

Key Factors for the Success of Cultural and Creative Companies: Business Model, Individual Factors, the Broader Entrepreneurial Ecosystem and Their Interaction

Linke Yao

*The University of Hong Kong, Hong Kong, China
13550262790@qq.com*

Abstract: This study focuses on three key factors for the success of cultural and creative industries (CCI) firms: business models, individual traits and entrepreneurial ecosystems, and their interactions. Based on existing literature and corresponding analysis, the findings suggest that a reasonable business model is conducive to enterprise resource integration, value creation and risk diversification. Meanwhile, personal characteristics based on the five-factor model affect entrepreneurs' decision-making, behavior and innovation, and thus are closely related to the performance of cultural and creative enterprises. And a sound entrepreneurial ecosystem supports the success of cultural and creative enterprises through policies, funds, knowledge and talent networks, and so on. The interaction of business model, individual traits and entrepreneurial ecosystem is not a simple linear relationship, but dynamic, multi-dimensional and mutually shaping. Entrepreneurs' personal characteristics drive the establishment and evolution of business models; different business models further affect entrepreneurs' behavior patterns and decision-making orientation; a good entrepreneurial ecosystem provides external resources and environment for business models, contributing to the sustainable development of CCIs.

Keywords: the cultural and creative industries (CCI), business models, individual traits, entrepreneurial ecosystems

1. Introduction

The Cultural and Creative Industries (CCI) have been growing rapidly worldwide in recent years and have demonstrated tremendous socio-economic impact. The success of a CCI business is often linked to a variety of factors, three of which have major influences, business model, individual traits and the entrepreneurial ecosystem. Existing literature shows that the business model determines the way a firm integrates resources and creates and delivers value [1], and personal traits, such as openness, extroversion, and so on, significantly influence entrepreneurs' decisions and behaviours [2]. In addition, entrepreneurial ecosystems, on the other hand, provide firms with external conditions for sustainable growth [3-4]. However, most studies tend to collectively explore the impact of factors on CCI success from only one or a few perspectives, lacking analyses of the interactions between these three key factors.

In view of this, this paper aims to build on existing research to further explore the three key elements of business model, personal traits and entrepreneurial ecosystem on CCI firm success, and

their interplay. By focusing on these drivers and their interactions, this paper will not only provide new perspectives for academic research in the field of CCI, but will also bring insights for practicing entrepreneurs and policy makers.

2. The role of business models

The components of a business model includes the value proposition, market segmentation, value chain structure, cost composition, profitability potential, the company's position in the value network, and competitive strategy [5]. CCI products and services often have emotional and cultural value and are centred on creativity, but the initial results of CCI companies are difficult to directly convert into market gains. This highlights the importance of the business model, which is the key bridge to transforming the creative output of a CCI firms into direct revenue. A business model describes how a company generates value from its organisational activities and innovations and how it delivers value to customers. By combining the uniqueness of an idea with business logic, a business model provides a clear path to market for creative output, thereby generating economic benefits. Developing a business model that successfully translates creativity into tangible economic benefits is therefore crucial for any firm in CCI [6].

Take the example of the mobile gaming industry in the cultural and creative industries, in which Rovio, Zynga and King Digital Entertainment are based. These cultural and creative industries have adopted the Brand Management Index (BMI) as a strategy to overcome the resource constraints they face during their life cycles, and have employed reasonable business models to assist in the success of the business, which involves gaining a strong popularity by establishing a resource structure during the start-up phase, and adopting innovative distribution models and product portfolios during the developmental and maturity phases, respectively [5]. These three leading companies have developed and adopted different and continuously innovative business models at each stage to achieve profitability and success for their businesses, which demonstrates the importance of adopting the right business model for the success of cultural and creative firms.

The business model is not only the basic way for cultural and creative companies to operate, a tool for adapting to different market and development stages, but also risk management. Dempster demonstrated the importance of risk diversification through a case study [7]. However, uncertainty is often a essential feature of the cultural and creative industries. Taking the theatre industry as an example, the success of a theatre company can be affected by three types of uncertainty: the composition of the audience, reviews and media coverage. Choosing the right business model can manage and disperse this uncertainty risk. The success of a project or performance can be heightened by spreading the risk across different agents or time horizons to controlling and reducing the impact of a single risk point on the entire project or performance. Therefore, the business model is not only the basic way for cultural and creative companies to operate, but also a tool for adapting to different market and development stages and risk management. It is the key to success in the cultural and creative industries [7].

3. The role of individual traits

Personality theorists believe that human behaviour can be predicted by personality traits, and it is a widely held belief that since traits personality can determine a person's behaviours and decision-making, an entrepreneur's success depends on their personality traits, thus these personality traits are also considered predictors of the performance of ventures [8-9].

Extroverted entrepreneurs usually have a greater willingness to start a business because they like to deal with people and are more willing to build a social network, and research has shown that willingness to start a business is positively correlated with business success. Ventures rely heavily on

market information and trends, and extroverts, being more expressive and social, are more likely to be exposed to a wide range of business information and new opportunities, and are more astute in grasping business opportunities [10]. And agreeableness altruism can be regarded as a core manifestation in agreeableness, where people with high agreeableness tend to prioritise the interests of others and are more willing to help others [11]. Because of altruism, people high in desirability tend to have greater empathy and are more likely to prioritise the interests of the group in teamwork. Thus, in the cultural and creative industries, entrepreneurs high in desirability tend to provide creative support rather than competition for team members, as well as build trusting relationships with partners to promote long-term collaboration.

Those high in openness are more creative and adaptable and are more likely to come up with new ideas. Due to diligence, accountability, and a strong sense of commitment, individuals with high levels of Conscientiousness are better able to pay ideas off and effectively manage the complexity of a project [12]. Neuroticism, although it may hinder individual creativity, has a complementary role in team structure as neurotic individuals might bring valuable insights to group discussions [13].

The entrepreneurial ecosystem consists of a network of resources, organisations, individuals and relationships that support entrepreneurial activity [14]. Taking the Creative and Cultural Industries Quarter of Jing'an, Shanghai (CCJQ) as an example, it brings together many firms, organisations and talents to form a highly interactive innovation ecosystem. However, insufficient necessary policy support may lead to an uneven distribution of resources, making it difficult for small and micro cultural and creative enterprises to benefit from the whole ecosystem, thus weakening overall innovation and sustainable development [15].

Therefore, policies are crucial in entrepreneurial ecosystems, especially for MSMEs. The Quadruple Helix model provides institutional and resource protection for regional entrepreneurship and innovation through multi-party collaboration among governments, enterprises, universities and society [16]. By formulating policies, providing financial support, and collaborating with educational institutions, governments can promote creative talent development and knowledge innovation, thus laying the foundation for the sustainable development of cultural and creative enterprises [17].

4. Interaction

4.1. Between business model and individual factors

4.1.1. Impact of individual traits on the business model

Entrepreneurs' personality traits, such as Openness, Extraversion and Likability, may influence the choice and evolution of business models. Entrepreneurs with a high degree of Openness are more receptive to new ideas and technologies, enabling them to try out innovative business models at an early stage. Entrepreneurs with a high degree of Extraversion tend to acquire resources and establish partnerships through rich social networks [10]. And these partnerships have been quite important in providing access to diverse resources and legitimacy, which are vital for supporting innovative strategies and scaling their business models [18]. Entrepreneurs with high Agreeableness are more likely to reach a consensus within the organisation or with external partners, thus tend to choose a business model that promotes the integration of multiple interests and value sharing [11].

4.1.2. Business models shape individual behaviours and decisions

Business models are not only influenced by individual characteristics, but also influence entrepreneurs' decision-making and behavioural habits to a certain extent. If the business model requires frequent communication and negotiation with investors and partners, the entrepreneur's extroversion and openness may be further stimulated, and the individual's social behaviour pattern

will be adjusted accordingly [19]. Meanwhile, highly uncertain environments, business models that spreads or transfers risk (e.g., by adopting a project system, a cooperative system, or a copyright licensing model) can reduce the entrepreneur's personal psychological pressure while balancing anxiety or decision-making delay brought caused by neuroticism, thus enabling the entrepreneur to make more robust decisions and actions.

4.2. Between business models and entrepreneurial ecosystems

4.2.1. Entrepreneurial ecosystems support business model innovation

A well-developed entrepreneurial ecosystem, which includes elements such as financial, legal, talent, and technical support, can significantly enhance the design and implementation of business models. Such ecosystems are pivotal in facilitating access to resources, a critical factor for the creation and development of new ventures [20]. In areas mature industrial clusters or industrial parks, such as Shanghai's CCJQ, startups can better access technology and resources, learn from companies with similar scale and products and services, and choose the right business model [21-22]. In addition, some policy support, such as specific policy subsidies and tax incentives for education and training, can help entrepreneurs reduce the burden of resource access and expenditure, and provide greater room for trial and error in the innovation of their business models [20-21]. The driving force brought by such a robust entrepreneurial ecosystem can not only support business model innovation, but also encourage entrepreneurship and company expansion, thus promoting the sustainable development of cultural and creative companies [22].

4.2.2. The impact of business models on the utilization and evolution of entrepreneurial ecosystem resources

Different business models also affect how cultural and creative enterprises utilize and contribute to the resources of the entrepreneurial ecosystem. For example, the "platform" model supports large-scale user access and complex business requirements, and makes it easier to integrate multi-party resources and form multilateral markets through the sharing and exchange of technology and services. The "empowerment" or "crowdsourcing" model enables enterprises to expand their access to innovation to the external public by introducing external creators, building a good innovation ecosystem, and injecting new ideas and technologies into the ecosystem [23].

4.3. Interaction between individual traits and entrepreneurial ecosystems

If an ecosystem encourages innovation and tolerates failure, entrepreneurs are more likely to maintain their creativity and risk-taking. Such environments often provide access to resources like funding, mentorship, and networking opportunities, which empower entrepreneurs to experiment, iterate, and grow. However, in an environment lacking policy support and low tolerance, entrepreneurs may not be able to develop their inherent traits of profit and business success, such as high openness and extroversion, due to resource or institutional barriers [24].

5. Conclusion

This study comprehensively explores the driving mechanisms for the success of cultural and creative enterprises from three aspects: business models, individual factors and entrepreneurial ecosystems, and focuses on the interactions between these three elements. In the complex cultural and creative context, individual entrepreneurs have an important influence on the selection and evolution of business models, while the successful operation of business models in turn strengthens or shapes the entrepreneurs' decisions and behaviours; the entrepreneurial ecosystem provides multi-level support

in terms of resources, policies, talents and networks, and is constantly upgraded under the leadership of successful demonstrations. The synergy and positive feedback among the three is the core driving force behind the long-term success of cultural and creative enterprises and the sustainable development of the industry.

The findings of this study not only provide a more systematic explanatory framework for the growth of cultural and creative enterprises in terms of theories, but also provide actionable insights and guidelines for actual management practices, investment decisions, and policy formulation. Since this study is mainly based on literature and theoretical analyses, the success drivers and interaction patterns of different cultural and creative fields (e.g., games, music, film, design, etc.) may vary, and can be verified by combining quantitative and qualitative research in the future.

References

- [1] Munna, A. S. (2021). *Business model: Literature review*. *Pinisi Discretion Review*, 4(2), 191-196. <https://doi.org/10.26858/pdr.v4i2.19022>
- [2] Kerr, S. P., Kerr, W. R., & Xu, T. (2017). *Personality traits of entrepreneurs: A review of recent literature*. Harvard Business School. https://www.hbs.edu/ris/Publication%20Files/KKX-Personality-Review_RIS_5ea5da25-c8ab-41d2-90ee-e30b3d5b071c.pdf
- [3] Loots, E., Neiva, M., Carvalho, L., & Lavanga, M. (2021). *The entrepreneurial ecosystem of cultural and creative industries in Porto: A sub-ecosystem approach*. *Growth and Change*, 52(2), 641-662. Retrieved from <https://culturaleconomics.org/entrepreneurial-ecosystem-frameworks-for-the-study-of-cultural-and-creative-industries-the-case-of-porto/>
- [4] Chaudhary, S., Kaur, P., Alofaysan, H., Halberstadt, J., & Dhir, A. (2023). *Connecting the dots? Entrepreneurial ecosystems and sustainable entrepreneurship as pathways to sustainability*. *Business Strategy and the Environment*, 32(8), 5935-5951. <https://doi.org/10.1002/bse.3466>
- [5] Landoni, P., Dell'era, C., Frattini, F., Messeni Petruzzelli, A., Verganti, R., & Manelli, L. (2020). *Business model innovation in cultural and creative industries: Insights from three leading mobile gaming firms*. *Technovation*, 92–93, 102084. <https://doi.org/10.1016/j.technovation.2019.102084>
- [6] Guercini, S. (2014). *Profiting from creative performance and business models over time*. *International Studies of Management & Organization*, 44(4), 26–42. <https://doi.org/10.2753/IMO0020-8825440402>
- [7] Dempster, A. M. (2006). *Managing uncertainty in creative industries: Lessons from Jerry Springer the opera*. *Creativity and Innovation Management*, 15(3), 224–233. <https://doi.org/10.1111/j.1467-8691.2006.00391.x>
- [8] Awwad, M. S., & Al-Aseer, R. M. N. (2021). *Big Five personality traits impact on entrepreneurial intention: The mediating role of entrepreneurial alertness*. *Asia Pacific Journal of Innovation and Entrepreneurship*, 15(1), 87–100. <https://doi.org/10.1108/APJIE-09-2020-0136>
- [9] Kaczmarek, M., & Kaczmarek-Kurczak, P. (2016). *The FFM personality traits and general and domain-specific self-efficacy, and social support as predictors of small business performance in cultural and creative industries: A longitudinal and cross-sectional studies*. *Personality and Individual Differences*, 101, 487. <https://doi.org/10.1016/j.paid.2016.05.174>
- [10] Melis, A., & Nawaz, T. (2024). *The impact of CEOs' personal traits on organisational performance: Evidence from faith-based charity organisations*. *Journal of Business Ethics*, 190(4), 919–939. <https://doi.org/10.1007/s10551-023-05412-1>
- [11] Haas, B. W., Brook, M., Remillard, L., Ishak, A., Anderson, I. W., Filkowski, M. M., & Lamm, C. (2015). *I know how you feel: The warm-altruistic personality profile and the empathic brain*. *PLOS ONE*, 10(3), e0120639. <https://doi.org/10.1371/journal.pone.0120639>
- [12] Jirásek, M., & Sudzina, F. (2020). *Big Five personality traits and creativity*. *Kvalita Inovácia Prosperita*, 24(3), 90–105. <https://doi.org/10.12776/qip.v24i3.1509>
- [13] Wang, S., Chen, R., & Lu, H. (2023). *The effect of creators' personality traits and depression on teamwork-based design performance*. *Behavioral Sciences*, 13(3), 248. <https://doi.org/10.3390/bs13030248>
- [14] Purbasari, R., Wijaya, C., & Rahayu, N. (2018). *The impact of the entrepreneurial ecosystem on regional competitive advantage: A network theory perspective*. *Russian Journal of Agricultural and Socio-Economic Sciences*, 83(11), 49–63. <https://doi.org/10.18551/rjoas.2018-11.07>
- [15] Zheng, J. (2011). *"Creative industry clusters" and the "entrepreneurial city" of Shanghai*. *Urban Studies (Edinburgh, Scotland)*, 48(16), 3561–3582. <https://doi.org/10.1177/0042098011399593>

- [16] Yusri, M., Cemda, A. R., & Siregar, S. (2022). Empowering regional development with quadruple helix creative in industry model. *Journal of Urban Development and Management*, 1(1), 17–25. <https://doi.org/10.56578/judm010103>
- [17] Malik, A., Sharma, P., Vinu, A., Karakoti, A., Kaur, K., Gujral, H. S., ... & Laker, B. (2022). Circular economy adoption by SMEs in emerging markets: Towards a multilevel conceptual framework. *Journal of business research*, 142, 605-619.
- [18] Meyskens, M., Robb-Post, C. C., Stamp, J. A., Carsrud, A. L., & Reynolds, P. D. (2010). Social ventures from a resource-based perspective: An exploratory study assessing global Ashoka fellows. *Entrepreneurship Theory and Practice*, 34(4), 661–680. <https://doi.org/10.1111/j.1540-6520.2010.00389.x>
- [19] Sullivan, D. M., & Ford, C. M. (2014). How entrepreneurs use networks to address changing resource requirements during early venture development. *Entrepreneurship Theory and Practice*, 38(3), 551–574. <https://doi.org/10.1111/etap.12009>
- [20] Steiner, A., & Teasdale, S. (2016). The playground of the rich? Growing social business in the 21st century. *Social Enterprise Journal*, 12(2), 201–216. <https://doi.org/10.1108/sej-12-2015-0036>
- [21] Digan, S. P., Sahi, G. K., Mantok, S., & Patel, P. C. (2018). Women's perceived empowerment in entrepreneurial efforts: The role of bricolage and psychological capital. *Journal of Small Business Management*, 57(1), 206–229. <https://doi.org/10.1111/jsbm.12402>
- [22] Dimov, D. (2010). Nascent entrepreneurs and venture emergence: Opportunity confidence, human capital, and early planning. *Journal of Management Studies*, 47(6), 1123–1153. <https://doi.org/10.1111/j.1467-6486.2009.00874.x>
- [23] Arreola González, A., Pfaff, M., & Krcmar, H. (2019). Business model representations and ecosystem analysis: An overview. In M. Themistocleous & P. Rupino da Cunha (Eds.), *Information systems. EMCIS 2018. Lecture notes in business information processing* (Vol. 341, pp. 464–472). Springer. https://doi.org/10.1007/978-3-030-11395-7_36
- [24] Mayanja, S., Omeke, M., Tibamwenda, J. V., Mutebi, H., & Mufta, F. (2021). The mediating role of the novelty ecosystem between personality traits, entrepreneurial networks and entrepreneurial ambidexterity among small and medium enterprises. *Journal of Global Entrepreneurship Research*, 11(3), 379–395. <https://doi.org/10.1007/s40497-021-00299-6>