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The Role of the Cultural and Creative Industries in Sustainable Development of Small Cities in Latvia

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Abstract: While sustainability is a much-researched issue, little has been written about the role of cultural and creative industries (CCIs) in implementing sustainable development, specifically in small cities. The authors pose the following questions: What is the interrelation between CCI practices and the four pillars of sustainability (economic, environmental, cultural, and social) in small cities? What are the practices that CCIs use, and which they perceive as contributions to sustainable development? The authors use a single case study strategy, methods including a theoretical study, a quantitative pilot survey, a focus group discussion, semi-structured interviews, and content analysis. Overall, the article indicates that there is a varied and diverse repertoire of small- and large-scale practices carried out by CCIs in small cities in Latvia, and thus contributes to the existing scholarly literature by "teasing out" those practices. The study indicates that each of the practices may contribute to two or more sustainability pillars, thus they are analyzed in pairs to find out what traits are reflected in these practices. Notably, CCI entrepreneurs believe that sustainable development is important and that they contribute to it.

Keywords: sustainability; small cities; cultural and creative industries; mixed methods

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1. Introduction

1.1. Background, Research Question, and Purposes

Cultural and creative industries (CCIs) are an important and expanding part of local economies; they are known to engage in innovation and risk taking [1,2], and thus in exploration of new avenues for development. Moreover, CCIs are present and active not only in metropolitan areas, but also in small- and medium-sized cities that have their own distinctive traits and sustainability challenges. While entrepreneurs are seen as a panacea for sustainability challenges, Jeremy Hall and colleagues justly note that, "despite the promise entrepreneurship holds for fostering sustainable development, there remains considerable uncertainty regarding the nature of entrepreneurship's role in the area, and the academic discourse on sustainable development within the mainstream entrepreneurship literature has to date been sparse" [3], p. 439. Thus, the authors consider that it is worth examining the question of if and how CCIs could contribute to urban sustainable development, specifically in the context of small cities.

Small cities are distinctive on a number of fronts [4–10], and enhancing the existing small city resources while using them for growth and change is an issue of sustainable development. Typical sustainability challenges reside in four sustainability pillar-related spheres [4,7,10,11]. Do CCIs act as typical businesses, maximizing profit only, or do they care for sustainability in their practices?

CCIs have been frequently seen as a metropolitan phenomenon; however, in recent years, this "predominantly stereotyping approach" has been changing [12]. There is an increasing trend for exploring CCI traits in the regions/rural areas [1,2,5,13–16].

To characterize a full range of CCIs activities and roles, it is important to assess their perceived contributions to sustainable development of non-metropolitan localities. While sustainability is a much researched and intuitively important issue—examining how it is possible to use resources without depleting them in the longer run—little has been written about the role of CCIs in implementing sustainability, specifically in the setting of small cities. According to Kate Oakley and Jonathan Ward (2018) [9], there is a shortage of research "teasing out" the types of CCI practices contributing to sustainability. The current article aims to start filling this gap. In a previous article by the authors [17], an attempt was made to build a literature review-based typology of contributions of creative industry businesses and freelancers to sustainability. The current paper analyses empirical data on the actual practices of these CCIs actors.

The study uses a single case-study design. In the article, the authors first set the scene regarding the traits of CCIs businesses and their role in local development, and then analyze the scholarly literature on the different levels and scopes of the challenges of sustainable development in small cities, finally leading to examination of the empirical practices that CCIs use and which they perceive to be contributions to sustainable development of the small city.

The article indicates that there is a varied and diverse repertoire of small- and large-scale practices carried out by CCIs in small cities in Latvia, thus contributing to the existing scholarly literature by "teasing out" those practices. The study indicates that each of the practices may contribute to two or more sustainability pillars, and that CCIs believe that contributing to sustainability is an important goal of their operations.

1.2. What Are Cultural and Creative Industries?

To understand the complexities involved in CCI activities and possible contributions to sustainability in small cities, the authors will next present an overview of debates concerning CCIs as a phenomenon, followed by the discussion of the dimensions of their localized activities.

With the rise of the concept of the creative industries, a significant shift has been taking place in the discussion on culture in various urban and non-urban settings. Since the end of 20th century, scholars have theoretically and empirically investigated "cultural industries" and "creative industries" [18–26], gaining an understanding of the complexities of defining the cultural and creative industries (CCIs). The CCIs have been explored in analytical frameworks centered on creativity, value, intellectual property, production methods, and more.

Much has been written about the inherently paradoxical nature of practices of the cultural and creative industries, the overall tension between artistic and commercial logics [27] or the artistic ethos and business focus [28,29]. The tension is ongoing; an artistic identity depends on continuous launches of new productions and projects [30], while the competitive advantage of enterprises rests on specific business skills [31].

Two major interpretations of the value in CCIs practice belong firstly to David Throsby (2001) [32], who considers both the economic and cultural sides of the cultural industries, and secondly to Arjo Klamer (2016) [33], who offers a value-based approach presenting arguments of the cultural as a basic value.

To strengthen the argument of "industry", copyright has become an important part of the CCI discussion. Scholars such as Ruth Towse argue that intellectual property is crucial in combining creative freedom with a business strategy in the cultural and creative industries [18,34]. The WIPO's definition of the core copyright industries such as press, literature, music, theatre, and opera links important elements of shared artistic and cultural heritage with future-based software, databases, and gaming industry [35].

Finally, yet importantly, the current scholarly literature is concerned with analyzing CCIs from the aspect of production methods where the cultural form is industrial [19]. In this strand of enquiry, CCIs activities are regarded from the point of view of the purpose of their actions, thus identifying the stages of creation, production, dissemination, exhibition,

reception, transmission, consumption, and participation [36]. This approach gives an overview of the activities taken by the CCIs and helps scholars to identify and analyze the value chain of each CCIs subsector.

In recent discussions of local-level CCIs activities, scholars have identified three key dimensions: cultural vitality, creative entrepreneurship traits in the regions/rural areas, and societal values. The importance of cultural vitality is in its contribution to community development via local stories, the enhanced identity of the place, development of symbolic capital, increased connectivity, and knowledge spillovers [5,13,14]. Exploration of the role of creative entrepreneurship in rural areas has raised issues of access, critical mass, soft infrastructure, underdeveloped programs, and funding support to the creative economy in the regions [15,16]. Notably, a European Commission report stresses that even when large companies dominate in the market, small and micro-enterprises play a crucial role in creativity and innovation, as they are flexible risk-takers and leaders of transformation [1,2]. Finally, yet importantly, the analysis of local-level CCIs activity has been addressing societal values, finding that in non-metropolitan settings, community is as important as the individual [14], while the opportunities for participation (community pursuits, social regeneration) attract other creatives to the non-metropolitan settings, thus driving the regeneration of local areas and enhancing regional branding [5].

The above indicates that an important feature of CCIs is a potential for risk-taking and flexible responses to opportunities, which are characteristic traits of micro-enterprises more commonly found in non-metropolitan areas. Using these assets in a manner that does not compromise the opportunities of the future generations is an issue of sustainable development.

1.3. What Is Sustainable Development of a Small City and Its Challenges?

This sub-section examines the levels and aspects of the concept of sustainability, defines sustainable development of a small city, and reviews the challenges that small cities may face in their sustainable development.

There is no uniform definition of the size of a "small city". The Cultural and Creative Cities Monitor determines a small city to be one with 50,000 up to 10,000 inhabitants [37]. According to Bonifacio and Drolet, small cities are around 10,000–1,000,000 in population [38]. Pavlić et al. (2019) even refer to a town of a few thousand people as a small city [39]. A common characteristic of a small city is its power to affect citizens' wellbeing and opportunities as local governments are nearer to people [11]. The small city is a setting which is valued for its human scale, friendly communities, and closeness of natural amenities [10], all of which calls for attention to sustainability issues. Small cities are also relevant with regard to CCIs studies; a relatively recent development in CCIs studies is discussing CCIs developments in regional settings and drawing attention to the specificity of localized CCIs activities. Scholars argue that previously the attention to CCIs had been city-centric when thinking about the cultural offers and activities of small city and non-urban areas [12].

The concept of sustainability can be analyzed on different levels. For example, Zainudin, Munusami, and Lau note that there are different definitions for sustainable economy (country), city, company, and product [40] (p. 3). Sikdar [41] describes five levels of scales for sustainable systems (Level I: Global Systems (e.g., global CO_2 budgeting); Level II: National Systems (energy system, material flow); Level III: Regional Systems (e.g., watersheds, brownfields); Level IV: Business Systems (e.g., business networks, waste exchange networks); Level V: Sustainable technologies (e.g., green materials, sustainable products)). The impact of micro level behavior on macro level indicators of sustainability is investigated by Viswanathan et al. [42]. The focus of the current study is the potential of CCI company contributions (micro-level) to sustainable development of small cities (macro-level), manifested in their production practices.

When writing about sustainability, it is common to indicate the authors' preferred version of the pillars or aspects of that phenomenon. The authors of this article subscribe to the view that there are four equally important interrelated pillars: economic, environmental, social, and cultural [43–45], which interact in a dynamic process [46], sometimes

necessitating trade-offs, and are important for the sustainable development of the city. It is worth noting that there are different ways of conceptualizing the role of culture vis-a-vis sustainability, e.g., culture in, for, and as sustainability [44], and the authors argue that, for the purpose of analysis, it is preferable to view all dimensions [47]. In the current study, CCI practices are examined in the context of the small city and its sustainable development.

Following the report "Our Common Future", the authors accept that sustainable development of a city is a process of change in which resource exploitation, investment direction, technological development, and institutional change are consistent with present and future needs [48]. The authors argue that it is particularly important to identify how business entities and entrepreneurs act with regard to sustainability. It is especially salient in the case of creative industries, as they are deemed to engage in innovation and risk-taking, and thus in exploration of new avenues for development.

To put the practices of CCIs in context, the authors have to recap the specific traits and vulnerabilities of small cities with regard to sustainable development, along all the dimensions, or pillars. As already noted, the small cities may have a range of features or amenities which attract both locals and newcomers alike. In the context of this article, sustainable development of small cities is regarded as preserving and enhancing the existing distinctive small city resources while using them for growth and change. From that, typical challenges in sustainable development ensue. The authors will review these by the four pillars.

As regards economic sustainability of small cities, the challenge is to find a base of endogenous non-transferable resources [4].

This dimension has to be balanced against the environmental pillar, which means implementing development that does not compromise the assets/amenities provided by the proximity of nature, the low level of air pollution, and the possibility of engaging in outdoor activities (adapted from INTELI, 2011 [7]).

The social pillar of small cities concerns both retaining and enhancing local community ties, the local skills base, the local knowledge, as well as equity and fairness in income distribution. The social pillar is especially salient in small cities, as depopulation and center-periphery inequalities present considerable challenges for non-metropolitan locations.

The cultural pillar vulnerability relates to the safeguarding of local symbolic capital against the processes of massification and finding relevant ways of its application in CCI products and adding value to the more traditional branches of local industry.

The above vulnerabilities or challenges make it as important as ever to be aware of the contributions to sustainable development that local actors in small cities make in their usual practices. Thus, the final sub-section of the Literature Review introduces an overview of the extant state of knowledge about the practices originating from the CCIs.

1.4. The Role of CCIs in Sustainable Development

Overall, the issue of specific contributions by CCIs to sustainable development in non-metropolitan settings is underexplored. Notable exceptions include the paper by Patrick Collins, Marie Mahon, and Aisling Murtagh (2018) [5], which explicitly addresses sustainable development in the West of Ireland; the paper by Kate Oakley and Jonathan Ward (2018) [9], in which one of the case studies is a small rural town; the paper by Cerneviciute et al. (2017) [49] on postindustrial regional development in Lithuania; and a paper by Susan Luckman (2018) [16] on sustainable scale of entrepreneurial growth in rural Australian settings, to name several examples.

One of ways to deal with this shortage is to tease out features of sustainability work from scholarly papers that do not use the concept yet clearly address it. This literature includes the work of Roberts and Townsend (2015) [50] on the contribution of creative economy on the resilience of rural communities and Jacqueline Clements's [6] writing on community resources in a small Australian city, amongst others. This paper will use both approaches.

The study by Collins et al. demonstrates several features of CCIs and sustainability in small cities and rural areas. First of all, the paper confirms CCI contributions to economic sustainability; these are achieved by locally-based production from locally-sourced resources, as well as local supply and trade chains [5]. Collins et al. also report enhancing impacts on marketing, communication, human resource development, and new product development.

In addition, the West of Ireland study shows the positive impact of CCI actors on communities, that is, social sustainability—half of the interviewees were contributing to community by exercising altruistic values—organizing events, providing educating experiences, and creating public art projects [13].

A similar set of practices is reported from the Blue Mountains Festival in Australia [6], which boasts 330 volunteers whose networks leverage resources from the community and then help to give back to the community both financially and symbolically. Interestingly, the festival is a low-profile one, not disrupting the traits of local life, not subsuming the small city under its symbolic weight. A more ambivalent feature of the festival may be the tightness of its networks, an explicit resolve to use as volunteers only well-integrated members of the community.

Certainly, one of the more negative impacts of CCIs on urban neighborhoods may be that of gentrification owing to certain areas becoming more attractive, bohemian, and livable. The case study by Oakley and Ward (2018) [9] provides an example of a small town with a literary festival, which disrupts the local community and its social sustainability.

Environmental sustainability concerns are reported in the paper on Australian craft entrepreneurship [16], where interviewees are determined not to produce simply "more stuff". This is very different from practices reported from metropolitan areas, their large-scale events and environment-degrading CC industries (e.g., TV, film industry) [51].

A recent study of sustainable development priorities in Latvia's most popular museums showed that the implementation of four sustainability pillars might help to achieve a broader input from the heritage sector towards sustainable development goals [52].

The literature review shows that CCIs are important to local communities and sustainable development of a small city. It appears that the contribution of CCIs to social and economic pillars of sustainability has received more attention in the scholarly literature so far than contributions to cultural and environmental pillars. The empirical study reflected in this article was undertaken to find out what contributions CCI businesses and freelancers make to all pillars of sustainability in the case of the small city of Cēsis.

In order to analyze the level of specific practices, the authors make use of the typology of CCI contributions to sustainability outlined by Kunda, Tjarve, and Eglīte (2021) [17]. The typology is presented below in Figure 1:

The authors emphasize that the above typology is the result of a review of the scholarly literature. Possible contributions to all pillars of sustainability are identified from the literature, and they may or may not be carried out in reality. An empirical exploration of the actual practices is the focus of the current article.

The main research question is as follows: What is the role of CCIs in small cities in the context of sustainable development of these cities?

This article attempts to answer the research question by exploring two main ideas: (1) there is interrelation between CCIs and the four pillars of sustainability (economic, environmental, cultural, and social) in small cities; (2) there are practices that CCIs use which may point to potential contributions to sustainable development of a small city.

The goal of the research is to analyze the role of creative industries in sustainable development of small cities. The research object is sustainable development of small cities, and the subject of the research is cultural and creative industries and their role in sustainable development of small cities.

The authors of the article put forward the following hypotheses:

H1. *Entrepreneurs of CCIs in small cities are interested in sustainable development of the territory.*

H2. *Entrepreneurs of CCIs implement practices that may promote sustainable development of the city (municipality).*

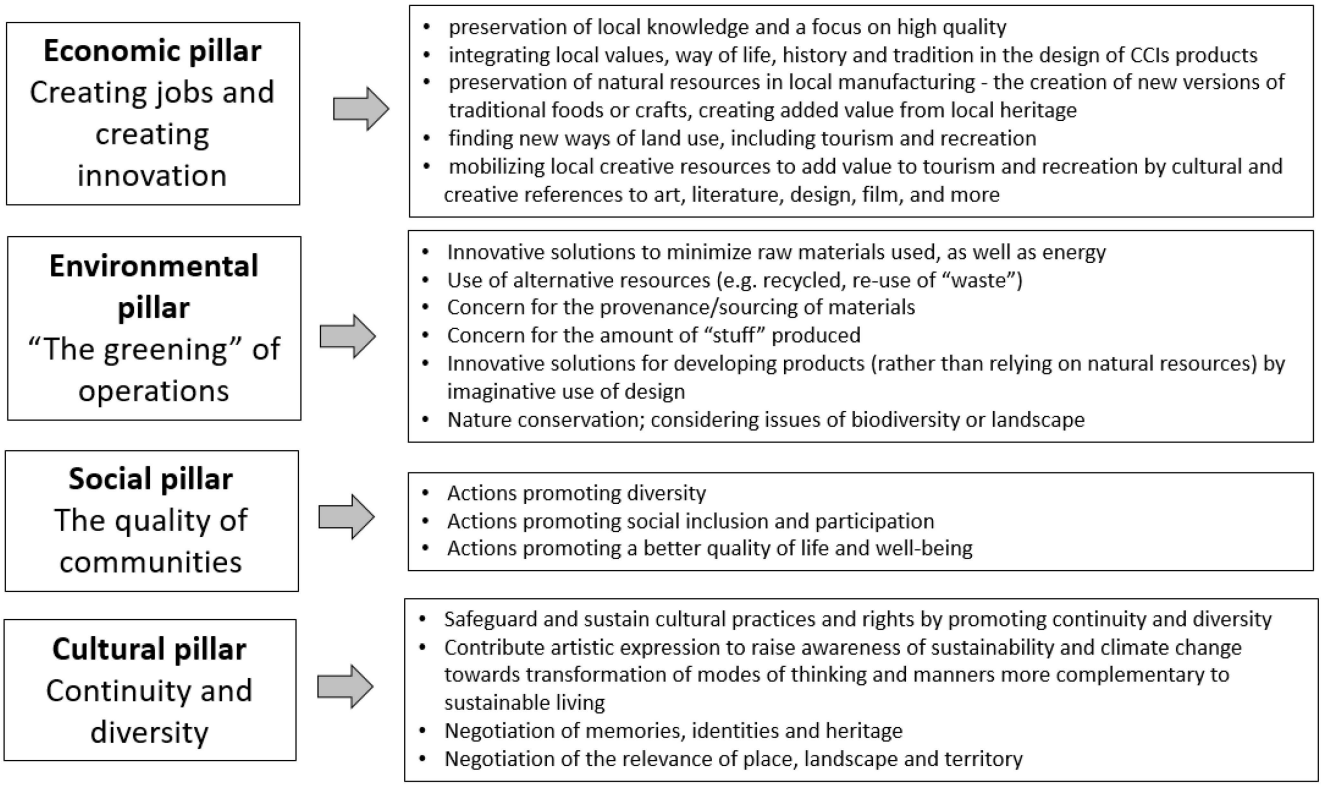

Figure 1. Pillars of sustainability and the theoretical typology of CCIs contributions to sustainability [17].

2. Research Methods

To examine the role of CCI contributions to sustainable development in small cities, the research team had to make a choice of the case study location, operationalize "sustainability" and "creative industry business", and find out whether the practices of CCIs correspond to small city challenges identified theoretically from the review of the scholarly literature.

For the purpose of evaluating the role of CCIs in the sustainable development of small cities, the authors of the article have chosen one small municipality of Latvia—the Cēsis municipality—for a single case study. The research strategy of a case study allows for studying rich contemporary phenomena within an extensive real-life context. A characteristic feature of this situation is that the number variables is greater than the data points, necessitating the use of multiple sources of evidence which converge in a triangulating fashion [53] (p. 2).

The study design is visualized in the Figure 2.

Within the case study, the following methods were used: content analysis, a pilot survey, semi-structured qualitative interviews, and a focus group discussion (methods presented in the order of their use). Table 1 presents the rationale for the application of each of the methods vis-à-vis the research questions.

Overall, the authors of the paper apply the interpretivist paradigm, where the researcher does not view the research object from a distance but is closely linked to the topic under discussion [54]. According to interpretivism, the essence of research is to reveal meaningful relationships and to discover the consequences of activities performed by individuals [55]. The task of this study is to discover general dimensions by learning about the categories and notions used by particular informants [56].

For the qualitative data analysis, the replies of all informants were split in fragments, each statement (content unit) being based on one idea. The source of each content unit

was indicated, and afterwards, the content units were categorized according to the four different pillars of sustainability, based on the theoretical typology of sustainability-oriented practices in Figure 1.

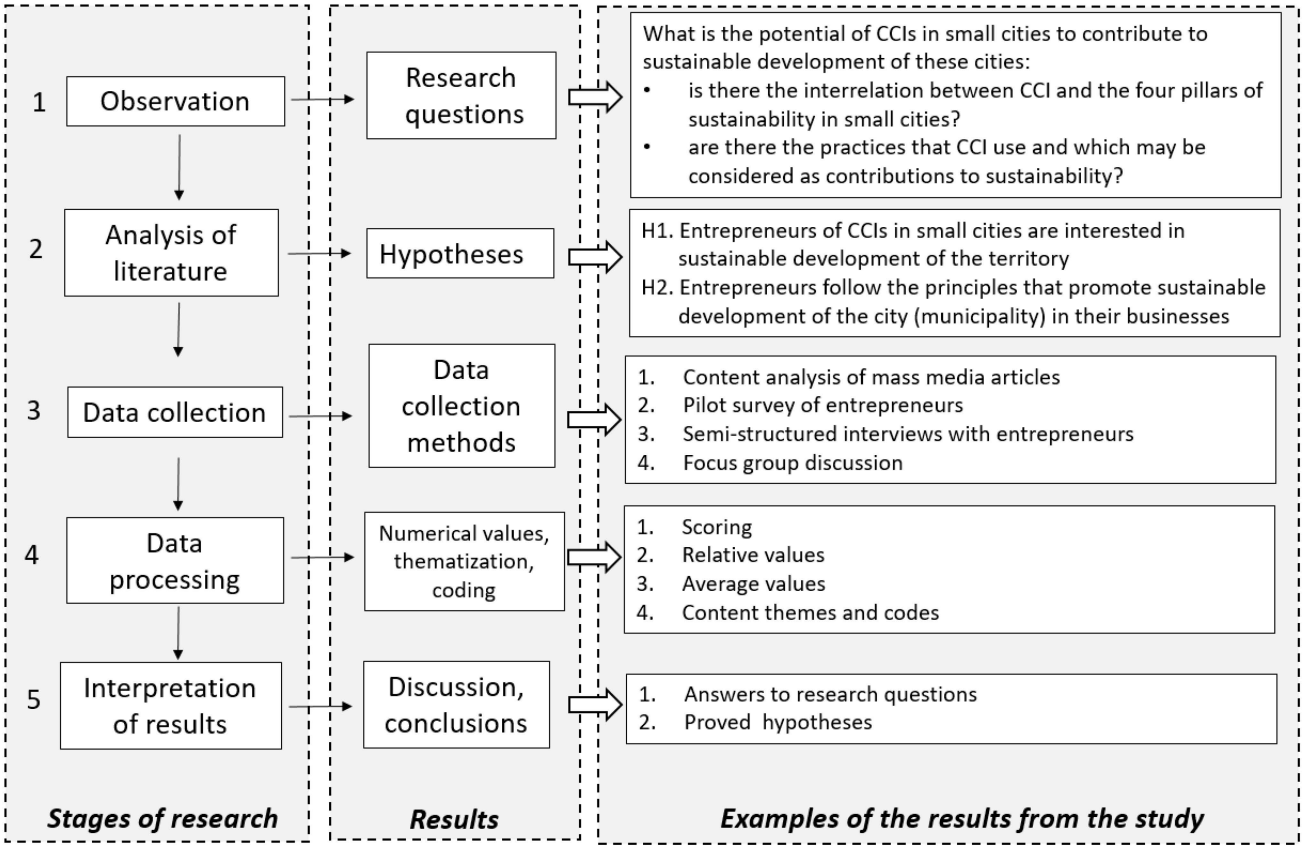

Figure 2. Study design.

The case of Cēsis selected for analysis can be considered an extreme case [57], that is, a case that is "especially good in a more closely defined sense" (p. 230). Cēsis is known for implementing an especially successful model of CCI support through municipality-delegated functions; it was one of the first Latvian contenders for the status of European Culture Capital 2027, it has an ambition to become a "Zero Waste" city, and its municipality was awarded a national prize by the movement "Power of Diversity". All of this constitutes conditions which may be conducive for identification of strong CCI contributions to sustainable development.

The background of the case is as follows. The center of Cēsis municipality is the small city of Cēsis. It must be noted, however, that in Latvia, small cities are not administrative territories with their own local governments; rather, they are included in broader territories. The criterion of the number of inhabitants to define small, medium or large cities is not included in Latvian laws and regulations. In the scientific literature, many definitions of urban areas use the threshold of 50,000 inhabitants to distinguish between larger cities and small cities with less than 50,000 inhabitants [58] (p. 15).

The Law on Administrative Territories and Populated Areas [59] states that there are the following cities and towns in Latvia:

- Riga is the capital city of the Republic of Latvia;
- Cities of the Republic of Latvia are divided into State cities and municipality towns;
- The State cities are Daugavpils, Jelgava, Jekabpils, Jurmala, Liepaja, Ogre, Rezekne, Riga, Valmiera, and Ventspils;

- Towns are determined in Annex to the Law, and according to the Annex, Cēsis is the administrative center of Cēsis municipality. There are two towns in Cēsis municipality: the town of Cēsis and the town of Ligatne.

Towns that are not State cities could be considered as small cities in Latvia, but in this study, the whole territory of Cēsis municipality was the case, because it is the municipality that is the administrative territory with its local government, not the city of Cēsis. Figure 3 shows Cēsis municipality location in Latvia.

Key data on the Cēsis municipality is presented in the Table 1.

In Table 2, it is possible to see that Cēsis municipality has fewer than 50,000 inhabitants and that it corresponds to the size of a small city.

Table 1. The rationale of the use of various methods in the case study.

Research Questions	Methods Employed	Rationale
RQ1: Is there an interrelation between CCIs and the four pillars of sustainability in small cities? RQ2: What are the practices that CCIs use and which may be considered contributions to sustainability?	Content analysis (of mass media publications on CCIs in Cēsis County) n = 517	Tentatively identify CCI initiatives/businesses whose actions correspond to the theoretically derived typology (Figure 1) as an entry point for the use of other methods. (RQ2)
	A pilot survey (of CCI entrepreneurs) 30% of total sample size	Identify numerical values of perceived overall CCI contribution to sustainability, and the frequency of practices corresponding to the theoretically derived typology (Figure 1). (RQ1, RQ2)
	Semi-structured qualitative interviews with CCI entrepreneurs n = 21	Get deeper into CCI informants' perceptions of the various sustainability-related practices carried out and identify their correspondence to the theoretically derived typology (Figure 1). (RQ1, RQ2)
	Focus group discussion with CCI entrepreneurs	Get deeper into informants' perceptions of the various sustainability-related practices carried out and identify their correspondence to the theoretically derived typology (Figure 1); expand on the pilot survey data. (RQ1, RQ2)

Figure 3. Cēsis municipality in Latvia.

Table 2. Basic indicators of city of Cēsis and Cēsis municipality [60].

Indicators	Cēsis Municipality	Cēsis City
Population (beginning of 2021)	41,161	14,815
Territory (km^2)	2668.13	19.28
Economically active enterprises of CCIs (2019)	198	...
Share of CCIs (% of all enterprises)	5	...

... data are not available.

Prior to all other activities, the research team took decisions on operationalizing the concept of CCIs, that is, deciding what kind of entities and on what basis are to be included in data-gathering and analysis. In the current study, the authors used as a starting point the definition of creative industries by the British Council [61] and other work of European Commission [1,2]. Thus, the authors propose an operationalization of creative industries with reference to NACE codes (see Table 3). This permits the use of an approach already applied in empirical analysis [62].

Table 3. NACE codes and fields of CCIs economic activities based on UK DCMS [60].

NACE	Economic Activity
C15	Manufacture of leather and related products
C16	Manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials
C18	Printing and reproduction of recorded media
C31	Manufacture of furniture
J58	Publishing activities
J59	Motion picture, video and television program production, sound recording and music publishing activities
J60	Programming and broadcasting activities
M71	Architectural and engineering activities, technical testing and analysis
M73	Advertising and market research
N79	Travel agency, tour operator and other reservation service and related activities
R90	Creative, arts and entertainment activities
R91	Libraries, archives, museums and other cultural activities
R93	Sports activities and amusement and recreation activities

The study uncovered that Cēsis municipality has about 5–6% of CCI businesses (including freelance individuals), which is a considerable share of local businesses.

NACE codes C16, C31, M71, and N79 were reviewed manually to select companies working within the CCIs based on their aim and provided activities. These NACE codes are marked by the background color in the Table 3.

The next stage of the study was content analysis of mass media articles (n = 517) from 2019 to 2020 from the local media, gathered by the national news agency LETA, containing the keywords "creative industry", "creative initiative", and "Cēsis". Content analysis was used to gather preliminary ideas on what kinds of sustainability-related practices have been visible in the public space pre-Covid and in the first year of the Covid period. The analysis of the data was done by applying a set of codes to the textual material, with practices of CCI businesses identified as fitting one or another of the four sustainability pillars. The resulting material was used both for developing the next instruments of the study and for triangulation of case study data.

Specifically, the content analysis allowed the identification of "creative initiatives" within each of the four pillars of sustainability and provided input into both the quantitative pilot survey and the semi-structured interviews with CCI businesses by pointing out sustainability-related practices and allowing the team to identify visible local actors, namely, CCI businesses and freelance individuals.

The key ambition of the research team was to find a way to conduct a quantitative survey among the CCI businesses and individuals, which necessitated determining the sample and operationalization of "sustainability" in a way that could be used in self-administered questionnaires, that is, without additional explanation of terms and ideas. Both of these proved to be challenging tasks.

Pilot studies are frequently conducted to assess the efficacy of research instruments. The two main types of pilot study used in social science are for the most part: (1) smaller versions of studies, called feasibility studies, and (2) "the pre-testing or 'trying out' of a particular research instrument" [63]. Many researchers have concluded that pilot studies are used to test the suitability of the research method for data collection [64]; to test the adequacy of research instruments [65]; and to check the validity, reliability, and practicality of the research instruments [66]. After a pilot study, it is possible to conclude whether the research method is feasible for the main study. If not, then it is necessary to select another method.

The pilot survey as a research instrument was chosen to test the feasibility of using a questionnaire to reach the goal of the study. The research team also wished to obtain statistical data on frequencies of various sustainability practices, but was not entirely sure that the idea was workable given the highly abstract nature of the idea of sustainability, hence the decision to conduct a pilot survey.

Hertzog (2008), in his research about the determination of sample size in pilot studies, states that some researchers make no specific recommendations on the sample size. Others recommend obtaining approximately 10 participants or 10% of the final study size [67,68]. Isaac and Michael (1995) conclude that small sample sizes are justifiable in cases of small sample economy and in cases of exploratory research and pilot studies. Sample sizes of 10 to 30 are sufficient in these cases [69]. Hill (1998) concluded that there is no one accepted method of determining the necessary sample size for pilot studies [70].

Although pilot surveys cannot be used to prove hypotheses, in some cases it is possible to get information about relationships between the research object and subject. Givens and Musil pointed out: "If the pilot study is of sufficient size, estimates about the relationships between variables and of effect sizes can be made. This is essential not only for statistical power analysis but for a better understanding of the phenomena under study. Pilot studies often provide important insights into the problem being investigated and may lead to reconceptualization of the problem or refinement of the research questions" [71] (p. 580). Lee et al. (2014) and Doody and Doody (2015) noted that a pilot study can at times provide a preliminary assessment of benefit or help researchers to obtain preliminary data [72,73]. There was a similar conclusion in the study of Blythe LaGasse (2013): "Well-designed and well-conducted pilot studies can inform researchers about the best research process and possible outcomes" [74].

To conclude, the pilot survey in this study was done to verify the suitability of this research method and to obtain empirical findings ahead of the planned main study.

The questions were organized into four large groups around each of the sustainability pillars: economic, environmental, social, and cultural. Figure 4 shows the logical framework of the developed questionnaires. The questions were designed to provide answers to the main aspects of each pillar, to determine the aspects of sustainability that CCIs can affect in the context of sustainable development of the small city or municipality.

The target group of the pilot survey was entrepreneurs and self-employed persons in Cēsis municipality. There were approximately 100–150 enterprises and self-employed persons of CCIs in the municipality before the ATR. Based on the literature study, the sample size selected for the pilot survey was 30 respondents. The questionnaires were sent by e-mail to 36 possible respondents, and 23 completed and 13 partially completed questionnaires were obtained (~30% of the final study size). The time of conducting the survey was from 30 April 2021 to 24 May 2021.

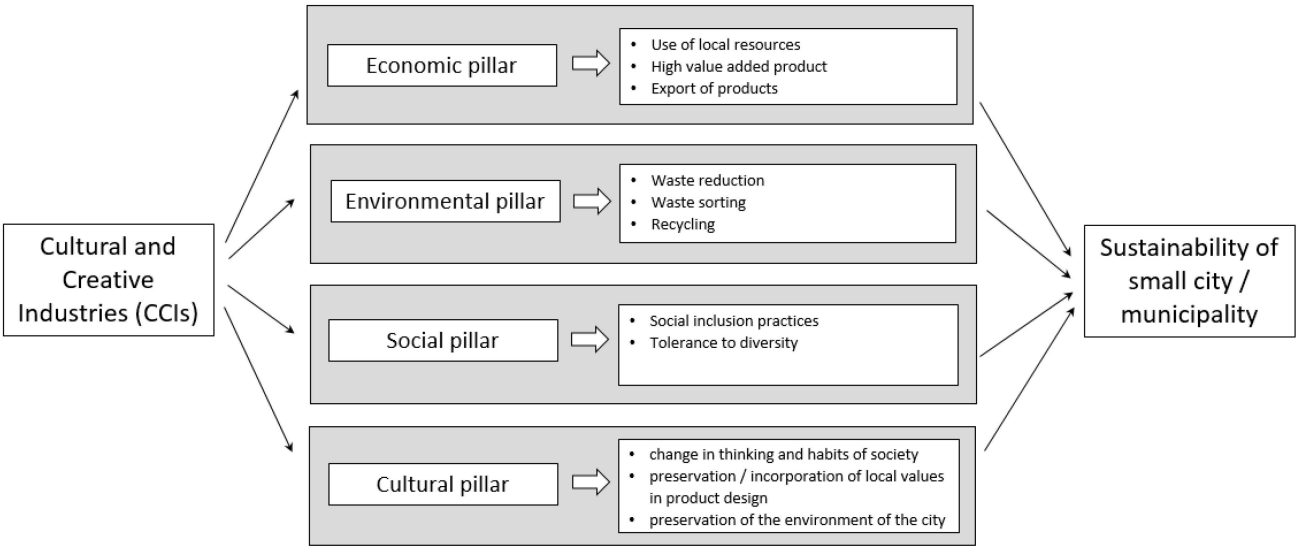

Figure 4. Logical framework of questionnaires.

The questionnaire started out with general questions about the form and size of the business, the kind of business activity, and the length of time that the entrepreneurs had been working in Cēsis municipality. Then two questions were asked to obtain information on entrepreneurs' self-perceived contribution to sustainability:

1. As an entrepreneur, are you interested in promoting the sustainable development of Cēsis city (municipality)?
2. Do you believe that your company contributes to the sustainable development of Cēsis city (municipality)?

It was possible to choose answers from 1 (*No*) to 5 (*Yes*) or answer 0 (*It is difficult to answer*).

For the rest of the questions, the authors of the article chose a 5-point scale to make assumptions about the perceived impact of CCIs on the sustainable development of Cēsis municipality. According to this system, 5 points were given to answers *Yes*, 3 points to answers *Partly*, and 0 points to answers *No* or *I don't know*. Therefore, the final assessment of each pillar is in the interval [0;5], where 5 is the maximum possible result (the highest perceived contribution of CCIs to the sustainability of the municipality) and 0 means that CCIs do not perceive that they have an effect on the specific aspect of sustainability.

After assignment of the points to each possible response, the weighted average (see Formula (1) was calculated to get total points (TP) for each question (aspect of sustainability).

$$TP = \sum_{i=1}^{n} (\propto_i \times P_i), \quad (1)$$

where: TP—total points for each question; P—points for answers; α_i—relative weight; i—options given in the answer, n = [1; +∞).

The next step was to calculate the points for each pillar. From the total points of the questions, the arithmetic mean was calculated separately for each sustainability pillar according to Formula (2).

$$FP = \frac{1}{N} \sum_{j=1}^{N} TP_j, \quad (2)$$

where: FP—final points for sustainability pillar; TP—total points for each question; j—number of questions; N = [1; +∞).

The example of calculation of points for the Economic pillar of sustainability is shown in Table 4.

Table 4. Calculation of the points for the Economic pillar of sustainability.

Questions and Answers	Relative Weights (α)	Total Points (TP)	Final Points (FP)
1. Do You use local resources in Your business?			
Yes (P = 5)	0.20	2.64	2.87
Partly (P = 3)	0.55		
No (P = 0)	0.25		
2. Do You produce product with high value added?			
Yes (P = 5)	0.52	3.39	
Partly (P = 3)	0.26		
No (P = 0)	0.22		
3. Do You export Your products?			
Yes (P = 5)	0.44	2.59	
Partly (P = 3)	0.13		
No (P = 0)	0.43		

In this example, α is the share of respondents for each answer in decimal points. If 20% of all respondents answered *Yes* to the first question, then $\alpha_1 = 0.20$. N = 3, because there are 3 possible answers under each question. N = 3, because there are 3 questions exploring this pillar.

The pilot survey demonstrated that the concept of sustainability is not easy to work with. It requires careful operationalization and does not work very well in the form of a quantitative survey, at least on the level of selecting specific practices. Additionally, the authors consider that there may be a positivity bias in reporting on the impact of CCIs' own actions on sustainability, owing to the social desirability of sustainability-related practices. The decision was made to change the research instrument. To get into more detail about specific sustainability-related practices, the research team conducted semi-structured interviews and a focus group discussion.

Conducted after the pilot survey, the qualitative methods of the semi-structured interviews and the focus group discussion allowed the research team to probe deeper into interpretations of participants and to uncover a whole range of the subtler practices of the social and cultural pillar.

Semi-structured interviews (n = 21) were carried out in July 2021, focusing on the practices by CCI businesses in the course of producing their key goods and services. The sample contained businesses which were different in scope and active in a whole range of sub-industries to create a typical profile of CCIs in Cēsis. The interview questions formed four groups: (1) questions on the general relationship with Cēsis (locals, newcomers, the motivation to develop business there); (2) questions on the general background of the business (when and how it started, developed, what have been its target groups and developments in the recent years); (3) questions on the general attitude to sustainability (considered or not in the usual production practices); and (4) specific stories on key products and connections to resources utilized in the case of their production (connections visualized as networks).

The interviews traced connections and networks related to each of the products (goods and services) by a given CCI business and it allowed the research team to point to contributions to all pillars of sustainability through the use of various kinds of local resources (human, symbolic/cultural, raw materials, and natural amenities).

The next method used—the focus group discussion—was chosen instead of a larger-sample quantitative survey, because the pilot survey results showed that it is necessary to provide additional explanation of the content of questions on sustainability to respondents. The methodological substantiation for the focus group method is the group role in gener-

ating a variety of opinions that does not take place during individual discussions [75]. A focus group interview provides additional interaction [76].

Five local entrepreneurs of CCI businesses of diverse sizes, locations, and sub-industries were invited and agreed to participate in the focus group discussion. The discussion took place on 23 September 2021 online on the Zoom platform and lasted for 1 hour and 14 minutes. The entrepreneurs represented the following CCI activities:

- Candle making;
- Sports and recreation;
- Linen product making;
- Recreation complex and event venue;
- A small porcelain factory.

The questions for the discussion are summarized in the Table 5. The questions were divided into 5 large groups: about the entrepreneurs' general attitude and perceived contribution to sustainability and more specifically, and about the practices within the 4 sustainability pillars.

Table 5. Questions of the focus group discussion.

Thematic Group of the Questions	Questions
Introduction—the purpose of the research and the use of the results	The focus group discussion is conducted within a study whose aim is to analyze the perceived contribution of creative industries to sustainable development of small cities. The focus of the research is Cēsis municipality. Your views will provide an opportunity to assess the contribution and trade-offs of sustainability in the creative industries.
Understanding sustainability	1. Did you explicitly think about sustainability issues when starting your business (and currently doing the business)? 2. Do you think that your company contributes to the sustainable development of Cēsis city or municipality? How?
Environmental sustainability	1. Have you implemented waste reduction ideas in your business? 2. Do you sort the waste in the production process? 3. Does the production/service process involve recycling? *Using second hand products as raw material.)*
Social sustainability	1. Does the company implement social inclusion practices? *(Employs persons with special needs, new mothers, people after release from a prison, persons who are long-term unemployed, and other persons at risk of social exclusion.)* 2. Do you take good care of your employees? *(e.g., employees have the opportunity to implement their own projects, they have fair remuneration.)*
Cultural sustainability	1. If and how does your product contribute to a change in thinking and habits in society? *Possible options for answers to help to understand the question:* • *Bulk product/environmentally friendly packaging/non-duplicate packaging;* • *Ecological/environmentally friendly production methods, etc.;* • *Promotes greater responsibility, engages in solving local problems;* • *Fosters a more cohesive, active, supportive community/diverse social environment/solidarity;* • *Cultural diversity/access to culture/educational activities for the local community;* • *Promotion and provision of artistic creativity.* 2. Does your business contribute to the preservation/incorporation of local values in product design (history, traditions, lifestyle, local identity, and cultural heritage)?
Economic sustainability and trade-offs	1. Do you use local resources in your business? 2. How do you manage to balance the principles of sustainable development with the development and growth of the company? 3. Is there a trade-off between the desire to promote sustainability and the necessity to increase profits? Does adherence to the principles of sustainability hinder the development of the company? 4. Do you need more support from the state/municipality to follow the principles of sustainability? What kind of support would it be?

The questions were similar to those in the pilot survey of entrepreneurs. However, during the focus group discussion, it was possible to elaborate on the questions, if necessary. In addition, some of the initial questions from the pilot survey were replaced by better-formulated questions, and 3 more questions were added to the list (Questions 2–4 from the *economic sustainability and trade-offs* group of questions).

The focus group discussion allowed the research group to obtain another set of data both as a substantive result and a means for triangulation of data extracted by content analysis, the semi-structured interviews, and the pilot survey.

3. Results

In this section, the authors describe the results obtained by addressing the two hypotheses of the study. As noted in the Introduction, not all aspects of sustainability are readily visible, thus the research team used several methods of data gathering.

Now, the authors outline the sort of sustainability-enhancing practices by CCIs that this study has identified through the content analysis, semi-structured interviews, and the focus group discussion. The resulting content units are sorted according to the theoretical typology of sustainability-enhancing practices (see Figure 1).

The empirical study has identified 32 practices that CCIs use and which may be considered contributions to sustainability within the four pillars of sustainability (economic, environmental, cultural and social). The description of practices is provided in Table 6. The right-side columns are for Economic sustainability pillar (Ec); Environmental sustainability pillar (En); Cultural sustainability pillar (Cul); and Social sustainability pillar (Soc).

Overall, the practices identified are varied but small-scale, in keeping with the small scale of the CCI business entities. These practices largely correspond to themes identified through the literature review, outlined in the Figure 1. More on that, with specific themes for all the pillars of sustainability, is provided in the Discussion and Conclusions section. As a whole, the authors note that CCIs—businesses and individuals—tend to address several of the sustainability pillars simultaneously.

An important angle on the research question has been highlighted by the pilot survey of CCI entrepreneurs, which allowed the authors to gather general data on attitudes and perceived contributions to sustainability.

Although the number of survey respondents is not large, it is possible to see the main trends and make assumptions about the perceived contribution of CCIs to sustainable development of small cities. The answers to the first two questions (presented in Table 7) show that CCI entrepreneurs indeed express interest in promoting sustainable development of Cēsis city/municipality and that they express belief that their company contributes to sustainable development of the municipality.

The maximum possible evaluation for those answers was 5, and from Table 5 it is possible to see that the answers were close to 5. A slightly higher result is for the first question about the interest of entrepreneurs in promoting sustainable development of the municipality (4.75), but the result for the question about their own contribution to sustainability is also quite high (4.25). Thus, the authors confirm that the respondents indeed express interest and certainty in their own contribution to sustainability. On the one hand, there may be a positivity bias at work in the high scores of the answers; on the other hand, the study showed a range of actual sustainability-related practices implemented by CCIs, which to some degree substantiates the claim.

It is possible to conclude that the highest perceived contribution of CCIs is to the cultural pillar of sustainability in Cēsis municipality. All respondents (100%) answer that their product contributes to a change in thinking and habits in society, although the format of the survey did not make it possible to obtain an in-depth interpretation of this answer. A total of 59% of respondents answer that their business contributes to the preservation/incorporation of local values in product design, while 67% of all respondents believe they preserve the environment of the city or the municipality. Many of the respondents consider that they have renovated, repaired, or rebuilt an existing

building (26%), preserved biodiversity and the local landscape (26%), and improved the city infrastructure (25%).

The second highest result is for the environmental pillar. In total, 70% of respondents note that they have implemented waste reduction ideas in their business and 83% believe they are sorting waste in the production process.

Table 6. Inventory of sustainability-enhancing practices by CCIs.

Practices	Ec	En	Cul	Soc
Creating a DIY style interior: furniture refurbished, recycled, upcycled, usability changed	x	x		
Creating products that promote child development	x			x
Relocating a factory to reduce the long driving hours for employees, allowing more time together with their family	x			x
Creating a cozy environment, a home-like feeling	x			x
Creating a platform (a physical pop-up store) to promote the sales of local craftsperson products, providing a space with a DJ, artworks, paintings	x		x	x
Producing premium segment solid wood chairs, requiring high-quality handiwork	x			x
Producing environmentally friendly garden furniture by using PET bottle caps, with innovative technology of production – each part having its own unique pattern	x	x		
Providing a platform for the content of a conference to world—wide audiences	x			x
Producing more than a thousand different products, part subcontracted to small companies	x			
Creating new products from carrot pomace mixed with other vegetables, seeds	x	x		
Reusing paper boxes, packaging material for shipping	x	x		
Creating eco pockets for dresses from fabric waste	x	x		
Creating products with a symbolic motif of the place	x		x	
Appreciating co-creation as a possibility of development	x			x
(Company) acting as a cultural ambassador of the region	x		x	
Providing cultural supply (concerts, events, activities) free of charge for the locals			x	x
Appreciating community as a value			x	x
Cooperating with neighbors	x			x
Organizing thank-you concerts just for employees			x	x
Providing lunch for employees free of charge	x			x
Engaging a person with a functional disability to answer phone calls (physical distance 200 km)				x
Engaging school children to do service work and training them	x			x
Organizing a zero waste production process	x	x		
Sorting waste and encouraging others to do so on site		x		
Opening a Mini Zoo, animals fed by the company's customers' uneaten food	x	x		
Using surpluses of materials for creative workshops for the locals		x		
Giving access to surpluses of materials for personal use		x		
Appreciating products as storytellers of the local history	x		x	
Getting an inspiration from local cultural heritage to create dresses	x		x	
Opening a local craftspersons' shop	x		x	
Appreciating the history of the place as a resource for tourism	x		x	
Appreciating geographic location as a resource for tourism	x		x	

Table 7. Answers to the first two questions of the pilot survey.

Questions	Answers					
	0	1	2	3	4	5
	It Is Difficult to Answer	No				Yes
(1) As an entrepreneur, are you interested in promoting the sustainable development of Cēsis city (municipality)?	Average value = 4.75					
(2) Do you believe that your company contributes to the sustainable development of Cēsis city (municipality)?	Average value = 4.25					

The perceived contribution of CCIs to the economic pillar of sustainability is a little above the average. A total of 52% of respondents answer that they produce high value added products, 44% note that they are exporting their products, and 20% of all respondents say that they use only local resources in the production.

Four questions were asked about the use of local resources (Figure 5), i.e., raw materials, human capital, cooperation with other entrepreneurs from Cēsis municipality, and skills local to and typical of Cēsis municipality. The answers of entrepreneurs are reflected in Figure 5.

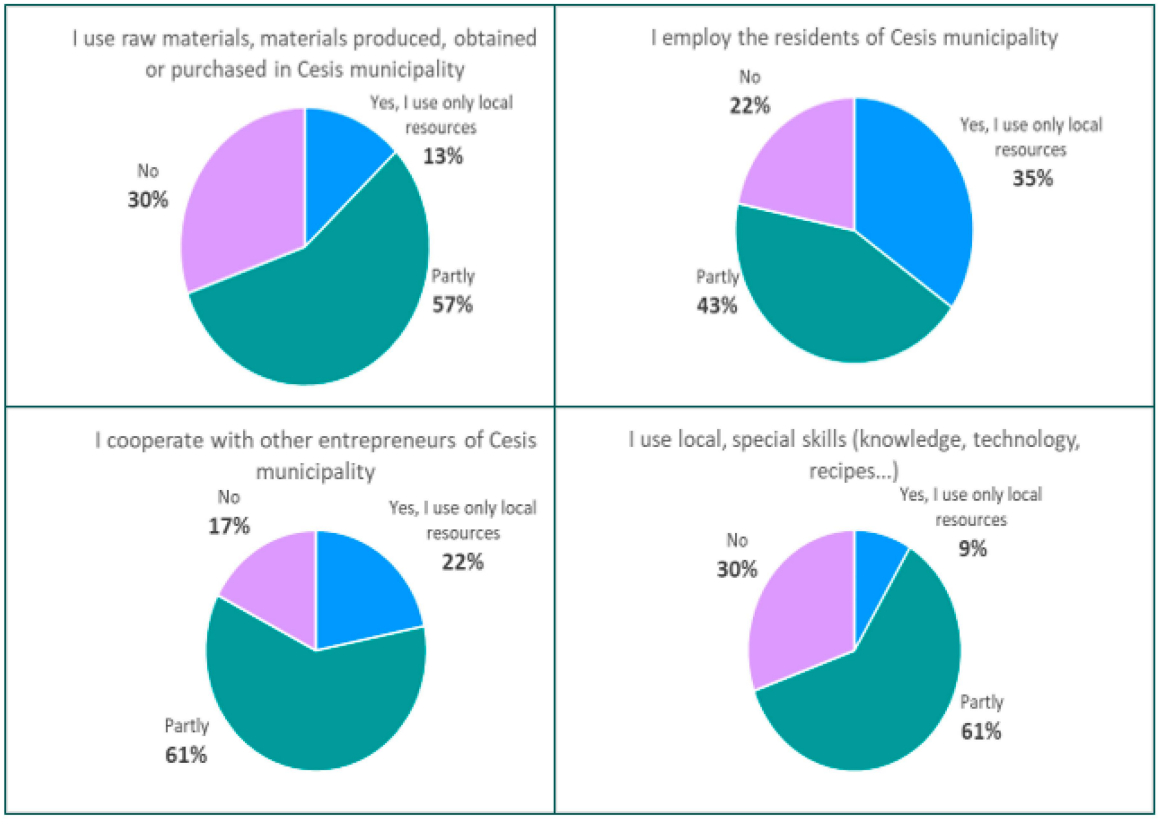

Figure 5. The entrepreneurs' use of local resources in Cēsis municipality.

The highest share of positive answers is for the question about employing local population as an indication of economic sustainability. A total of 35% of CCI entrepreneurs say they employ only residents of Cēsis municipality. Overall, the majority (55%) answered that they partly use local resources, and 25% of answers were as follows: "No—we do not use local resources at all". There was an additional question: "Why don't you use local

resources?". The most frequent answer was as follows: "Because the resources necessary for the business are not offered in Cēsis municipality". However, there were also some other answers:

1. There are not enough local resources in the municipality;
2. I am not satisfied with the quality-price ratio of local resources.

As to the pilot survey, the perceived contribution of CCIs to the social pillar of sustainability is a little below the average. In total, 70% of all respondents answer that they do not implement social inclusion practices, and only 17% had a positive answer to this question. However, 78% of respondents said that people of different nationalities, generations, and opinions are part of their close network, which points to aspects of social inclusion.

The authors note that different study methods (content analysis, focus group discussion, semi-structured interviews, and the pilot survey) provided somewhat different results regarding social sustainability, which the authors explain by the additional opportunity provided by the focus group discussion to probe the issue in more depth and for participants to uncover more nuances.

4. Discussion and Conclusions

The article aimed to find the interrelation between CCIs and the four pillars of sustainability in small cities, and to identify the practices that CCI informants consider to be contributions to sustainable development of the city.

The authors will comment on the two hypotheses consecutively. Hypothesis 1 was as follows: "Entrepreneurs of CCIs in small cities are interested in sustainable development of the territory". The data collected and analyzed in this study indicate that CCIs entrepreneurs believe that sustainability is important and that they contribute to it. While there may be a certain bias in providing normatively "correct" answers to questions on attitude and contribution to sustainability (which is an increasingly appreciated societal goal), the authors do feel that the range of actual practices that CCI entrepreneurs report provide additional weight to these answers. However, we cannot consider Hypothesis 1 fully confirmed, as the study only succeeded in obtaining the self-assessments of local entrepreneurs on a normatively charged issue.

The second hypothesis concerns the actual CCI practices related to sustainability pillars. Practices are important, since the scholarly literature points out that CCIs are often risk-takers and innovators in labor and production processes; thus, they may have an impact beyond the relatively small scope of their operations.

A recent intergovernmental organization publication, "Cities, Culture, Creativity: Leveraging culture and creativity for sustainable urban development and inclusive growth", published by UNESCO and the World Bank in 2021 [77], points out several types of CCI contributions to sustainability. According to the report, there are several social outcomes provided by CCIs in the cities: (1) improving quality of life and fostering greater social cohesion; (2) important network effects; and (3) influence on relationships, ideation, and production.

Indeed, our analysis demonstrated that CCI informants report a range of sustainability-related practices which may influence quality of life and foster greater social cohesion. Quality of life and social cohesion relate to most of the social and cultural pillar actions identified within this case study, while network effects and influence on relationships, ideation, and production are related to the economic and environmental pillar. This points to Hypothesis 2: "Entrepreneurs of CCIs implement practices that may promote sustainable development in the city/municipality". Again, the practices are self-reported by CCI informants, thus the authors cannot claim that they are actually implemented.

The authors will now comment on the practices reported by the CCI entrepreneurs. These practices contribute to either two or three pillars of sustainability, allowing authors to sort the pillars into three groups: (1) economic and environmental, (2) economic and cultural, and (3) economic and social.

The first joint pillar—economic and environmental sustainability—comprises practices of circular economy, zero waste lifestyle, and creative DIY approaches. Entrepreneurs are creating products with a sustainable lifecycle which minimize waste (*new products from carrot pomace mixed with other vegetables, seeds; create eco pockets from fabric waste*), taking a circular model of production (*a Mini Zoo with animals fed by the company's customers' uneaten food*) or using innovative technology of the production (*environmentally friendly garden furniture by using PET bottle caps*). A creative DIY approach gives an opportunity to minimize costs of interior creation, creative workshops (*uses surpluses of materials)*, and also shipping *(reusing paper boxes, packaging material*). The practices used by "greening" product creation chains are innovative or practical but based on an economical approach.

The next joint pillar—economic and cultural sustainability—stresses cultural value as a driving force for economic sustainability. Entrepreneurs are integrating local values, ways of life, history, and tradition in the design of the products and creating products with symbolic value of the place (*products as storytellers of the local history; getting an inspiration from local cultural heritage to create dresses*). Practices emphasize the relevance of the place, landscape and territory, where local entrepreneurs are acting as cultural ambassadors of the region. One of the main challenges is to safeguard and sustain cultural practices by promoting continuity and financial sustainability (*opens local craftsmen's shop; creates a platform (a physical pop-up store) to promote the sales of various craftsmen, providing a space with DJ, art, paintings*). The research has shown that local creative entrepreneurs are community-oriented, while simultaneously being business-oriented.

The third joint pillar is the economic and social sustainability pillar. There are many practices promoting a better quality of life and well-being for the employees (*relocating a factory to reduce the long driving hours for employees, allowing more time together with a family; creating a cozy environment, feeling like home; providing lunch for employees free of charge*). Local entrepreneurs are promoting social inclusion and participation (*cooperating with neighbors; engaging a person with functional disability to answer phone calls (physical distance 200 km); engaging school-children to do service work*). With the social responsibility and preservation of local knowledge, practices show a focus on high quality and personal engagement (*producing premium segment solid wood chairs, requiring high quality handiwork; creating products that promote the development of children; appreciating co-creation as a possibility of the development*). Local creative entrepreneurs are creating jobs and showing responsibility for the quality of communities. As they are deeply connected and involved in community life, their practices are balanced with regard to the economic pillar.

Overall, the study identifies reported contributions to all pillars of sustainability, and this corresponds to findings of the extant scholarly literature. The authors added to the existing stock of knowledge a considerably more detailed range of practices identified in this article.

There is also a broader question: why do CCI entrepreneurs engage in sustainability-enhancing practices that often require additional investment of time, skills, and other resources? Are not businesses supposed to be predominantly about profit? Analysis of recent scholarly work shows that there are new trends related to the notion of entrepreneurship that have been developing due to changes in economic and social space of life. The Organization for Economic Co-operation and Development (OECD), in a joint study with Eurostat (2009), has defined entrepreneurship according to the new economic circumstances [78]. The definition does not prescribe the kind of value that the entrepreneur must create; it may be economic, artistic, social, or environmental [79–81]. In recent years, entrepreneurship has not been seen only as a profit-oriented activity, but as an activity based on environmental and social awareness, promoted and influenced by different national and international programs [82]. Globalization has fostered a discussion on how to resolve societal problems instead of focusing on strictly business issues [83], influencing entrepreneurs to increase their activity towards sustainability [45].

In recent years, the focus has changed and entrepreneurship is not being considered as a method of making profit by any means, but as the most desirable way of using the business

management advantages, i.e., of being able to convince society, financial institutions, and the state about value, competitiveness, and necessity [45,84]. Even entrepreneurship based in art and culture today engages with social issues and contributes to raising local communities' quality of life.

Overall, the authors conclude the following:

In the scholarly literature, the CCIs have been explored in the analytical frameworks centered on creativity, value, intellectual property, production methods, and more.

There is a varied and diverse repertoire of small- and large-scale practices self-reported by CCIs in small cities in Latvia. This article contributes to the existing scholarly literature by "teasing out" these practices and showing the potential to spread their impact because of the CCI entrepreneurs' belief that sustainable development is important.

The scholarly literature points out that CCIs are often risk-takers and innovators in labor and production processes; thus, they may have an impact beyond the relatively small scope of their operations.

The study has shown that local creative entrepreneurs are community-oriented, while simultaneously having business-oriented concerns.

The literature points out that in non-metropolitan settings, community is as important as the individual is, and this is supported by the current study. Embedded in community life and values, CCI entrepreneurs self-report practices that point to the four pillars of sustainability. The majority of CCI practices are perceived contributions to economic sustainability, and in addition, each of the practices may add to either the environmental, social or the cultural pillar.

CCI informants report a range of sustainability-related practices which may influence quality of life and foster greater social cohesion. Quality of life and social cohesion relate to most of the social and cultural pillar actions identified within this case study, while network effects and influence on relationships, ideation, and production are related to the economic and environmental pillar.

As actors comprising a notable share in small city businesses, CCIs have a considerable role to play vis-à-vis the challenges that small cities have in the four aspects of sustainability.

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