

## **Creative economy. Challenges and opportunities for increasing competitiveness**

**Marta-Christina SUCIU**

Bucharest University of Economic Studies, Romania  
christina.suciu@economic.ase.ro

**Marco SAVASTANO**

Universita di Roma Sapienza, Roma, Italy  
Marco.savastano@uniroma1.it

**Irina GORELOVA**

Universita di Roma Sapienza, Roma, Italy  
irina.gorelova@uniroma1.it

**Gheorghe-Alexandru STATIVĂ**

The Bucharest University of Economic Studies, Romania  
alexstativa95@gmail.com

**Abstract.** *In the last decade the creative economy is an emerging concept that suggests a reshape of the world economy according to its challenges and evolution during our turbulent and dynamic times. One of the main reasons considered important for the accelerated evolution of creative economy was the amplified crisis (economic, political, social, moral, environmental) and its complex consequences. If before the economic crisis, technology had been considered as one of the main engines for economic growth and long-run smart, sustainable and inclusive development, now the world economy is more and more oriented towards the holistic, integrated vision of cultural and creative economy. This integrated vision may be applied on the macro, mezzo (on different sectors of activities, called as creative industries and correspondingly on the local/regional level) but also on microeconomics, being a key ingredient for business angels and business champions. Creativity contributes a lot for increasing competitiveness based on a long-run competitive advantage obtained on the macro, mezzo or micro levels.*

**Keywords:** creative economy, competitiveness, creative industries, creative communities, smart cities.

**JEL Classification:** Z1, Z19.

## Introduction

The effects of the economic crisis of 2008-2010, caused changes regarding the perception of economic growth. Due to the financial speculation that took place during that period, the states and companies that sought to obtain quick profits, in the short term, reached the threshold of economic collapse, through high unemployment rates, for a long time. Economic growth does not always lead to an increase in the standard of living. Even if the main objectives, such as strengthening competitiveness and economic growth, are in the attention of many people, the creation of jobs, the reduction of the unemployed and the increase of wages should not be neglected in the long term. Now due to the unexpected events caused by the world pandemic issues we all have to face the economic crisis is anticipated to be much more amplified. During crisis time, as even the term crisis suggests there is a need not only to be aware about it, but mostly to look for a positive active behaviour looking for opportunities to change something as to better face the crisis. The last edition of *the Global Innovation Report* suggested also that we have to look for a broad mining of innovation opened also to the idea of medical innovation. Concepts such as industry, creative economy, creative communities and creative class, have undergone a strong development, based on the artistic and intellectual exploitation of human & intellectual capital, as part of intangible assets whose role is much amplified under the umbrella of knowledge based society & creative and cultural economy. A new & challenging approach had emerged within the economic research, mostly after 2000, respectively the cultural & creative economy. Facing the challenges ask also for new opportunities increasing competitiveness such as to assure the main prerequisites for a long-run sustainable, smart and inclusive development.

## Brief literature review

The term of creative economy seems to be used first by the *Department for Culture, Media and Sport in the United Kingdom*, in 1998. The creative economy is based mostly on creative class talented people, interacting among creative communities & creative industries. Within creative industries there had been developed creative & innovative clusters among which innovative business & business angels assure the potential for job growth and for the intangible assets and mostly intellectual capital use such as to contribute highly to the value added and long-run sustainable competitive advantage. Creative industries are mostly based on creativity and correspondingly on the creative class individual talented people (Higgs et al., 2008). Creative industries include a large number of activities, classified quite different from a country to another. For instance according to *the UK Department of Culture, Media and Sports* there had been selected 13 sectors that can be considered as creative industries: film, arts performing, software, architecture, crafts, interactive software, leisure, advertising, fashion market designer, publishing, art and antiques, music, design, television and radio (Newbiggin, 2010). No matter the way these industries are classified they are encouraging a lot of organizational changes, as well as supporting also other economic activities relevant to both public and private economy.

There a lot of other authors who support the modern approaches of the creative economy among which we mention the contribution of Allen Scott (1997), as well as the broader vision regarding the role of innovation for the long-run social and economic development (Lazaretii, 2013).

The interest in studying the creative economy on the regional level and mostly on local communities such as cities is also highlighted by a large number of scientific studies and papers regarding urban development and urban policies designed in order to support creativity and innovation (Landry, 2000; Evans, 2009).

One of the pioneer authors famous for his research dedicated mostly to creative class is Richard Florida, who had highlighted the importance of the creative class, human and intellectual capital for the regional and urban development. Richard Florida illustrated the existence of a strong connection between creative class and cities' development. Another famous author who is considered to coin the term of creative economy is John Howkins publishing a bestseller work entitled "*Creative economy. How can people make money from ideas*" (Howkins, 2001). Howkins considered in his work the case of 15 creative industries, based on which he estimated that in 2000 creative economy represented almost 7% from the world economy.

The creative economy is a cross disciplinary research topic that highlights the importance for competitiveness of all the original opinions mostly within the fields of cultural & creative industries where creative class people can better socialize (Hesmondhalgh, 2002; Flew and Cunningham, 2010). Numerous researchers had also conducted several studies to illustrate the relationship between creativity & innovation and to show how these manifest on the local, regional, territorial (Mommas, 2004; O'Connor, 2010; Branzanti, 2015). These authors have focused mainly on topics such as: creative industries, creative & innovative clusters, regional sciences and economic geography. As we mentioned previously one of the well known and recognized researches in this field is in Richard Florida, President of the *Martin Prosperity Institute* who is widely recognized in North America, as well as in Europe and Asia (Mellander et al., 2013).

In order to track the broader phenomenon, connected with creative economy it is important to look also for the analysis and research studies carried out by UNESCO on a global level, among the auspices of UNESCO' creative cities network including also music, film and advertising considered also as creative industries. The creative industries are also connected to the cultural production as well as the cultural consumption represented usually by symbolic or expressive elements. Some of these elements are connected to the so called traditional cultural industries (Towse, 2003).

The research studies done in the fields of cultural & creative economy are subject to cross and multidisciplinary approaches, having a strong both theoretical and empirical foundations. A significant approach refers to the anticipated effects of the cultural and creative industries for the creation and development of local creative communities and correspondingly of cultural & creative networks (Belussi and Staber, 2011). Some authors highlight also the importance of creative regions (Mc Cann, 2007), and correspondingly of the creative-innovative cluster (Cooke and Lazzaretto, 2008).

Recognizing creative economy as a key ingredient for a paradigm of success and long-run competitiveness is highly presented within some authors contributions who illustrated the role of creativity and innovation for social & economic development (Pratt and Jeffcut, 2009). In the same time we identified that also critics of this paradigm had also emerged. On one hand, creative class can have a critical role as one of the main mechanisms for the urban regeneration (Pratt, 2008). On the other hand, there is are some research studies dedicated to creative cities considering these may lead to some regressive actions for the urban dynamics (Scott, 2014).

### **Main methodology**

The attempt to quantify the dimensions of the creative economy is not an easy one. The difficulties and challenges faced in order to measure creative economy is comparable to the one experienced in the case of the intangible assets. However on the international level, there are many methods used both on the macro, mezzo and micro economics level.

On this paper we will take into account *the Global Innovation Index 2019 (GII 2019) & the European Innovation Scoreboard (EIS)*.

*The Global Innovation Index 2019 (GII 2019)* published by *the Cornell University, ISEAD, WIPO* in 2019 has a quite suggestive sub-title mostly now: “*Creating Healthy Lives-The Future of Medical Innovation*”. It provides a detailed metrics about the innovation performance in the case of 129 countries and economies around the world. It is based on 80 indicators suggesting a broader vision of innovation, generic considered as “*open innovation*” including political environment, education, infrastructures and business sophistication. *The GI 2019* analyzes the medical innovation landscape of the next decade. *The GI 2019* explores the role and dynamics of medical innovation for the expected future of healthcare, by taking into account how technological and non-technological medical innovation may transform the delivery of healthcare worldwide. It illustrates also the potential influence medical innovation may have on the economic growth and development.

*The European Innovation Scoreboard (EIS)* presents a comparison of innovation and research performance in EU member states. The EIS can help to evaluate the deficient areas in order to make efforts in terms of enhancing the innovative performances.

### **Main results and discussions**

*The Global Innovation Report 2019* provides more details collected from leading experts and decision makers belonging to academic, business, and particular country perspectives. Figure 1 illustrates the top three innovation economies by regions.

**Figure 1.** *The top three innovation economies by regions*

Top 3 innovation economies by region			
NORTHERN AMERICA	EUROPE	NORTHERN AFRICA AND WESTERN ASIA	SOUTH EAST ASIA, EAST ASIA, AND OCEANIA
1. U.S.	1. Switzerland	1. Israel	1. Singapore
2. Canada	2. Sweden †	2. Cyprus	2. Republic of Korea
	3. Netherlands ‡	3. United Arab Emirates	3. Hong Kong, China ★

Source: [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2019\\_exec.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2019_exec.pdf)

Figure 2 illustrates the top three economies by income group.

**Figure 2.** *The top three economies by income group*

Top 3 innovation economies by income group			
HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME
1. Switzerland	1. China	1. Viet Nam †	1. Rwanda †
2. Sweden †	2. Malaysia	2. Ukraine ‡	2. Senegal †
3. U.S. ★	3. Bulgaria	3. Georgia ★	3. Tanzania ‡

Source: [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2019\\_exec.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2019_exec.pdf)

Focusing on the European level, now we will take a look on *the European Innovation Scoreboard (EIS)*. *EIS* is an annual publication of the European Commission (European Commission, 2019).

The main goal of *the Lisbon & Europe 2020 Strategies* was to design a *sustainable, intelligent and inclusive growth & development* such as to create more jobs, including green jobs. This is achieved through mostly two projects: *Europe 2020* and *Creative Europe (Europe 2020 – A European strategy for smart, sustainable and inclusive growth)*.

*The Europe 2020 strategy* is based on three pillars: *inclusive growth* (promoting a high skilled labour force), *smart growth* (developing an economy based on innovation and knowledge) and *sustainable growth* (promoting an efficient & effective economy).

*Inclusive growth & development* implies a high rate of employment, based on mostly high skilled labour force as well as combating poverty, social protection. It is essential that the benefits of economic and social growth & development would be distributed among all the regions of the European Union, contributing in this way towards the strengthening of territorial cohesion. Social inclusion means also to provide European citizens with more and better opportunities and access throughout their whole lives. Europe has to act in a responsible way mostly within areas such as combating poverty (before the crisis, over 75 million people were affected by poverty), employment (labour force is declining due to demographic crisis) and skills (over 75 million of persons were dealing with a quite low level of qualifications).

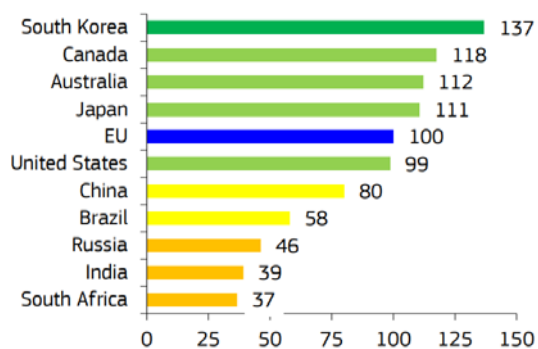
*Smart growth & development* has as main drivers of future growth innovation and knowledge. In this line, it is essential to improve the quality of the education systems, but also to increase research-development and innovation (R&D&I) performance, ensuring a knowledge transfer within European states in Europe by focusing also on education and training based on the broader vision lifelong learning. Decision makers on the European level consider that Europe will have to act in areas such as Research-Development-Innovation (R&D&I). For a comparative analyze perspective we mention that spending on R&D&I are below 2% of GDP in UE, while in Japan the percentage is 3.4%, and correspondingly in the US is 2.6%.

*Sustainable growth & development* involves building a sustainable, competitive and resource efficient & effective economy. The European Union will reduce pollution based on low carbon dioxide emissions, pre-care and limitation of environmental degradation and loss of biodiversity for renewable resources. The European Union has to act in areas such as stimulating the increase of competitiveness, based on the reduction of carbon dioxide emissions in the next decade.

The European Union created a special program entitled “*Creative Europe*” according to which the member countries could benefit on 1.46 billion euros allocated for the creative and cultural sectors, between 2014 and 2020. This program was approved in 2013 on 19<sup>th</sup> of November by the *European Parliament*, adopted on 3<sup>rd</sup> of December by the *European Council* and entered into force on 1<sup>st</sup> of January, 2014. This program aims to help the cultural and creative sector to better face the competition within a global and digitalization era, by allowing companies to grow their economic potential, and by this way to create new jobs assuring in the same time a stronger social cohesion as well as a long-run sustainable growth & development. “*Creative Europe*” incudes special investments for 800 films, 2000 cinemas, 2500 cultural artists & professionals and correspondingly for 4500 transaction books.

The *European Innovation Scoreboard (EIS)* provides a special benchmarking method to rank countries performance on the global level (Figure 3).

**Figure 3.** Global performance according to the *European Innovation Scoreboard 2019*

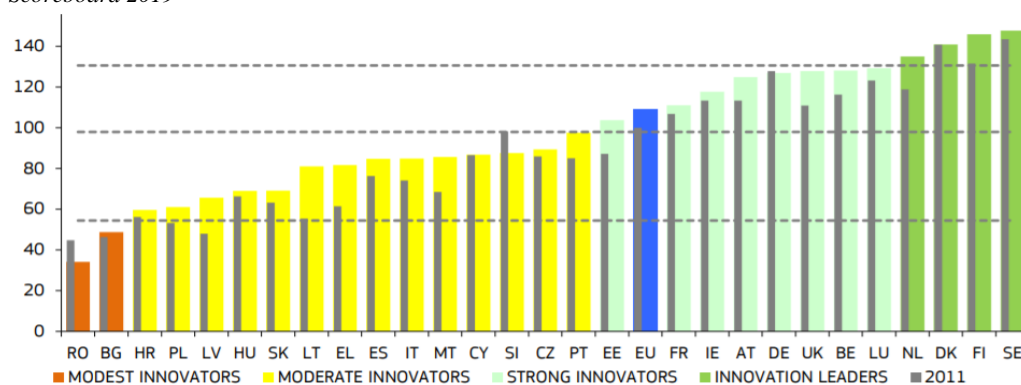


**Source:** European Innovation Scoreboard 2019.

According to Figure 3, South Korea ranks first in this ranking, followed by Canada, Australia and Japan. Brazil, China and the United States are also below the average value of the European Union (European Commission, 2019).

According to the latest 2019 publication of EIS, both Romania and Bulgaria are the bottoming part of this benchmarking in terms of innovation performance, being considered as modest innovators (Figure 4). Nordic states such as the Netherlands, Denmark, Finland and Sweden, register the highest values and bear the name of innovation leaders.

**Figure 4.** Performance of EU Member States innovation system according to the European Innovation Scoreboard 2019

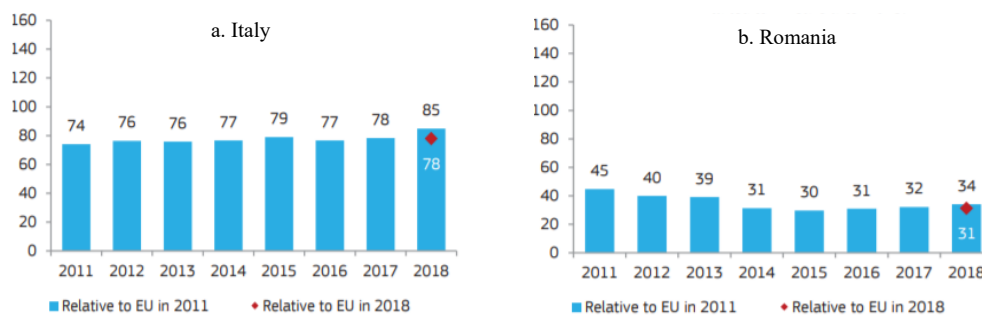


**Source:** European Innovation Scoreboard 2019.

Figure 4 illustrates also that Italy is included among the moderate category innovators. The most powerful dimensions of innovation in Italy are attractive research, innovations and intellectual assets. A break point in innovations, SMEs in Italy and a high degree of product innovation and innovative process. Finance and resources are the weakest dimensions of innovation. The weakest dimensions of innovation are human resources and firm investments.

Regarding Romanian performance during the period 2011-2015 had experienced a strong decline (Figure 5, panel a, Italy; panel b, Romania). The strongest dimensions in Romanian case are innovations and are represented by the impact of sales and innovations.

**Figure 5.** Performance in Italy and Romania according to European Innovation Scoreboard 2019



**Source:** European Innovation Scoreboard 2019.

In Romania, intellectual property and entrepreneurship are at a quite low level. During the period 2011-2015, Romania registered a decrease of this indicator, while in Italy the situation is opposite. In this sense, Romania does not fit the states with high innovation performance, being well below the European average.

In order to diminish the gap between Romania and the European average, there are some specific strategies and policies that have to be adopted in order to develop and support business and start-up innovative business mostly within creative industries, which in turn is expected to lead to an increase in the number of workers and new employment and job opportunities.

### Main conclusions

At the global level, creative economy is emerging as a new type of economy that can highly contribute to increase competitiveness both on the global, European and national economies levels. Nowadays, based on new benchmarking methods such as *Global Innovation Index* and *the European Innovation Scoreboard* we can better identify which are the most important pillars of competitiveness mostly in the case of innovative countries applying the principles of creative economy.

---

### References

- Belussi, F. and Staber, U., 2011. *Managing Networks of Creativity*. London. Routledge.
- Branzanti, C., 2015. Creative clusters and district economies: Towards a taxonomy to interpret the phenomenon, *European Planning Studies*.
- Cooke, P. and Lazzarotti, L., 2008. *Creative Cities, Cultural Clusters and Local Economic Development*, Cheltenham: Edward Elgar.
- Evans, G., 2009. Creative cities, creative spaces and urban policy, *Urban Studies*.
- European Innovation Scoreboards (EIS), 2019.
- Europe 2020 – A European strategy for smart, sustainable and inclusive growth.
- Flew, T., and Cunningham, S.D., 2010. Creative Industries after the First Decade of Debate, *The Information Society*.
- Hesmondhalgh, D., 2002. *The Cultural Industries*. London: Sage.
- Higgs, P., Cunningham, S. and Bakhshi, H., 2008. Beyond the creative industries: Mapping the creative economy in the United Kingdom, NESTA - Making innovation flourish.
- Howkins, J., 2001. *The Creative Economy: How People Make Money From Ideas*. London. Penguin Press.
- Jones, C., Lorenzen, M. and Sapsed, J., 2015. *The Oxford Handbook of Creative Industries*. Oxford, USA: Oxford University Press.
- Lazzarotti, L., 2013. *Creative Industries and Innovation in Europe*. London: Routledge.
- Landry, C., 2000. *The Creative City: A Toolkit for Urban Innovators*. London: Earthsca.



- Mc Cann, E.J., 2007. Inequality and politics in the creative city-region: questions of livability and state strategy, *International Journal of Urban and Regional Research*.
- Mellander, C., Florida, R., Asheim, B. and Gertler, M., 2013. *The Creative Class Goes Global*. Routledge, London.
- Mommaas, H., 2004. Cultural clusters and the post-industrial city: Towards the remapping of urban cultural policy, *Urban Studies*.
- Newbiggin, J., 2010. *The creative economy: An introductory guide*, London, British Council's Creative And Cultural Economy Series.
- O'Connor, J., 2010. *The Cultural and Creative Industries: A Literature Review*, 2nd Edn. Creativity, Culture and Education, New-Castle.
- Pratt, A., 2008. Creative cities: The cultural industries and the creative class. *Geografiska Annaler: Series B, Human Geography*.
- Pratt, A. and Jeffcut, P. (eds.), 2009. *Creativity and innovation in the cultural Economy*, London Routledge.
- Scott, A.J., 2014. *Beyond the Creative City: Cognitive–Cultural Capitalism and the New Urbanism*, *Regional Studies*.
- The Global Innovation Index 2019. Creating Healthy Lives-The Future of Medical Innovation (2019)*, Cornell University, ISEAD, WIPO, <[https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2019\\_exec.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2019_exec.pdf), accessed on 1.03.2020>
- Towse, R., 2003. *A handbook of cultural economics*.