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## [The Promises and Perils of the Art Industry](#)

Jen Kensok

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It was a fitting location for the discussion: the annual All-Student Show at Work gallery, where students in the School of Art and Design exhibit a project from the semester. Surrounded by pieces from hopeful aspiring and very talented young artists, Michael Jensen presented ideas about the well-documented positive effect on economic growth of the arts industry, and the seemingly incongruent poor financial status of individual artists. The audience-members of Arts Enterprise (AE), a club that joins students at Ross with Schools of Music and Art and Design-was filled with both business students and artists.

The relationship between economic growth and a strong arts presence in a community has really been stirred up by Richard Florida's book *The Rise of the Creative Class*. He states clearly that art is a critical driver of economic growth in a community, and discusses the role of artists in what he calls the creative class-defined as people who are paid principally to do creative work.

Mr. Jensen outlined the empirical proof of Florida's trend. Florida's essential tenet is that places of diversity, tolerance, and openness tend to be better for economic growth, and he proves it through the high tech index (as technology is the best indicator of economic growth), the Melting Pot index, the gay index, and the bohemian index. By comparing rankings across these indexes, cities such as San Francisco stand out as very accepting of immigrants and gays, rich with artists, and thriving economically.

Florida makes a point that single women often seek out cities and neighborhoods with high populations of gay people, as these neighborhoods tend to have a wide variety of good restaurants, shopping, the arts, and are more open and accepting as well as safer. He then creates a link between this economic prosperity and the arts industry.

This idea may run counter to what many pro-business minded folk think of more liberal minds and their impact on the economy. Jensen joked that his favorite news channel is Fox News, and Bill O'Reilly's favorite quip, citing "San Francisco Values" as everything that's evil in the world, might just have it wrong. According to Florida's theory, those San Franciscans "actually have not only one of the most tolerant and diverse societies, but have one of the richest locales for economic growth. Minds that encourage innovation in business also thrive on diversity and creativity throughout their communities" says Mr. Jensen. Significantly, Detroit, which has been one of the most economically challenged cities in the nation, ranks extremely low on the technology index and relatively low on all others, especially the gay index.

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This data is interesting, however Jensen was a bit skeptical about the true relationship between these indexes. "There is certainly a correlation, but can we really say that artists cause economic growth? Are artists going to get paid more, now that their contribution to society has been acknowledged? Probably not."

And this is where the problem gets really interesting. There are some aspects of the art industry that simply don't allow for major productivity improvements—for example, only four people make up a string quartet. So productivity in the arts, in some ways, is still at levels it was at two hundred years ago.

There are a few different theories about this—with names like disease-cost and superstar. But the truth of the matter is that only a few artists are paid highly for their work, and the rest are not because they are willing to work without getting paid. Artists love their work, and money is not the reason they work, so savvy dealers, managers, and consumers who realize the true value of art for the artists can often take advantage and pay a lower price.

At the conclusion of the discussion, the issue was still confused, however many ideas to improve education/support or find other constructions of the art industry like amateur artists rather than professionals, intrigued the audience.

Michael Jensen is an Associate Professor of Strategy at Ross, and is on the editorial boards of Academy of Management Journal, Administrative Science Quarterly, and Strategic Management Journal.

Arts Enterprise has been active on campus for over a year and its membership has grown significantly. Their goals are to enrich the arts and business communities in Ann Arbor, improve the business acumen of members, and develop leadership skills through arts based learning. They put on a variety of events including speaker series like the event detailed here, "Beyond Talent" career-building workshops at Ross, the School of Music, the School of Art and Design, and sponsor performances around Ann Arbor.