turning into recklessness, someone takes that virtue too far. Like all moral characters, entrepreneurs have to negotiate their way to proper values of each virtue and to a proper balance between them. Accordingly, one can be a good entrepreneur, or a bad one. The good entrepreneur excels in the virtues that fit the role. He or she is courageous but not reckless, has a vision but not a dogma, and is persuasive without badgering his audience. It is the character certain situations call for, but an unsuitable character when stability and consistency are needed.

8 Adding the cultural to entrepreneurship

Having filled in the character of the entrepreneur, we need to consider the consequence of adding cultural to its being. Sidestepping culture in its anthropological meaning, we take culture to refer to the arts. Whether we need to distinguish high from low art needs to be seen. To make sense of the cultural entrepreneur and to warrant its inclusion as a separate character, we will have to take the peculiarities and particularities of the art worlds into account. They make the cultural entrepreneur a special character, which stands for more than van der Ploeg's marketeer with special sensitivity to artistic products and processes.

One problem with van der Ploeg's characterization is its single-minded focus on the economic transaction. Here you have art, there you have the market so that leaves the cultural entrepreneur with the challenge of going from here to there. The picture does not do justice to the complexities of artistic processes. The art world is not just a matter of demand and supply meeting, or products for sale, and of inputs that produce an output.

In the cultural economic perspective that I have expounded elsewhere (Klamer 2002, 2003, 2004) and that relates to the perspective to be found in Throsby (2001) and Frey (2002), I stress the following elements:

- (a) The economy is about the realization of values. Economic values stand for the income and other revenues that allow people to realize the important social and cultural values. In case of social values, think of relationships, social status, an identity and the like, and cultural values refer to spiritual, esthetic, and other values that convey a sense of meaningfulness to life.
- (b) Art tends to be realized as a common good, that is, as a good that is shared by a group of people. Realizing the value of art, therefore, requires the inclusion in one conversation or another in which the commonness can come about.
- (c) The realization of values takes place in different spheres. Economists tend to focus on the spheres of the market and the government and perceive the realization of values mainly in those domains. Businesses, governments, and

markets account for the gross national product. Yet, there are two other spheres for the realization of other values, such as social and cultural values (as Lavoie underscores in 2000, p. 6). The *oikos* is the personal sphere where people realize common goods (and bads) like families, a sense of care and mutual responsibility. In the social sphere, people realize social values like community, a sense of identity, solidarity, neighborhood, country, security, conviviality, friendship, and so on. It is this informal sphere, more generally denoted as civil society, that is critical for the realization of the social and cultural values of the arts. The arts require conversations, informal exchanges in order to be shared. Transactions in the market place are important but subordinate to the informal interactions in the social sphere.

When I view cultural entrepreneurs from this cultural perspective, I see people who are geared toward the realization of cultural values. Cultural entrepreneurs are cultural because they are about the cultural. Being focused on the (cultural) content, being about the art itself and the creative process is a moral attribute of the cultural entrepreneur. The economics has to be an instrument for them in order to realize cultural values, as was the case for the businessman Higginson when he was working toward the realization of a symphony orchestra in nineteenth-century Boston (see DiMaggio 1982). He may have had awkward qualities, but his virtue was his commitment to make the best music possible. From what DiMaggio reports, he was not willing to compromise that mission.

Entering into the market, as van der Ploeg advocates artists, art producers, and programmers do, involves a risk. It can compromise the cultural entrepreneur when the values of the market crowd out those of the cultural field. To be clear, we are working on a moral picture here and try to figure out what makes a good cultural entrepreneur. Someone who sees in cultural trade a way of adding profit becomes suspect as culture is his instrument and not his mission. He is rather a businessman. That does not make him a bad character but he is miscast as a cultural entrepreneur.

The market will be an instrument for the cultural entrepreneur, but not much more than that. After all, the real challenge for the cultural entrepreneur will be to contribute to the common good that art is. A cultural good or an artistic process has cultural value because it is common property in some sense. A cultural good needs to function in the art conversation in order to qualify as art. People can compose music in their private dwellings, but if nobody else hears it, when nobody else bothers to pay it attention, the music does not circulate as such.

Because of the commonness of art, cultural entrepreneurship has to involve more than marketing skills and sensitivity to the artistic process; it also involves the persuasive power to induce a candidate for art into the appropriate conversation and to realize it as a common good. Filling a theater with people may do the trick, but if they are not the people involved in the right conversation, the whole exercise is fruitless except for the money it may have generated. Selling a painting to anyone who is willing the price is bad entrepreneurship if the objective is to realize the artistic value of that painting. Donating it to a major museum and persuading the museum director to accept it may be the better strategy.

Part of the realization of the values of art is the financing of it. An artist has to make a living and a theater group needs money to survive. van der Ploeg directs his cultural entrepreneurs to the market to generate the financial means, presumably to avert them away from the government. However, if cultural entrepreneurs have as an objective to get into and contribute to the conversation that is art, the way the art gets financed matters. It matters whether they adapt the logic of the market and espouse its values and rhetoric. The market makes them speak of products, returns on investment, efficiency, consumer oriented. The market makes them value the customer, money making, prudence, and temperance. It is dubious whether that language and those values are conducive for the promulgation of cultural values. Market values may crowd out cultural values (Frey 1997).

An alternative source is the government. Cultural entrepreneurs may be enterprising in approaching government agencies but more likely they will have to adopt the character of the public administrator to be effective. They also can operate in the third sphere and generate support, organize communities, build partnerships in order to gain the support but also to extend the conversation for their art. The ability to acquire the right finances in a proper way is one of the attributes of a good cultural entrepreneur.

9 The characteristics of a good cultural entrepreneur

Accordingly, good cultural entrepreneurs have the following characteristics:

1. They are alert to opportunities (Kirzner).
2. They are creative in terms of the artistic content but also of the way in organizing the conversation and arranging the finances.
3. The artistic content is their passion and commitment; everything else, including the economics, is subsidiary.
4. They are persuasive in the sense that are able to convince good artists to work with them, bring about interest in the art, get people involved (e.g., volunteers), and are able to generate the necessary funds, including donations and the like.
5. They are prudent and exhibit courage, hope, and faith in their actions (cf. McCloskey 2006).

The artist whom I mentioned in the beginning, actively working on his network, Jet Manro setting up an art museum for children against all odds and the businessman investing in serious theater are all cultural entrepreneurs in their own way. Whether they are good cultural entrepreneurs remains to be seen as that depends on their effectiveness in realizing cultural values.

Whether people qualify as cultural entrepreneurs always depends on the circumstances in which they operate. Cultural conditions matter. In the USA, it will be so much easier to appeal for private support than in the European continent. Eastern Europeans with a talent for entrepreneurship will have a particularly difficult time as they need to deal with people who are used to authoritarian cultures and prefer directives over innovative ideas that require initiative and imagination. European cultural entrepreneurship will, therefore, have a different character and may make for a different narrative. I have no doubt that Don Lavoie would have concurred.

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