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## Creative Economy, Cultural Industries and Local Development

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### Abstract

The purpose of this paper is to draw a clear picture of creative and cultural industries and of the creative economy, as driving factors of economic growth and local development. To this aim, the paper analyzes some recent data on the significance of the creative economies, reflecting on the concepts of creative and cultural industries. In the text, attention is paid to the links between creative economy and local development on one hand, and the concepts of territorial capital and social capital on the other side.

In the end, the work focuses on presenting the results of an in-progress study, about the recent literature on the mentioned issues, presenting a brief overview of some significant works.

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### 1. Creative economy, cultural and creative industries. Overview on concepts and data

Over the last years, the importance of the so-called cultural economy and of the cultural and creative industries has greatly increased. Today, cultural and creative industries are driving factors for economic growth and according to global demand, also stimulated by the new economy. As it is known, the concept refers not only to the domain of culture in the strict sense, but refers also to cultural goods and services as the core of a new, powerful and vast sector that can be broadly referred to cultural areas.

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The creative economy is closely related to the creative and cultural industries. The term cultural industries was diffused since the Eighties, and it was referred to those forms of cultural production and consumption, which have at their center a symbolic or expressive element. The concept was then spread around the world by UNESCO just since the Eighties and its definition has gradually incorporated a wide range of industries: music, the industries related to art, writing, fashion and design, media, as well as craft production.

Since the Nineties of the Nineteenth Century, however, it is in use also the name of the creative industries; the term refers to a very large production that includes goods and services produced by the cultural industries and those depending on innovation.

From the time in which the term “creative economy” was popularized, in 2001, the so-called cultural and creative industries started generating economic growth at a progressively increasing rate; at global level, as stated in the “Creative economy report” (2013), such economy generated “US\$2.2 trillion worldwide in 2000 and growing at an annual rate of 5 per cent”.

*Concerning the European scenario, Europe has a strong interest in the cultural and creative industries, as they are a source of economic growth: as stressed in the report of the European Creative Industries Summit<sup>1</sup>, “the cultural and creative sectors make up nearly 4.5% of the European economy, thanks to nearly 1.4 million small and medium-sized businesses generating and distributing creative content all over Europe. The cultural and creative sectors have shown great resilience during the crisis – they actually continued to grow – while stimulating creativity and innovation spillovers in other sectors. About 8.5 million people are employed in creative sectors across Europe – and many more if we take into account their impact on other sectors such as tourism and information technology”.*

Focusing, more in detail, on the Italian situation, here in 2014<sup>2</sup> the enterprises of the cultural and creative sectors produce 78.6 billion of added value and stimulated other sectors of the economy so as to generate the 15.6 % of the whole national added value, equal to 227 billion euro including the incomes of that part of the national economy that is directly activated by culture (e.g. tourism).

According to recent data of the UnionCamere-Symbola Report (2015), between 2012 and 2014 despite the global crisis, companies that have invested in creativity have increased their turnover by 3.2%; companies that have invested in creativity were rewarded with a 4.3% increase in exports. Moreover, the 443,208 enterprises in the cultural production system, accounting for 7.3% of domestic enterprises, reaches 5.4% of the wealth produced in Italy, equal to 78.6 billion of euros. Arriving at about 84, equivalent to 5.8% of the national economy, if we include public institutions and organizations in the non-profit organization active in the field of culture.

Particular attention has to be paid to the multiplier effects generated by the economy of culture and the positive impact on the employment: in fact, the cultural and creative industries as well as the sectors of historical, artistic and architectural heritage, performing arts and visual arts, are actually employing 1.4 million people, that means the 5.9% of whole Italian employment – and over 1.5 million, equal to 6.3% of the whole employment rate if we include also the public and no-profit sector.

## **2. Cultural and creative industries as driver factors for local development. Relationships with territorial and social capital**

The significance from an economic point of view, of the creative economies, mentioned in the previous chapter, imposes a reflection on the necessary national and international policies that will enhance the deep bonds between the various fields of culture, territories and the socio-institutional tissue, in order to give the cultural and creative sectors their role in the economy of the territories and make it the heart of the local economic development patterns, even in underprivileged territories.

As stressed in the European Creative Industries Summit (2015), “*The creative economy is also associated with large cities and/or dominant regions within countries, or even concentrated within cities where a prosperous creative*

<sup>1</sup> European Creative Industries Summit, Brussels 2015, <http://ecbnetwork.eu/wp-content/uploads/2015/09/ECIS-2015-Brussels.pdf>.

<sup>2</sup> Unioncamere-Fondazione Symbola, 2015.

*industry sector may be a small enclave surrounded by poverty and social deprivation. The creative economy tends to concentrate today in great world cities that are already central places of financial capital, investment and power or have significant historical legacies of social and cultural mixing. What is more, the centripetal forces have intensified because of convergence and acquisitions at the global corporate level. Emblematic in this regard are the television, media, film and publishing industries. Moreover, more dispersed organizational forms, which are also characteristic of the sector, tend to have their major value-added activities located and/or controlled in the global North. Thus, many forms of creative-economy investment and growth can amplify existing divisions between rich and poor both across and within countries. [...] Yet, development of a creative economy can form an integral part of any attempt to redress inequality, provided that the process also brings about broader structural changes to ensure that creative workers are themselves not disadvantaged in relation to other workers”.*

To address these problems, the European Union has launched several measures and has allocated funds for the cultural and creative industry development and the creation of capillary networks in support of the economies of disadvantaged areas. Emblematic is the case of the Structural Funds in the period 2014-2020, aimed at strengthening the links among creative industries, multi-disciplinary environments and other industries. European funding programmes have been designed to answer to these challenges, such as the Creative Europe programme *in primis*, but also other EU funding programmes like the ERASMUS PLUS that supports skills development through education and training; the COSME programme that promotes entrepreneurship, access to finance and markets for small and medium enterprises; the HORIZON 2020 which aims at promoting research and innovation in the field of culture and cultural heritage.

At national level, to strengthen creative and cultural industries it is mandatory to encourage the development of the territorial network, and policies to support local economy and the relationships among privates, and between public and private sectors<sup>3</sup>. In all the assessments of the creative economy, developing countries appear lacking, in fact, in key institutional and/or regulatory conditions.

Developing such networks and relationships means to have in mind a clear picture of the deep links among the creative and cultural industries development and the so-called “territorial capital” of a country; the concept of territorial capital relates, furthermore, to the concept of “social capital”.

As it is known, for both the terms several definitions are available; the terms refers to the system of territorial assets of economic, cultural, social, environmental nature, that ensures the potential development of places. The latter, in order to succeed, have to exploit this complex set of factors<sup>4</sup>.

The territorial capital has a strong influence on economic growth. The quality of the institutions and cohesion are elements of great importance to create conditions so that the territorial capital can fully express its potential. This means that it is essential to direct national policies, looking at the specificity of each territory, boosting the institutional quality. It also means investigating the deep relations with the registered capital of a given context (Brasili, 2014).

Closely related to the concept of territorial capital and in relation with local development, is the other concept of social capital. The concept of social capital has been extensively used since the Eighties of the Twentieth Century in sociology, economics and political science; today, there are numerous definitions of it and it is not possible to identify a universally accepted one (Abbafati, Spandonaro, 2011). In this context and to the aims of this work, it can be defined as a profitable resource based on the existence of some kind of relations and/or social norms, namely, as a collective, indivisible resource, and as a public good (Cartocci, 2007). The level of social capital, in conclusion, determines the degree of social cohesion, the horizontal links and the nature of relations with institutions. It therefore refers to the spontaneous sharing of a value system that establishes and determines the quality of civil society and the links between its members, which is reflected directly on the quality of institutions and ethical tissue (Abbafati & Spandonaro, 2011).

Hence, in order to develop creative economies related to the goods of a certain territory, it is necessary to stimulate and strengthen the network of values and relationships between social and institutional actors and to promote policies in support of local development, based on new paradigms taking into account the importance of the territorial capital and focused on increasing the social capital of a human collectivity, located in a certain territory. This is especially

<sup>3</sup> European Creative Industries Summit, Brussels 2015, <http://ecbnetwork.eu/wp-content/uploads/2015/09/ECIS-2015-Brussels.pdf>.

<sup>4</sup> Camagni, 2008.

noticeable in the case of countries like Italy, for example, where there is no strong strategical, unique policy: culture and creative industries policies, in fact, have been developed mainly by the regions. This caused the of lack sustainability and consistency of the approaches and practices pointed out.

### 3. An overview on literature

Starting from the issues pointed out in the previous chapters, this paper aims at drawing a quick picture of the recent international literature on creative and cultural industries in Europe and worldwide.

Some interesting work are: *Creative Economy and Culture Challenges, Changes and Futures for the Creative Industries* (2014) by John Hartley, Wen Wen, Henry Siling Li; *Key Concepts in Creative Industries* (2013) by John Hartley, Jason Potts, Stuart Cunningham, Terry Flew, Michael Keane and John Banks; *Introducing the Creative Industries. From Theory to Practice* (2013) by Rosamund Davies and Gauti Sigthorsson; *The Creative Industries. Culture and Policy* (2011) by Terry Flew; *The Cultural Industries* (2012) by David Hesmondhalgh; *Creative Industries and Innovation in Europe. Concepts, Measures and Comparative Case Studies* (2014) by Luciana Lazzeretti; *Careers in Creative Industries* (2015) by Chris Mathieu; *Entrepreneurship for the Creative and Cultural Industries* (2015) by Bonita Kolb; *Managing situated creativity in cultural industries* (2015), edited by Fiorenza Belussi and Silvia Sedita; *Creative Industries and Urban Development. Creative Cities in the 21<sup>st</sup> Century* (2014) edited by Terry Flew; *Creativity in Peripheral Places. Redefining the Creative Industries* (2014) by Chris Gibson; *Theorizing Cultural Work. Labour, Continuity and Change in the Cultural and Creative Industries* (2013), edited by Mark Banks, Rosalind Gill and Stephanie Taylor.

Finally, we want to mention three in-printing works: *Tourism and the Creative Industries. Theories, policies and practice*, edited by Philip Long and Nigel D. Morpeth; *Rethinking Strategy for Creative Industries. Innovation and Interaction* by Milan Todorovic and Ali Bakir, and *Marketing Strategy for Creative and Cultural Industries* by Bonita M. Kolb.

We want, in this paper, to focus on the description of a few of such books, that can be regarded as having and innovative point of view.

Concerning the general concept of creative economy, a recent, interesting work is the publication by Hartley, Wen and Siling Li, *Creative Economy and Culture Challenges, Changes and Futures for the Creative Industries* (2014).

The first book investigates the concept of “creative industries” extending the idea of creative innovation as a global phenomenon. *Creative Economy and Culture* pursues the conceptual, historical, practical, critical and educational issues and implications. It looks at conceptual challenges, the forces and dynamics of change, and prospects for the future of creative work at planetary scale. Authors focus on the so-called “three bigs”, which are: *the creative industries are not confined to an elite of trained artists or firms; they encompass (or could encompass) everyone; they are not confined to one sector of the economy; they characterise (or could characterise) everything; they are not a feature of advanced or wealthy countries; they are (or could be) everywhere.*

The authors analyse in depth some key concept, such as population, technologies, culture, just to quote the most important ones.

Concerning the concept of “population”, they note that “*The most important element missing from current conceptualisations of creative industries is everyone – the general population, who, since the emergence of digital technologies, social networks and user-created content, can be seen (not just claimed) to be engaging in mass creative productivity, which we call microproductivity, that is a major driver of economic development*”.

On the concept of technology, indeed, they highlight that creativity is not to be located in the individual person, but in systems: “[...] *culture and the economy as systems too, albeit more complex and multiple (systems of systems) than any technology to date. Because of their scale and variability, ‘natural’ cultural systems are hard to study. Technological systems, on the other hand, are an empirical form of human connectedness that can be studied (Arthur, 2009). Of these, we think two are more important than others. One is very old: cities. The other is very new: the internet. We see urban and digital technologies, their productivity and capacity to create new ideas and to distribute them across whole populations, as a proxy for those same qualities in human culture. It follows that we think the predominant conceptualisation of creative industries has not integrated ‘creative production’ sufficiently with ‘digital networks’ or with what we call ‘urban semiosis’*”.

About the concept of “Culture”, the authors state that according to their vision, the concept of “ ‘culture’ is misunderstood and restricted in most public thought about the creative industries. [...] we see culture as a human invention whose function is to produce groups or ‘demes’ – groups which can survive where individuals do not [...]”

*We argue that what binds these groups is knowledge; and that the ‘output’ of culture is not heritage, customs, art, or even artefacts (goods and services), but innovation: culture is the mechanism for ‘producing newness’ in conditions of uncertainty[...]. Thus, for us, culture faces the future. It is the driver of economy, and not the other way around. It needs to be reconceptualised and integrated into economic thought and policy; equally, those devoted to culture and the arts as presently configured need to understand its role in economic evolution”.*

In our opinion, particularly interesting is then the attention that authors pay to the need to integrate discipline and approaches in reflecting on creative economies in its relationships with human development. Such reflection is rooted on the concept of “planet”: “[...] we think something rather larger than the proverbial ‘elephant in the room’ is missing from most accounts of creative industries, and creativity more generally, whether in its cultural or economic dimension: the planet. It is only since the mid-nineteenth century that ‘we’ (humans in general) have even known the extent of the planet and what it is made of, where its land and sea masses are located, what its geological, biological and human resources comprise, and how its systems interact. [...] Among the slowest disciplines to ‘globalise’ their view of their subject matter are the humanities (culture) and social sciences (economics), which retain a local, sectarian or national perspective, rather than seeking ways to understand their object of study as a planetary phenomenon. It would be weird if geologists, oceanographers, environmental scientists, meteorologists or even miners restricted themselves to this or that corner of the world without seeking to understand how and where it connects with others. But the study of meaning-creation and the study of wealth-production (i.e. cultural studies and economics; which this book will treat as integrated) have both remained aggressively parochial. The idea of a planetary cultural system, or creative economy, is almost unthinkable in current circumstances, except by visionaries from other disciplines like Jared Diamond (geography) or E.O. Wilson (biology). [...] In this book, in contradistinction to that, we treat culture as a ‘semiosphere’ (Lotman, 1990), a dynamic system of differences whose local peculiarities (identities and expression, values, artefacts, actions) can only be explained by means of the dynamics and interactions of the systems that generate them”.

Another notable work is “Creativity in Peripheral Places. Redefining the Creative Industries” by Chris Gibson (2014). This book is dedicated to further exploring the creative industries outside major cities in places that are physically and/or metaphorically remote. The publication aims at exploring and re-defining the concept of creativity as both economic and cultural phenomenon, on the basis of the analysis of several examples such as postcard design, classical music, landscape art, tattooing, Aboriginal hip-hop, rock sculpture and so on. It is interesting to note that according to the authors, creativity is related to a specific “geography”, being evident in suburban, rural and remote areas. Another valuable aspect of this book is that it is based on a multi-disciplinary approach; in fact, it puts together the point of view of communications experts, sociologists, cultural studies experts with the point of view of geographers and historians, with the objective to explore creativity in diverse places outside major cities, e.g. in small places in terms of population or in term of productive, social marginality.

The author states “*Examining new industries in previously ignored cities required economic geographers to explore how market logics both similar to and different from traditional manufacturing shaped the geographical distribution of economic activities. On the one hand, new industries such as music, film and fashion were vertically disintegrated, and relied on dense inter-firm transactions. The size, structure and interdependent relationships between creative industry firms encouraged spatial agglomeration in particular districts, usually in large cities [...] other academics (including Allen Scott himself writing recently about the English Lake District) have sought to explore how cultural and creative industries emerge from small, suburban, rural and remote places and are implicated in a range of social. Exploring creative industries in rural and remote places, in socio-economically disadvantaged and suburban places, means researchers cannot take context for granted, unlike in cities where urbanity is a given”.*

The last publication we want to focus on is “Creative Industries and Developing Countries. Voice, Choice and Economic Growth” by Barrowclough and Kozul-Wright.

The book can be regarded as an interesting work as it focuses on the strategies to develop countries for a better and greater economic growth. Made of three sections, the work analyses the potential impact that creative industries, integrated into global economy, can have to human development.

Particularly interesting is, in our opinion, part two of the book, as it introduces an accurate analysis of theory, illustrating several case studies – starting from the study of example in developed countries- and policy analyses that can be useful to developing countries starting from creative energies.

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