Innovation and Change in the Victorian Fine Art Cluster

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Principal Topic This research is investigating the scope and relationships of the fine arts and associated sectors before, during and after disruption of the National Gallery of Victoria’s (NGV) core activities over the period 1999 to 2003. The significance of the research is to examine the effect of the NGV’s scaled down operations and understand what happens to an industry and business relationships when a key player moves out of and then re-enters a market.

The NGV has long been a dominant figure within the Victorian fine art cluster and, for the purpose of this research, has been used to investigate the way small / medium enterprises (SMEs) may be affected when a key player (one that has in the past dominated the cluster) is forced temporarily to assume a weaker role. The research focuses on the interactions and inter relationships between the NGV and SMEs specifically and the repercussions of dislocation within the cluster. The investigation will determine if the NGV’s dislocation and consequent re-entry as two separate entities has a bearing on the innovation and system behaviour of the cluster and its consequent adaptability to change in a turbulent environment.

The fine art cluster together with other cultural enterprises are part of the Victorian cultural environment which has been experiencing turbulent times over the past decade (1995 to 2005) due to the Federation funds that were made available by the Australian and state governments. Specifically Melbourne’s cultural landscape changed extensively due to the high incidence of development that occurred. The speed of change was also a significant factor as the Federation funding meant that everything had to open before 2001, that is, before the centenary of Federation. The level of change in Victoria’s cultural landscape was not only in its physical infrastructure but also ensured dramatic organisational change within the institutions.

The extent of the turbulence faced by the cultural institutions during this period of change demonstrates that the fine art and cultural art clusters were seen to be laggards, ‘latent clusters ’ (Rosenfeld 1997:11) or ‘defenders’ (Slater and Olsen 2000) in terms of governance processes, internal organisational structure, processes, management styles and innovation. The Federation funds offered an opportunity for a consistent redevelopment strategy, which was a catalyst for change in the fine art and cultural clusters that might not otherwise have happened.

Methodology/Key Propositions

This longitudinal study undertaken over five years will analyse the nature of the market place as well as the interactions and relationships between players. The impact on this market or cluster will then be observed and compared over four stages, that is, before the NGV closed for refurbishment, during the period of dislocation, upon re-entry of the restructured NGV as two separate entities and 18 months after its re-entry. These investigations will not only help illuminate changes in the functional characteristics and relationship between the NGV and SMEs, but most importantly will answer the fundamental premise that the fine art cluster does exist. The question to ask is, do the institutions and their behaviour over this period of time ‘fit’ within the definition of a cluster?

A cluster has been defined as a complex system capable of initiating a synergetic process where interconnected organisations and associations are linked by commonalities, complementarities and rivalry. The interconnections between cluster members can be explicit and implicit, that is, as informal social systems or as formal structures. A second aspect of a cluster is that of proximity which may be geographic or functional. This connectivity and synergy transforms the local experience of each member where they can be expected to define their relations vis-à-vis rivals and with markets. Consequently, the position a cluster member occupies...
is a matter of great strategic importance and reflects its power and influence and how it may influence the actions of other actors.

The significance of this study lies in two areas. First, it is about the key player closing down and reopening as two separate entities (operational innovation). Second, the fine art cluster has a different dynamic from other clusters in that the main player derives its power from its expertise, trust and legitimacy; that is, its reputation. There is a focus on the intangible values of the product and its peripheral services, rather than its control through product and product innovation.

In this case the dimension investigated is innovation since the aspect of cluster functioning under investigation is how clusters can provide an environment where change is either actively enhanced or standardized (through incremental innovation). An individual firm’s innovative status (ie accumulated knowledge and continuity of innovative activity), it’s networking activity and knowledge transfer channels as well as the information and management behaviour of the firm determine a cluster’s propensity to be innovative (Spielkamp and Vopel 1999). Hence, the key question for research needs to determine the nature of the cluster’s operations and inter-relationships, that is, does dislocation of the dominant player affect the way the fine art cluster operates (that is, level of innovation) and change the inter-relationships between members?

Results and Implications
This research will provide information on how fine art businesses, including some that are competitors, interrelate, and if the dominant player’s dislocation and consequent re-entry has a bearing on the innovation and system behaviour of the cluster. The NGV’s 1999 to 2003 redevelopment and consequent scaled down operation provides a unique opportunity to examine the effects of dislocation of the dominant player on the way a cluster functions and its propensity to be innovative.

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