

# **The Creative Industries and New Trends in the Economic World**

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## **ABSTRACT**

*This article presents the re-branding of 'cultural industries' as 'creative industries' and new trends in economic world. The paper focuses on three central claims – first, the culture and the creative industry, second- the innovation and sustainability entrepreneurship and third represents the concept of creative industries cluster and new economy.*

**KEYWORDS:** *creative industries, culture, innovation, new economy.*

**JEL CLASSIFICATION:** *Z11*

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## **INTRODUCTION**

The term of creative industries is introduced by researchers to describe the sectors of the British economy where creative, knowledge-based intangible inputs add significant economic and social value to goods and services (UK Government Department for Culture, Media & Sport, 1998, 2008). This article reviews and presents recent work arguing for the rising importance of the cultural sector, and creativity in general, in the context of the new economy.

### **1. THE CULTURE AND THE CREATIVE INDUSTRIES**

The culture is an important complex structure for democracy, autonomy and self-expression – and equally their denial (Mercer, 2009). Schein (1992) indicated the fact that the culture consist of basic models of reality, the cultural norms that emanate from them and the behaviors and artifacts that result. Kottak (1999) presented the idea that every culture is influenced by outside agents, while O'Neill et al. (2006) conclude: "Given today's global markets and culture, influences from those agents can potentially occur from anywhere in the world".

Mercer in 2009 stated the culture as social exclusion and inclusion and the fact that these things are known "both tacitly and theoretically but there has been little work to translate these forms of knowledge into the operational policy domain and conversely, little work to translate these "governmental" concerns back into the field of cultural studies in order to historically inform – but not control – that body of work." Moreover, Lazzaretti et al. in 2009, agreed with Towse (2003) that the relationship between culture and creativity represents one of the most interesting frontiers that connect academics, which study the

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economy of culture, with city and regional economists, industrial and business economists and policy makers.

Creativity is the ability to mix and combine data, perceptions and materials to create something new (Boix et. al. 2011). Howkins (2007) advocated that the creativity is not necessarily an economic activity although it can become when the result of the creative process is an idea with economic implications or a marketable product. Boix et al. (2011) defined the creativity in the economic context, as: 1) “an idea or action that is new or valuable” (Csikszentmihalyi, 1996) or 2) the “formulation of new ideas and to the application of these ideas to produce original works of art and cultural products, functional creations, scientific inventions and technological innovations” (UNCTAD, 2010).”

It is worth to be mentioned the fact that in the ongoing academic debate on the definition of culture and cultural industries, media production tends to be emphasized as exclusive or particular to the field of action of the companies and corporations involved. Recent, policymakers industry remarks and scholars alike reconceptualized media work as taking place within a broad context of creative industries (Deuze, 2007). This term was mentioned by the British Department of Culture, Media and Sport in 1998, as: “those industries which have their origin in individual creativity skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property. This includes advertising, architecture, the arts and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television and radio”. (Deuze, 2007)

Boix et al. (2011) cited the European Commission (2010) who characterizes creative industries as “those industries which use culture as an input and have a cultural dimension, although their outputs are mainly functional. They include architecture and design, which integrate creative elements into wider processes, as well as sub sectors such as graphic design, fashion design or advertising”. In recent years United Nations Conference on Trade and Development (UNCTAD) publishes series of reports for creative economy and they are defined as industries that “(a) are cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs; (b) constitute a set of knowledge based activities, focused on but not limited to arts, potentially generating revenues from trade and intellectual property rights; (c) comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives; (d) stand at the crossroads of the artisan, services and industrial sectors; and (e) constitute a new dynamic sector in world trade”. (Boix et al., 2011)

The author Howkins in his book *The creative economy: How people make money from ideas* (2001), specifies the creative industries as the sector of the economy whose products fall under the purview of intellectual property (IP) law. (Healy, 2002) Moreover, Howkins presents: “four main kinds of intellectual property: patents, copyrights, trademarks and design. Each has its own body of law and administering institutions, and each originated in the desire to protect a different of creative product”. (Healy, 2002)

So, cultural industries have an important role as Hesmondhalgh (2002) stated: “media companies operating in fields as diverse and interconnected as public relations, marketing, advertising and journalism, traditionally have been considered as cultural industries, representing those companies and professions primarily responsible for the industrial production and circulation of culture.”

## **2. INNOVATION AND SUSTAINABILITY ENTREPRENEURSHIP**

The innovation is a driver of economic development (Zukauskaitė, 2012) because it is a matter of producing new knowledge or combining existing elements of knowledge in new ways (Edquist, 2005).

In order to analyze collaborative innovations, a natural point of departure for this paper is the open innovation framework (Chesbrough, 2003, 2006). The idea of open innovation is based on the fact that “useful knowledge is generally believed to be widely distributed and of generally high quality” (Chesbrough, 2006). This leads to different ways of organizing innovation activities, and a new business model that uses external and internal knowledge and external and internal paths to the market to provide value for a firm. (Zukauskaitė, 2012)

Nissley in 2010 introduced in his research the concept for culturally sustainable development. The cultural policies founded substantially on fiscal objectives are problematic because the conditions for culturally sustainable development must also encompass community demands for nonmaterial wellbeing, intergenerational equity and the interdependence of economic and cultural variables (Throsby, 2001). “In response to such arguments, the focus of the cultural policy agendas of governments has increasingly grafted notions of development and sustainability onto the relations between communities and their cultures. This merging of agendas has significant political, social and cultural consequences for local communities and target populations. “(Nissley, 2010)

So, the innovation and the entrepreneurship, the twin engines of creative destruction (Schumpeter, 1934) are understood, to be a primary source to increase in economic wellbeing . “The sustainability entrepreneurship is at the nexus of sustainable development and innovation – entrepreneurship. Based on the history of innovation-entrepreneurship as the primary engine of creative destruction and economic growth, advocates see sustainability innovation and sustainability entrepreneurship as logically continuing this legacy and becoming the primary engine by which the holistic economic-environmental-social system is transformed towards sustainability (eg. Larson, 2000; DyClick & Hockers, 2002; Cohen & Winn, 2007; Young & Tilley, 2006; Parrish, 2007)” (O’Neill et al., 2006).

## **3. CREATIVE INDUSTRIES CLUSTER AND NEW ECONOMY**

An important and actual discussion on the role of creativity and culture as factor for local economic development is distinctly emerging (Ginsburgh & Throsby, 2006; Lazzaretti et al., 2009; Power & Scott, 2004). The creative sector is a rapidly growing part of the post-industrial economy. The main questions are to decide what defines this sector, say why it is distinctive and develop a theory explaining how it works. The creativity is vital to the economy more generally, even (and specially) outside the creative sector and the

emphasis is on the concept of the creative worker, which is important to the vitality of cities and regions and the economic health of the nation (Healy, 2002). The creativity is frequently characterized by the agglomeration of firms so that creative industries are not homogeneously distributed across the territory but are concentrated. “In fact, creative industries tend to cluster in cities (Maskell & Lorenzen, 2004) and address a great variety of professions and economic sectors”. (Cooke & Lazzaretti, 2008, 2009; Scott, 2005).

The concept of industrial cluster has played a pivotal role in the analysis of innovation. “Industrial clusters are geographical concentrations of firms from the same sector – or related sectors along the value chain – that collaborate and compete with one another, and have links with other local actors (such as universities)” (Chapain et al., 2010; Porter, 1990). The research on the reasons for the clustering of creative industries is scant (Hölzl, 2005; Marlett & Van Woerkens, 2007) and the causes of this trend are still unclear, particularly the reasons for the industries’ concentration in urban and metropolitan environments. So a relevant question emerges: why do creative industries cluster? “Five hypotheses are suggested by the theoretical literature as determinants of creative clustering: historical and cultural endowments and proximity to the political power, agglomeration economies, related variety, concentration of human capital, and Florida’s creative class.” (Lazzaretti et al., 2009).

Creative industries tend to concentrate mainly around large – and medium-sized cities, forming creative local production systems. There are “forces behind clustering of creative industries to provide the first empirical explanation of the determinants of creative employment clustering following a multidisciplinary approach based on cultural and creative economics, evolutionary geography and urban economics” (Lazzaretti et al., 2009). The creative industries have never been so strategic or important in local and national economic development. As we move, very unevenly, into a knowledge economy and from there to a creative economy, the role and skill sets of creators, producers and cultural intermediaries – as creative content providers, brokers, curators, navigators, distributors, point of sale and access – become more and more important (Mercer, 2009). “As industries with special relationship to local, regional, national and global identity, they have a special place on research and policy agendas. New research into both the economic potential and the social significance and impact of creative and content industries is needed and this is especially the case in the forms and patterns their transformation (investment) into forms of cultural capital, and their role in finding role a place for the local in the global –the global.” (Mercer, 2009).

The creative industries paradigm for cultural development envisages cross-sectoral public and private cultural support that will stimulate economically sustainable processes and applications that have a creative/cultural industry component (Hartby, 2005; Hesmondhalgh, 2007). Cultural development programs framed in relation to the “creative industries” have been presented as a counter to dwindling government subvention and more positively, as foundations for the new (knowledge-based) economy. National bodies endorse the marketing of culture with the intent of enhancing economic sustainability by stating, for example, that it “could provide a substantial attraction to businesses and individuals in making location and investment decisions (Department for Communities and Local Government, 2006)” (Nissley, 2010).

Thus, “the creative economy refers to a holistic concept with complex interactions between culture, economics and technology in an economy dominated by intangible contents like symbols, texts, sounds and images (UNCTAD 2010, p.3)” (Boix, et. al., 2011).

## CONCLUSIONS

Creativity, innovation and entrepreneurship are significant ingredients in any successful activity, in our changing and uncertain times. The culture with our beliefs, symbols and values has greater influence on the success of economic sectors. The relationship between culture and creativity represents one of the most interesting frontiers that connect academics, which study the economy of culture, with city and regional economists, industrial and business economists and policy makers. The cultural policies founded substantially on fiscal objectives are problematic because the conditions for culturally sustainable development must also encompass community demands for nonmaterial wellbeing, intergenerational equity and the interdependence of economic and cultural variables

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The culture’s effect on the economy, the creativity and innovation implementation would demonstrate some of the inequalities in economic results across countries. The culture influence economic creativity and economic creativity positively influences innovation implementation, which positively influences national prosperity (Williams & McGuire, 2008)

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