

Commentary

Audiovisual Policymaking in Estonia at Times of Convergence: An 'Innovation System' as a Policy Rationale



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ABSTRACT

The first thing this article tries to do is discuss the Estonian audiovisual media and content production system in its entirety – i.e. to look at film, television and interactive audiovisual services as an increasingly integrated system. Secondly, it tries to understand the issues that this convergence process presents to these formerly distinct sub-fields of the audiovisual culture, as well as for the country's cultural policy makers. Thirdly, it presents an alternative rationale for audiovisual policymaking – reconceptualising the policy in support of an 'innovation system'. The aim of this policy would be to improve 'innovation coordination' – to make the system generate more innovative cultural forms and representations, which at the aggregate level would translate into increased cultural diversity. The article assesses the innovation coordination within the Estonian audiovisual media and content production system.

INTRODUCTION

This commentary article focuses on audiovisual policymaking in Estonia. That is, it is not specifically about either film policy or media policy, both rather established cultural policy sub-fields. It is about the Estonian efforts (or indeed, struggles) to merge the two. That is, 'audiovisual' is in effect a proxy term for contemporary convergence processes, which therefore also constitute the explicit core focus of this article. Against this backdrop the article will discuss what the objectives of audiovisual policymaking in small peripheral countries such as Estonia should be – what do we want to achieve, what are the challenges, what are opportunities? The article also builds on the author's enduring inner dialogue on these issues – having served for two years (2013–2015) as the advisor for audiovisual affairs in Estonia's Ministry of Culture, while at the same time, positioning himself as a critical scholar in academia. Therefore, the aim is to reflect on contem-

porary policy development within specific institutional structures and place these into the wider context of academic discourse and conceptual frameworks.

THE 'SO WHAT' OF AUDIOVISUAL POLICIES?

The first question is what could the objectives of a country such as Estonia be with regard to audiovisual arts and media? Put simply: the audiovisual forms of communication exist alongside other modalities (written texts, aural communication, music, still images, performing arts, etc.) of meaning communication. However, all these modes have their own specific affordances in terms of what can be communicated, what tends to be represented and what stories are told. Therefore, a core rationale for taking care of audiovisual culture is the understanding that if a rich variety of audiovisual representations is circulating in a culture, the culture's communicative affordances are stronger and the culture

is more dynamic, thereby conditioning the emergence of meanings that enable the members of a particular culture to make sense of their lives more effectively and to neutralise a variety of social/cultural risks (see Ibrus 2015a; Ibrus, Ojamaa 2014). Secondly, there is the rationale that relies on the need to secure the sustenance of specific established cultural forms highly valued either by the population at large or at least by its 'enlightened' elites. That is, the objectives of any national film policy to secure the continued production of films is based on an understanding that 'film' is an established art form, and part of the obligatory repertoire of an advanced culture and democracy. Another dimension of this rationale is the international context. Film and television fiction are popular international cultural forms and, therefore, if a small country is interested in preserving its distinct culture and language it cannot sacrifice its film industry, because this would mean becoming irrelevant for contemporary domestic audiences. Healthy cultures also communicate and tell stories in audiovisual modes.

The objectives of securing the sustenance of institutional frameworks designed to facilitate the production of new audiovisual and culturally relevant content are related to the aforementioned broader rationales. That means installing and funding film and television schools, as well as film funds/institutes; drafting legislation in support of audiovisual content production; designing specific remits for the public service media; and regulating the market related to all aspects of associated value chains – production, distribution and consumption. Furthermore, a repertoire of measures should be in place depending on the specifics of a country. For instance, in a very small country with enduring post-socialist path-dependencies, it may be important to establish measures that strengthen the entrepreneurial practices of (the generally micro-sized) studios or encourage their cooperation by facilitating clustering. Yet, the rationales on how and why to strengthen the institutional frame-

work and design their remits may vary. What I am referring to here is, on the one hand, the classical market failure logic that has been used to justify the specific interventions in the market, such as the instalments of public service broadcasting institutions. The rationale in this case has been that, since the market on its own, especially in smaller countries, has been proven to be incapable of delivering certain kinds of content or services, the provision of these services as a public service is justified. It is for this reason that as a rule, it has been the remit of the public service broadcasters to produce, to commission and to broadcast high-quality audiovisual programming in Europe.

Yet, I have proposed (Ibrus 2015b) that a new rationale for public service media in the contemporary era is not only the logic of market failure, but also the need to avoid 'coordination failures' of the innovation systems. This understanding is aligned with Jason Potts' (2007) take on 'national innovation systems' and on the roles of media and creative industries in them. Here the understanding is that, if a system of specific institutions (universities, libraries, investment banks, cluster organisations, business accelerators, etc.) is established and their actions and exchange of knowledge, resources and talents are well coordinated, then the whole system will start generating innovations more effectively. Potts' proposition has been that, within larger innovation systems, the creative and cultural industries also have a central role since it is the dynamic cultural scene that facilitates the accumulation of new perspectives and therefore the emergence of new ideas in a society. Furthermore, arts and creative industries also facilitate the adoption and retention of new technologies in society. That is, according to the 'cultural science' viewpoint (an approach that combines evolutionary economics with the ideas of cultural semiotics; see Hartley, Potts 2014) constant feedback loops exist between the arts, sciences and engineering, which facilitate the general evolution of societies and economic systems. Yet, the specific aim

of this article is to discuss ways to make a sub-system of the national innovation system – i.e., the ‘national audiovisual cultural system’ – more dynamic and enable it to effectively generate pluralistic and innovative content. That is, how to adjust film and television policies so that both address the aims of increasing cultural diversity, as well as strengthening the market and productivity of sectoral companies – i.e. how to improve both the public and private service provision by relevant public institutions and policy instruments.

In this context Potts et al. (2008) have maintained that, especially in the digital era, it is also the various ‘network facilitators’ that should ensure that coordination failures do not occur. What this means is that, in the contemporary era of networked communication, it is especially the various social networking services that facilitate the knowledge exchange and feedback loops between the market participants. Yet, the more traditional institutions could also act as mediators in specific markets, for instance, audiovisual production. What I have suggested (Ibrus 2015b) is that, especially in small peripheral markets, it is the public service media that could assume the role of such a market coordinator. As they increasingly operate across a variety of media platforms and channels, the Public Service Broadcasters (PSB) could effectively become the central coordinators of audiovisual production systems in which cultural diversity and dynamics would be important side effects. This could be achieved by the PSBs commissioning more content from independent providers and young professionals for various platforms, and thereby facilitating the production of more experimental and innovative content and services. Its production facilities could be used more effectively by independents, and it could simply promote more systematically and raise awareness about audiovisual culture. In other words, Eesti Rahvusringhääling (ERR), Estonia’s public broadcaster, could become an institutional pillar with the remit of not only servicing its audience, but also facilitating the rest

of Estonia’s audiovisual culture ecosystem – motivating it to innovate, facilitating its advancement, professionalization, its institutional capacities, etc. – i.e. all that in aggregate could facilitate a dynamic, pluralistic and self-sufficient professional system of audiovisual content production, distribution and mediation. To stress: unlike the classical policy aim of avoiding market failures, the aim of avoiding innovation coordination failures is to make sure that the entire system (including its private institutions) is effectively oriented toward increasing the dynamics and plurality of the system and not just producing more of some specific content defined by the elites in power or more content that has had prior commercial success (which tends to be the core strategy of the private television channels).

Yet, this also means that there could be more institutions contributing to the facilitation of ‘networking’ between the innovation system components – i.e., to the coordination of it filtering innovations. Below, I will provide a survey of the institutions that constitute the audiovisual culture production and policymaking system in Estonia in order to analyse how this system is coordinated.

INSTITUTIONS AND THEIR STRUGGLES WITH CONVERGENCE AND INNOVATION COORDINATION

The ministries

First, there are two ministries – the Ministry of Culture and the Ministry of Economic Affairs and Communications. Officially the Ministry of Culture is responsible for cultural policymaking including audiovisual affairs. It employs an advisor for audiovisual affairs who is responsible for both film and television and represents Estonia in various European policy bodies (Council of Europe’s Media and Information Society Steering Committee, European Council Audiovisual Working Party, European Commission’s Audiovisual Media Services Directive Contact Group). The Ministry’s Secretary General is also the chairman of the council

of Estonian Film Institute (EFI; the minister also appoints the members of this institute). The ministry's annual budget includes the budget of ERR and it represents ERR in budget negotiations with the Ministry of Finance, and later in the Cabinet; the minister can also establish the conditions for Estonian broadcasting licenses.

Simultaneously, the Ministry of Economic Affairs and Communication is responsible for telecommunications as well as for advertising regulation and developing Estonia's positions with regard to the EU internal market, including the Digital Single Market strategy. Furthermore, the Technical Regulatory Authority, which in Estonia performs the functions of an independent media regulator, operates in the administrative area of the Ministry of Economic Affairs and Communications. All this means that the two ministries co-regulate the media domain – one based on cultural policy rationales, the other with an emphasis on technical and economic rationales. Regarding contemporary EU affairs, it is the Ministry of Economic Affairs and Communication that is responsible for the EU Digital Single Market strategy that is also understood to include the Audiovisual Media Services Directive. Furthermore, within Estonia's European Policy, audiovisual matters are included in the competition policy section for which the Ministry of Economic Affairs and Communications is also responsible. The latter aspect tends to be a source of tensions since at the European level audiovisual policy issues are largely discussed from the perspective of broader market regulation (but Estonia's general view is for more liberalisation), and the cultural policy goals are deemed to be secondary. Therefore, it could be suggested that media convergence in the form of regulatory processes, especially the way European regulatory processes are structured in Estonia, tend to result in support for more market liberalisation (Jõesaar 2015); and all the traditional forms of audiovisual arts and culture are losing their specific status as cultural public goods that need special regulatory protection (especially with regard

to securing the cultural diversity – i.e., the main aim of the system is to produce cultural innovations, resulting in a diverse cultural space). In other words, the Ministry of Economic Affairs and Communications has generally protected the interests of the broader market, especially internet freedom (i.e., free provision of services) and the interests of consumers at the expense of strengthening the national audiovisual industries. From the perspective of the Ministry of Culture this may be a short-sighted view since in the internet era the potential dominance of global brands in the European (single) market and the related limited opportunities for national media companies to service local audiences and curate national cultures may, in the long run, not be in the interests of all the customers in Estonia.

ERR and EFI

In regard to medium-specific policymaking, firstly there is the ERR Council, which is responsible for public service media (i.e., broadcasting and other ERR activities on networked platforms). Secondly, there is the Estonian Film Institute, which is responsible for coordinating film policy in Estonia. These two institutions cooperate with regard to co-funding documentary production, for instance. Yet, in regard to media convergence, the functions of these institutions also get entangled and have become somewhat unclear. On the one hand, ERR does not actually have a proper remit for operating on digital networked platforms. Therefore, as we pointed out with Astra Merivee (Ibrus, Merivee 2014), it does develop various crossmedia operations, but these tend to emerge in a rather *ad hoc* manner and are not informed by broader strategic imperatives. At the same time, EFI is realising that 'film' is both transforming and extending elsewhere – it has started to fund transmedia marketing for films and is also focusing on training filmmakers to produce high-quality television dramas. If in the case of transmedia/crossmedia there is only some productive complementarity between ERR and EFI, the question of who

should be responsible for developing drama series in the country is more ambiguous. It is interesting that, while ERR is denied additional funding in order to start more systematically producing this globally booming genre, EFI has been given a chance to take the initiative on this front. EFI's initiative is based on the view that high-quality drama is effectively a new form and a 'premium' market for film professionals to be engaged in. It is seen as an extension of 'film' and unconnected to the existing genealogies of 'TV' as an inferior medium. The EFI Council is allowing it to invest in training screenwriters to write for television and the government has recently allocated funds to EFI for it to announce calls for independent drama series production (thematically related to the centenary celebrations of Estonia – expected to air on ERR television channels). The way that convergence has affected the division of roles between these two institutions could be considered to be rather telling: a public service institution is being made to gradually hand over responsibility for a genre to another institution, which is focused less on servicing the public, but helping the industry to better conduct its business. With this gradual move the audiovisual culture is becoming less a public affair and more the domain of the private industry, a derivative of its (desired) operations in the global marketplace.

Indeed, there is a stream of activities by EFI that aim to strengthen the local industry, its ability to export successfully and to gain a foothold in the international marketplace. Yet, it is generally recognised that the Estonian audiovisual industry is rather 'young' with only a tiny domestic market and therefore with its very limited output it is difficult to make its productions visible internationally. Estonian films do well at festivals, but they rarely create significant box-office revenues, even if they are occasionally distributed to cinemas abroad. Also television content or formats is very rarely exported (only one drama series format has been sold), mainly due to a lack of cooperation with international distributors (based on the lack of skills and contacts

needed to participate in international markets) as well as due to the small national television market that affords only limited production budgets thereby producing limited quality and low export value.

Therefore, all that's left is to try to export production services to foreign companies making films or television series. The rationale behind this is that, since it would be difficult to increase public funding for film and television production, the only way for the local industry to grow stronger institutionally is to provide services to others, thereby acquiring new skills and contacts and making ends meet. Setting up such a scheme has been the most important endeavour of EFI during the last few years. It has studied similar schemes in other countries in detail and came up with a 'cash rebate' system recently approved by the three relevant ministries (Ministry of Culture, Ministry of Finance and Ministry of Economic Affairs and Communications). The current government decision is to launch the scheme in 2016 with € 500,000, whereas this amount is set to increase if the scheme proves financially feasible for the country (more money is returned via taxes than was originally invested).

This phenomenon of 'runaway productions' has been well documented (e.g. Elmer, Gasher 2005), but what makes it interesting in the context of Estonia's post-Soviet transformations is that, while subcontracting based on the production cost advantage was the initial export strategy for Estonia's general economy in the 1990s (later gradually replaced by innovation-driven products and services with higher productivity), then the audiovisual industry largely returned to the rationales of the 1990s to kick-start its export strategy. This is understandable, since previously any export of films, television content or production services was rather chaotic and *ad hoc* in nature, and now the country has started to approach exports in this sector more systematically. Yet, even if one accepts that broader cultural policy should be subjected to economic rationales of export and GDP growth (something this article questions),

the question arises whether, in the contemporary era, any international sales strategy should not be aligned more with the logics of networked economy and its inherent potentials for scalable growth?

Convergence with information and communications technology industry and start-up culture

Unsurprisingly, there are people in Estonia that think so. Therefore, this understanding has facilitated another set of activities, independent of EFI. Therein the specific emphasis tends to be on supporting cooperation between the small and medium-sized enterprises (SMEs) in the audiovisual industry and the information and communications technology (ICT) sector aimed at facilitating various forms of cross-innovation, crossmedia production, etc. Using EU structural funds, several new schemes, such as those supporting the clustering and incubation of start-up companies, have been set up to fund such enterprises. The explicitly neoliberal core rationale behind them is that convergence with the ICT sector will help the audiovisual industry to build on the potential of 'scalable growth' and eventually transform itself into an economically 'useful' sector. And the aggregate productivity growth will contribute positively to the national GDP. The core initiative of these new actions is the Digix incubator designed for start-up companies in 'digital creative industries' (see www.digix.eu). In addition, clustering support measures as well as funding for new study curricula with a focus on entrepreneurship and digital skills have also been introduced.

Yet, as we have demonstrated (Ibrus, Ojamaa 2014; Ibrus et al. 2013) these initiatives suffer from structural constraints that limit the growth of media SMEs in small peripheral countries. For instance, we have observed that the existence of such funding schemes often become an important stimulus for the generally underfunded film sector and are therefore eagerly utilised. Yet, they can also become a source of new frustrations and tensions, since most industry professionals do not have the required

skills or an understanding of the new opportunities for digital distribution, cross-innovation, crossmedia production, etc. Acquiring new skills and knowledge is not only time-consuming but also costly and therefore constitutes significant thresholds for micro-sized production companies that operate in limited markets.

Furthermore, it is paradoxical that, although the creative industries' policies presuppose growth in the sector – especially occasional scalable growth among start-up companies – and assume that this growth can be achieved by external support for these start-ups, this may be difficult to attain. Even if the SMEs in the audiovisual industry undertake experimentation and try to innovate with digital forms and online distribution, eventually it will be difficult for them to gain traction in the saturated internet content marketplace of the 'attention economy' era (Goldhaber 1997). Larger brands or companies that control assets across media boundaries (for instance, own television channels, newspapers, online portals, etc.) are simply better placed to use their marketing muscle and keep the audiences engaged with their own provision of content; which is to say that cross-platform business modelling may indeed be enforcing the path dependencies of the oligopolistic market structures. Furthermore, there is evidence (for instance, Cunningham, Silver 2013) that due to an already concentrated film and television distribution services market, as well as 'network effects', there is a tendency for online audiovisual content market to concentrate even more – it is global brands like Netflix, Amazon, Hulu, Apple and others that will also dominate the European markets. As concentrated markets also tend to be rather locked-in, the 'blitz-scaling' options for start-ups in this sector may be rather limited. Therefore, there is evidence (Ibrus 2012) that even if the small independents have thought about trying to make it alone, they soon retreat to work for larger brands and broadcasters.

Since media content markets are different from other ICT services market – the former being effectively less dynamic,

enabling less mobility and rapid growth for start-up companies – it is important to remember this when developing new policies and support measures for ‘digital media industries’. At this point, I would like to return to the discussion on innovation systems and innovation coordination as rationales for cultural policies. What I suggest is that if we rely on Potts’ view – i.e., if we want ‘newness’ to emerge in the culture in a systemic and regular way (so that much of this newness will on the aggregate level translate into cultural diversity and dynamic cultural milieu) – we need to focus on the structure and operations of this system and make sure that the coordination failures are neutralised. In other words, encouraging innovation and diversity will require more comprehensive policy changes than just lax measures aimed at pouring small pots of funding into the sector to encourage the entrepreneurial spirit of audiovisual professionals; and designing the institutional landscape related to media production by adopting start-up scenarios from other sectors and larger countries as an example. It is necessary to facilitate better access to the markets for audiovisual industry SMEs – a well-coordinated innovation system means that if there is a supply of innovative products or services, a systemic effort also exists to meet the demand.

Clustering

Much has already been done to help SMEs find their customers – on their own the various methods described above could contribute positively to the larger system. For instance, the cash rebate system, which is designed to attract foreign productions to come to Estonia and subcontract production services, is expected to be useful not only with regard to providing work for local professionals, but for building bridges between Estonia and the more advanced audiovisual industries and markets. These bridges would then facilitate the interchange of people, ideas and money that would also make the Estonian production system more responsive to global trends and market demands. Yet, I still maintain

that the domestic innovation system also needs to be improved.

At this point, I would also like to refer to the discussion on the clustering tendencies within Estonia’s audiovisual sector. In 2012 we conducted a thorough study (Ibrus et al. 2013, Tafel-Viia et al. 2012) on these tendencies and found that, on the one hand, such clustering has been gradually evolving as conditioned by the market situation (small domestic market, individuation in creative industries, needs to export services, etc.) and that the Estonian film companies have seen the need for an ever tighter cluster – located in a physical cluster infrastructure that would also host ICT-sector companies. That is, the expectation was that the cluster would need to become convergent with the ICT sector in order to be able to develop new innovative lines of business. Subsequently, these ideas have usually been discussed in the context of a need to develop a new shooting studio in Tallinn that would host the cluster with adjacent spaces for offices and workshops. This project is still incomplete, but it is expected that a set of film production companies will apply for EU structural funds in due course to get the studio project off the ground. But, what is interesting is that this ‘set of companies’ may instead be the ‘true cluster’ of the Estonian film production sector. Namely, between 2012 and 2015, there was already a cluster development project funded by Enterprise Estonia, but despite the outcome being some increased efforts to support and coordinate film industry exports, this initiative failed to gain the trust of the Estonian film producers. Yet, despite this failure, the idea had took off, and in 2015, the two existing associations for representing Estonian film producers merged to officially become the Estonian Film Industry Cluster. It remains to be seen if the new cluster organisation will eventually assume responsibility for developing the new film studio and adjacent cluster infrastructure and if the cluster will also be open to various ICT industry companies. But certainly such new coordination effort, the move towards more cooperation is

expected to be good for avoiding 'coordination failures' in the domestic market. What I refer to here is that, most of the time, the increasingly smaller and specialised audiovisual industry companies are not only each other's competitors, but also each other's clients and cooperation partners when working on larger projects. Since many of the services are 'business-to-business' in nature, the cluster coordination should be effectively aimed at facilitating the supply to better meet the demand. That is, a well-coordinated cluster means an improved overview of each other's capabilities, availabilities, interests and directions and this improved knowledge can then enable change/innovation to occur. This applies especially in instances of convergent industries – i.e., in case of the potential convergence of the audiovisual and ICT industries. However, it is clear that such cluster initiatives are a better guarantee for such convergence occurring than, for instance, the stand-alone incubators discussed above. To be more precise, both kinds of initiatives are needed to secure each other's success. One facilitates long-term cooperation, while the other strengthens short-term innovation efforts.

TV institutions as innovation coordinators

While the evolution of the cluster is beneficial for the development of a larger audiovisual production and services ecosystem, it has its natural limitations and therefore is not enough. That is, the cluster is expected to be constituted mainly of SMEs dealing with audiovisual content production, which are, for the most part, very small micro-sized companies. The Estonian film industry is characterised by fragmentation into ever smaller companies (Ibrus et al. 2013) and against this backdrop the cluster is expected to counter this tendency by enabling the co-growth of these small companies. Yet, the innovation system would be poorly planned if it did not include the 'other half' of the country's audiovisual media services market – the oligopolistic half, the dominant television companies. I have

explained elsewhere (Ibrus 2015b) that due to the recent recession and fragmentation of the advertising market, the two major commercial television broadcasters (Kanal2 and TV3) have not been in the position to drive the market by commissioning innovative and experimental content. Yet, I have suggested (*ibid.*) that creating demand for innovative productions/services could be one of the core ways for the major television organisations to help coordinate innovation systems. And, if commercial television fails on this front, such innovation coordination should be included in the remit of the public service media institutions.

In Estonia evidence already exists that the coordinated actions of ERR's various television, radio and web channels and programmes (mostly promoting new artists and a variety of genres) has facilitated the emergence of a new and innovative wave of Estonian pop music. Therefore, I propose that the momentum exists to reconceptualise the broader ERR remit as the central coordinator of the audiovisual production system with the aim of facilitating the emergence of a more innovation-oriented production system in which cultural diversity and dynamics would be an important side effect. This could be achieved by having it commission more experimental and innovative content and services from independent providers. This content and services should be rich in genre and form; including not only drama series, but also documentaries, occasionally feature films, and perhaps most importantly, interactive content. Furthermore, its production facilities could be used more effectively by the independents and it could also more systematically promote and raise awareness about the audiovisual culture – both on television as well as by curating content offers on its VOD platform. To emphasise – the strategic inclusion of public service media institutions in the cultural innovation system is crucial due to the multiple roles and objectives of such organisations – they operate both as content producers as well as media service providers on a variety of technical channels and platforms.

Therefore, they are interested in a variety of genres and in reaching all the potential audiences in a country. They are major players in any country and their public service remit could therefore be redesigned to include servicing the audiovisual industries, with an aim to strengthening it institutionally, as well as facilitating its innovative, and thereby, culturally diverse operations.

Although such rationales have been occasionally shared by the ERR leadership, there are no signs of either ERR, its council members or the rest of the political class being ready to reconceptualise the functions of ERR in this way. Instead, this autumn we had an instance where ERR, instead of commissioning an original drama series from Estonian authors, just recycled a narrative format from Finland. Considering that ERR rarely commissions high-quality drama, these decisions indicate a complete unawareness of its role as a coordinator and a driver of the broader audiovisual culture ecosystem in Estonia. However, the bigger problem is that in the years to come ERR will continue to lack the ability to forcefully drive drama production in Estonia. This is due largely to its need for new buildings (the new Radio House was just completed; the next will be the News House, to be followed by new film studios). Therefore, since it is the government that funds the construction work, it will not be possible to obtain extra funding to start investing in drama production. In other words, as often happens in Estonian cultural policy, the content and arts come second after real estate development.

All this relates to what we (Ibrus, Ojamaa 2014; Ibrus, Merivee 2014) have demonstrated before, ERR also tends to be very hesitant to commission content for online audiences from independent content providers. It is not alone in this – many of the larger television players have learned their lessons about the cost-effectiveness of digital multi-platform productions, for example, that high costs are not necessarily reflected in audience numbers. Therefore, when it comes to crossmedia content, they take care to produce only a small number

of blockbuster products – heavily marketed content brands. And, they do so mostly in-house. That is, their actions cannot lead to what James Bennet et al. (2012) have demonstrated for the UK – that public service players BBC and Channel 4 have facilitated a dynamic growth in the British digital content sector, now increasingly able to export their services to other territories.

In the context of such rather discouraging commissioning policy it remains especially important that the obligation remains for media service providers to not only include European and locally produced content in their programmes/catalogues, but also, that the obligation to commission new content from independent providers remains not only in the European regulations (Audiovisual Media Services Directive, AVMSD), but also the national ones. In the case of AVMSD, it is being discussed whether the associated provisions of the directive are still relevant in the era of networked distribution and the plurality of technical platforms and business models for delivering audiovisual content to audiences. The main concern therein is whether the above described obligations might harm 'internet freedom' – the right to develop new business models and provide services on the internet without the need to apply for specific licenses or to follow specific regulations that may discourage companies from providing their services in Europe. After intense discussions between the different ministries, especially the Ministry of Culture and Ministry of Economic Affairs and Communications, the Estonian government proposed to the European Commission that a new combination of innovative regulations need to be created to accommodate both – the logic of 'internet freedom' as well as the aim to facilitate the domestic market for European audiovisual works within the Europe's 'Digital Single Market'. This statement is rather abstract and such a balance between the conflicting goals may be impossible, but for the Ministry of Culture it was at least a small victory – it would make sure that facilitating the demand for culturally diverse local con-

tent production would continue to be one of Estonia's official objectives.

Academic institutions in the innovation system

Furthermore, for when thinking about 'innovation systems' there is the question of whether and how the academic organisations are supporting the sustenance of the system and its better coordination. There are four higher education institutions educating students in the area of audiovisual media and content production. Firstly, there is the Tartu Art College, which provides education in media design, advertising and photography – practice-oriented programmes on media crafts. There are also the highly regarded programmes on journalism and communication in the Institute of Social Studies at the University of Tartu. Its faculty is internationally acknowledged for its sociological work related to the media, especially the research on media use by minors. Thirdly, the Animation Department of the Estonian Academy of Arts, with internationally renowned faculty members, constitutes the pillar that supports the Estonian animation industries. Lastly, there is Tallinn University Baltic Film, Media, Arts and Communication School (BFM) that provides higher education in filmmaking, audiovisual media, crossmedia production, videogames development, journalism, communication and advertising. While the Tartu Art College provides the audiovisual industry with some of its essential craftsmen; the Estonian Academy of Arts its animators; and the University of Tartu with some of its journalists and researchers, the BFM's role in service of the audiovisual industry and culture is more comprehensive. On the one hand it trains its students in a variety of sub-fields; on another, it specifically develops a research track on related topics (film and television studies, digital audiovisual humanities, audiovisual media management and economics). It could also be seen as one of the drivers of convergence between the industry's sub-fields, as well as between this industry and the ICT sector more broadly. It was due to

the opening of the BFM's Crossmedia Production study programmes and the launch of other related initiatives that knowledge about this practice and innovation area was more widely distributed in Estonia, gradually being taken up the different fractions of the industry. Later, this also happened with videogame development (in connection with BFM opening its MA programme in videogame development along with its other audiovisual content production programmes); and the recycling of the audiovisual heritage for innovative purposes (originally driven by BFM faculty members as a research topic and a policy initiative). For BFM the next steps to be taken with regard to innovation system coordination are to increase its capabilities not only to conduct applied research in service of both business and policy development, but also to provide development services for the industry with regard to more risky or experimental digital media projects.

A participatory innovation system and the role of audiovisual heritage therein

In the case of modern audiovisual culture, there are two more issues related to a cultural innovation system that are linked. Firstly, there is the question of how participatory the system is – is the entire society potentially engaged, so that no talent is lost and the motivated public can contribute to the coordination of the system? Potts et al. (2008) have suggested that in the era of networks any individual constitutes a node in these networks and can have an impact on either filtering out valuable innovations or potentially modify them, adding incremental innovations before re-sharing them with others. Potts et al. have called this kind of market coordination phenomenon the 'social network market', referring to the fact that, in the contemporary era and in case of cultural products of uncertain value, it is the 'social networks' that coordinate the markets – since it is in (real or virtual) social networks that recommendations are made, trust is established and knowledge is shared. Therefore, for any dynamic cultural

market it is also important to be coordinated by the broader society, increasingly organised into networks.

But what does it mean specifically in case of audiovisual culture and markets? I have previously suggested (Ibrus 2015a) that the way to engage the general population productively with audiovisual culture is to make audiovisual cultural heritage available as a public good and resource, and to enable free access to its creative reuse. If most of the audiovisual heritage is available free for creative remixing, for instance, in schools (and this is what the laws currently allow) then it is possible that, on the one hand, the new generation will potentially become familiar with audiovisual culture as a resource – will develop an intimate relationship with this culture. This means they will eventually become a knowledgeable and demanding audience that coordinates the domestic market by making knowledgeable consumer choices as well as reflect and meta-communicate about these choices. On the other hand, the expanding skill of remixing this resource into new kinds of representations and stories – although in their majority incremental innovations (Ibrus, Ojamaa 2014: 2289) – could, at the aggregate level, translate into broader diversity related to how cultural and social realities or histories are represented. This could bring about a pluralistic and dialogical society, but also an innovation system that incorporates large swathes of society – where innovative audiovisual forms and representations can spring up at the grassroots level of society; where the talent pool is dynamic and mobility between professional and non-professional domains can be rapid; where everyday incremental innovations based on recycling the audiovisual culture as a resource could, on the aggregate level, turn into radical change related to how the whole society coordinates content and media production.

Let me emphasise – what I just described is an idealistic view, a hope. However, to some extent, the potential exists and therefore the objective of enabling easy access to old films and television

programmes is not just a marginal issue of satisfying the needs of people interested in old stuff. No, this could also mean that the audiovisual sector will become more influential as well as 'useful' for the rest of society – the uses of audiovisual heritage and new content, for instance, in service of education (innovative digital textbooks), tourism or broader dialogical identity formation processes have been much discussed and also evidenced. Therefore, it is good that the importance of heritage digitisation, making it freely available and enabling heritage-based innovation has recently been repeatedly emphasised at the EU level (for instance, Council of the European Union 2014), but also in Estonia. As part of formulating the Estonian heritage digitisation strategy, the Estonian audiovisual culture institutions have also cooperated and developed a detailed plan for digitising and making the majority of Estonian film heritage freely available. There is a promise that approximately € 1 to € 3 million in European structural funds for Estonia could be used for this purpose and currently the institutions are waiting to apply for these funds. Yet, there is also the question of whether all the relevant institutions will eventually agree to cooperate, since the Estonian Film Institute has more recently started to reposition itself as a private institution (which it legally is, although it was created by the state), which also means framing Tallinnfilm's heritage¹ as private property that should not be freely available. Therefore, it remains to be seen if EFI indeed will support a more inclusive audiovisual culture where innovation coordination takes place at all levels of society or it will continue to focus only on advancing professional film culture, strengthening the private production industries at the expense of providing public services to the broader society.

1 Tallinnfilm was the main Soviet-era film studio in Estonia; EFI inherited all the proprietary rights for Tallinnfilm's films.

CONCLUSION

This article was motivated by two interrelated goals. Firstly, to discuss the Estonian national audiovisual media and content provision system as an ‘innovation system’ – i.e. to propose an alternative rationale for audiovisual policymaking in a small nation-state in Europe. Therein, the aim was to question what the core function of any audiovisual policy is and to propose that the first measure for assessing the effectiveness of the system is its inherent diversity – the heterogeneity of the representations produced by the system about the culture’s past and present. This semantic richness could then facilitate a rich dialogical society able to sort out its risks and further evolutionary trajectories (also see Ibrus, Ojamaa 2014: 2284). In other words, this article asks how to determine whether a country’s audiovisual policy is oriented to producing innovative representations that could contribute to the production of a dynamic, self-reflexive culture at a meta-level? Secondly, the article aims to discuss the challenges to such an innovation system, presented by contemporary convergence processes. That is, my aim was to discuss the entirety of the system – not just film, or television, video-games or other interactive forms, but all of them combined. The objective was to analyse how the various institutional or cultural path dependencies or institutional power struggles either facilitate or hinder the convergence process, and how they affect the effectiveness of the broader system in coordinating the production of innovations/diversity within the system.

The analysis in this article revealed three main tendencies. First, at the broadest level, especially when it comes to Estonia’s position with regard to EU level policymaking, the country tends to prefer the strengthening of the market, especially the liberalisation of the internet economy, at the expense of securing the production of cultural diversity locally (also see Jõesaar 2015). This also means ignoring the need to strengthen the national audiovisual industry.

Second, regarding the specifics of national cultural policy and more spe-

cifically the film policy within it, the main objective that has emerged during the last few years has been to strengthen the film production industry, to support its ability to export and to look for new revenue streams from the gradual convergence with ICT industries. I suggested above that this focus of the film policy is based on it serving the private interests of the production industries rather than providing public service to the broader society. However, it is clear that Estonia’s broader European policy and its film policy are in conflict.

Thirdly, I pointed out the tendency for ERR to generally ignore its potential role in innovation coordination – i.e., strengthening the capacity of the production industries to produce innovative content. That is, instead of contributing to building the capacity of these industries, ERR focuses mainly on its public role of serving its audiences (and thereby competing with other television channels for audience ratings). Therefore, from the innovation systems viewpoint, the function of ERR as a cultural policy instrument is in conflict with the country’s film policy. Interestingly, there could be a certain mutual complementarity between ERR and EFI – the former generally guided by its public role, the latter by its private function – whereas in both cases the lack of the opposite function could be seen as harming the innovation coordination with the broader system. Therefore, provocatively – the further convergence of these institutions may be needed in order to arrive at a more comprehensive policy and an innovation system aimed at both strengthening the broader production ecosystem, as well as ensuring that this system serves the production of cultural diversity and a dialogically oriented society.

In conclusion, are audiovisual content production and the media services system in Estonia well-coordinated as an ‘innovation system’? My answer is no. The institutional setup is broadly in place and there are several initiatives and activities (cash rebate system, clustering, opening of new curricula and start-up incubators) that contribute to the coordination of the

system, but the entire system still needs adjustments so that all its institutional components understand their roles within the broader innovation system and have a remit to fulfil these roles.

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