„Digital and Sustainable Service Innovation for the Cultural and Creative Sectors“

Strategic partnership – Adult Education

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ServiceDigiCulture

IO1: Competency Framework

Training needs report

Executive summary

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Executive summary

The project „Digital and Sustainable Service Innovation for the Cultural and Creative Sectors" is a European Union co-funded project of the Erasmus+ Programme. ServiceDigiCulture aims to provide an online toolkit and training for people working and aiming to work in the cultural and creative sectors in the EU. The project strives to help them rethink, redesign and innovate their services and products to adapt to changes in society and also current and future societal crises and challenges, such as the COVID-19 pandemic, while creating sustainable foundations for the future operation of the sector.

The Training needs report is based on the results of desk research conducted between July and September 2021 in Finland, Bulgaria, the UK and Poland. It also draws on the responses received from two types of surveys that took place in the partner countries in the period October – December 2021 and from two types of in-depth interviews conducted in the above-mentioned countries in the period November 2021 – January 2022. The first survey and the first group of in-depth interviews were conducted with unemployed, employed, self-employed, and micro and small organisations in the cultural and creative sectors. The target group for the second survey and in-depth interviews consisted of experts in service innovation, design & cultural and creative sectors development. The two surveys took place online and contained both qualitative and quantitative questions. The approach to the conduction of in-depth interviews depended on the specific situation of the partner countries and allowed for flexibility. Part of the interviews were held face to face while others were conducted online due to pandemic restrictions and concerns.

The desk research aimed to identify the existing solutions on challenges of the cultural and creative sectors' enterprises especially on services and products, and on service innovation and design. Classic desk research was applied using mainly qualitative research. Data was collected from each partner country and at European level. Various service design solutions were also analysed at international level.

The aim of the surveys was to identify the following:

- innovation and productization/servitisation aspects in organisations of cultural and creative sectors;
- perceptions of service innovation, productisation and servitisation;
- the existing forms and processes of service delivery;
- who is involved in the process, from which sector and how;
- enabling and hindering aspects;
- perceptions of service design
- preferred training options.

The aim of the in-depth interviews was to elicit more profound insights on the above mentioned areas and add qualitative aspects to the conducted surveys.

Key findings:

Desk research reveals that organisations and individuals working in the cultural and creative sectors in Finland, Poland, the UK and Bulgaria are faced with challenges related to insufficient finances, skills shortages, as well as access and proper use of technologies. These have been further intensified because of the COVID-19 pandemic that resulted in loss of clients, jobs and income.

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Both the survey and the in-depth interviews show that people working in the cultural and creative sectors are not very familiar with the concepts of service design and service innovation. The surveys also showed that people associate the concept of service design with “customers/clients/users” (and related collocations such as customers’ needs, customers experience, user experience, customer-oriented, etc.), “service”, “quality” and “improvement”. These findings are further backed by the in-depth interviews. Most people share that they do not know the concept of service design or if they do, they do not know how to apply it in their work. Still, some of the interviewees seem to unconsciously apply some of the methods of service design in their work without recognising the concept and without linking their work with service design methods. These results are very similar to the perception of *service innovation*. A greater part of the respondents (55%) have not used service innovation in their work. The in-depth interviews show that creative businesses in Finland are much more aware of service innovation as compared to the other three countries. For most participants from the UK, Poland and Bulgaria the concept is not familiar. Moreover, people find it hard to relate it to the creative sectors and cannot see how they could apply service innovation in their businesses.

When asked about innovation, participants in the in-depth interviews shared aspects that they consider enabling and other aspects that they perceive as hindering innovation. Finances and time seem to be the two most important factors when it comes to innovation. It is interesting to see that crises can be perceived both as enabling and hindering innovation. And while in the first case crises are perceived as challenges that may inspire innovation, in the second case crises are associated with sudden changes that require the use of coping mechanisms that may hinder innovation. This is linked to an observation made by the experts on several occasions that companies working in the cultural and creative sectors need to learn to adapt to changes and that they would benefit from developing their change management skills.

When it comes to digitalisation the surveys suggest that participants have digitalised some aspects of their business in terms of marketing, services and products. Fewer respondents have digitalised their sales. Only few declare not to apply digitalisation in their work. The issue of digitalisation was further explored during the in-depth interviews. Although some of the interviews show that businesses from the cultural and creative sectors used digital solutions even before the pandemic, for the most part of the interviewees it was exactly COVID-19 that triggered them to employ digital tools. Digitalisation in this aspect is recognised as a possibility to adapt the activity during restrictions. In general, it seems that artists do see advantages in digitalisation although some of them still stress their preferences for face-to-face contact.

The experts in the interviews refer to the need of the businesses in the cultural and creative sectors to understand the concepts of service design and service innovation in order to see their benefits and applicability. Lack of time is considered a common challenge since it is necessary to invest time and effort in learning new things before actually applying them. This challenge could be linked to identified gaps in business competences such as planning, strategic thinking, time management and building effective relationships. The ability to change and adapt to new situations is another important challenge that was pointed out. The opportunities for the sector as outlined from the interviews with experts can be summarised in the following: service design and service innovation can make the businesses grow, be more successful and competitive; they can improve the relationship with the client by bringing better understanding of customers’ needs; they could help build skills and tools for change management; they could broaden the perspective thus opening the mindset for building networks and cooperation with other artists from the sector.

The analysis of the desk research, surveys and in-depth interviews in Finland, Poland, the UK and Bulgaria allows for drawing some conclusions on the training needs of the businesses from the cultural and creative sectors that will serve as a basis for developing a competency framework.

1. Desk research shows that businesses from the cultural and creative sectors experience similar challenges: insufficient financing, skills shortage and struggles with the aftermath of COVID-19 manifested in the need for quick digitalisation and adaptation of products and services.

2. The delivery of products and services in the cultural and creative businesses follows a traditional path and innovations are rarely introduced.

3. When it comes to the perception of service design and service innovation, desk research has shown that people from the cultural and creative sectors are not very familiar with the terminology and even if they have heard of the concepts, they do not see how these can be applied to their businesses.

4. The surveys and interviews also reveal that businesses from the cultural and creative sectors lack knowledge and understanding of service design and service innovation. Hence, they could not apply these methods in their work. Most of them are aware of this.

5. Freelancers and sole traders function differently from people employed in micro, small or medium enterprises. While freelancers run the whole business on their own and are often the only ones involved in product/service delivery, artists working in companies rely on the involvement of other team members in the whole process. Freelancers are their own decision makers while people employed in companies are not authorised to take business decisions. It is their managers who do so.

6. Customers are important for the cultural and creative sectors. They are recognised as the driving force behind product/service renewal and innovation. At the same time the sector admits to the need to expand their knowledge and understanding of their customers. Skills for reaching out and interacting with clients are pointed out as an area of further development and improvement.

7. When it comes to innovation, businesses from the cultural and creative sectors rely on spare time, finances, technologies and interaction with customers as factors that enable them to innovate. Lack of funds, lack of time, mental barriers (such as fear of the unknown and overwhelming pressure) and sudden changes, on the other hand, hinder them from innovation.

8. Those working in the cultural and creative sectors are familiar with digitalisation. Some have digitalised certain aspects of their businesses even before the COVID 19 pandemic. For most of them, however, it was the pandemic that forced them to turn to digitalisation as a mechanism to adapt to the crisis. Although they recognise digitalisation as important, the persons from the sector admit they see a gap in their digital skills.

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9. People working in the cultural and creative sectors admit to lack business skills. They are usually indulged in the creative process and ignore the business side of it.

10. Marketing skills and social media skills are recognised as areas for improvement by the people working in the cultural and creative sectors.

11. Experts do not think that businesses from the cultural and creative sectors are familiar with the concepts of service design and service innovation.

12. Experts point out that businesses from the cultural and creative sectors need to work on their business skills, incl. entrepreneurship; project & financial management; marketing & branding; strategic planning and analysis. They need to learn to put customers at the centre through market research, empathy, listening and communication. They need to be open-minded.

13. Experts believe that service design and service innovation may lead the cultural and creative sectors to business development, change of perspective and improvement of customer relations.

14. According to the experts the sector can be open to digitalisation but lacks the knowledge, skills and resources to apply the proper tools.

15. Experts stress the importance of changing the mindset of the sector in terms of their resistance to change and insisting on doing things a certain way.

16. Training offered to the businesses from the cultural and creative sectors need to be practical, applicable to the respective business, offering opportunities for networking & sharing experience with both trainer and other participants.

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