The economic role cultural and creative industry in Europe in the years of crisis 2008-2012

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Key words
Cultural and creative industry, world economic crisis

Abstract

Currently is the main factor driving the world economy is creation of new values through the products and services innovations in the area of technology. Yet the modern market poses a new challenge. This new challenge is "the Creativity" which is the corner stone of economic strategy based on products and process innovation – which are so desired in the modern economy. "Creative Subjects" with their creativity are capable of finding all new solutions in order to improve the services offered in the particular sector in the scope of design, products' traceability, reference of identity and special values, individual fulfillment etc. In this way creativity is helping to increase versatility of products and companies' competitiveness in turn stimulating the economic growth.

Taking into account the above statements one needs to notice that technological development on its own is not enough to create original concepts of economic growth that would meet the demands of individuals regarding the material and non-material needs. Therefore, it is important to conduct the analysis of the role of the cultural sector and creative industries for the future development of the national economies. For this analysis to be useful one needs to reflect upon the reaction of the creative sector and the creative industries to the economic crisis in the years 2008-2012.

Research methods used are: scientific analysis of the literature, comparative analysis, synthesis and generalization, graphical visualization.

Introduction

Design and the creative business are today two of the biggest development potentials of Europe. In the "post-industrial" era of economy the culture sector and the creative industries are becoming as important as the automotive or drilling sector. The competitiveness in the future will be highly dependent on the development of the culture sector and creative industries where creativeness is the key competitive element. In the twenty-first century the biggest success will be achieved by these economies and societies that will be creative" (Polish Ministry of Culture, National Development Strategy for the years 2004-2013, p.13). Policy aimed at supporting creativity should include both the people and the industry ability to be creative, since creativity is not only restricted to the traditional world of art, but also stimulates various sectors of economy.

For this reason, it is important to analyze the role of the culture sector and creative industries for the future development of national economies. However, for this analysis to be useful it is needed to reflect upon the reaction of the creative sector and the creative industries to the economic crisis in the years 2008-2012.

1. What exactly are the sector of culture and the creative industries

Enterprises compiling various branches of creative industries co-create the new sector of economy dubbed creative industries. The effect of the creative industries are products and services of intellectual, artistic and scientific nature. Individual creative work is dominant as well as team cooperation connected with research and development and artistic and cultural actions (Klasik 2009, p. 31-32).

Creative industries are connected with such notions as: culture industry and creativity. The works of T. Adorno and M. Horkheimer published in 1947 are considered to be the beginning of the research on culture and creative industries issues. They have introduced the difference between the "mass culture" and "culture industry" (Adorno, Horkheimer 2002, s. 242.). The first, in the view of Adorno is the culture that *spontaneously arises from the masses* (Adorno 1999, p. 13), the modern version of the folk art. Whereas when writing about the culture industry Adorno wrote: *the culture industry differs massively from* [mass culture]. *It sums the old habits into new quality. In all the branches the products are steadily overshadowed more or less by the measure of the mass consumption and to a large extent define this consumption themselves.* The core value of the culture industries – according to the canonical definition of Adorno – is imposing on the receivers (consumers) sameness standards of culture goods perception and unanimous evaluation system of esthetic values. (Adorno 1999, s. 14).

As result, the notion of culture industry was now being used in reference to such industries in which the culture goods and services are produced and copied in industrial way. Such industries are the radio and television, book or photography. When adopting such an approach the significance of the industrial infrastructure is highlighted, where the state, the organizational structure and the management highly influence the type and the offer range of hereupon mentioned industries. This led to the situation where the culture elements are differentiated not because of their culture-creating character, but rather because of the character of the end products (goods and services) manufactured with engagement of human creativity (Kotylak, Michałowska, Danielak, 2015).

So what exactly is the culture and the creative industries sector? The answer is difficult to define as unambiguous, therefore for the purposes of this article a notion formulated by the British Department for Culture Media and Sport (DCMS[1]) shall be adopted from the report on the sector of culture and creative industries.In this report "those industries which have their origin in individual creativity, skill and talent which have a potential for job and wealth creation through the generation and exploitation of intellectual property". DCMS list 11 creative sectors including: architecture, film, video, photography, fashion, music and performance art, software, computer games, electronic publications, press and books; radio; advertisements; artistic craftsmanship, art and antiques; Applied arts (design); television. Also the classification of UNCTAD[2] is similar to the one above, here four sectors constitute the culture and creative industries: heritage, art, media and utility project.

2. Economical paradigm of culture sector and creative industries

For many decades of the twentieth century it was thought that the economical and culture and art sectors exclude each other. Today however they converge in so many points that we can start considering a new economic model in which the functioning of art and culture sectors can tell us a lot about the functioning of the economy itself. Many examples of such convergence can be found. One of each is the fall of the Bretton Woods system. Not by accident it converged together with an unprecedented scale of increase in price paintings in the world market that was mainly reached through speculations. Hence the formal sophistication of the culture and art shows its resemblance with formal sophistication of the financial market tools based on the tools and algorithms containing all the signs of creativity.

[1]DCMS Investing in creative industries – a guide for local authorities, UK Government, Department of Culture, Media and Sport (DCMS), London 2009
[2] UNTCAD - United Nations Conference on Trade and Development

Modern artists and artist that grew to the business model presented in concepts by R. Floryda (Floryda, 2005) resemble more managers of well prospering enterprises rather than romantic artist not interested in wealth of everyday life. However, the convergence of both sectors i.e. sector of culture and art as well as the sector of economy is mutual. This is the result of second side of post-Frodism work which more and more resembles the work of an artist. Corporate motivation model includes ethics, according to which the employee is to define and develop himself in the constant process of development and devotion to his/her work, which is to be for him/her a true area of creative actions. So the division between the time of work and rest is fading away, seemingly the division between the school, factory, enterprise and university.

In addition, the model of economy and art convergence can be well observed in the economic phenomenon described in the literature under the notion culture sector and creative industries. According to the theories of Richard Florida on the creation and functioning of the creative class,it is assumed that the social and economy panacea for the economy slowdown or stagnation of particular cities, regions or whole countries is the creative sector that is becoming the main element in theoretical and political disputes regarding the factual influences on the economy. The ideological discussion on the creativity and creative industries is focused on the market value of products and services' profitability of the culture sector and creative industries. This overshadows the commercial mechanism of "creative" actions.

So the starting point is somewhat forgotten heritage of the first Frankfurter school and also the Marxism notion of real subsumption which today can be used as theoretical tool for analysis of the economic paradigm. Paradigm defined as cognitive capitalism states that additional value is produced first of all in the area of production of knowledge, information, nonmaterial goods and services. Of the same opinion are John Roberts and Francis Mc Gimsey (Roberts, Mc Gimsey, 2011), that focus on analysis of the anthropological aspect of the cognitive capitalism stating that for the purpose of producing value, all of the human capabilities have been employed including the language and communicative nature of the human. This leads to posting a renewed issue of the work alienation and work time so called "post-workerism" in other words a category of nonmaterial work.

Expansion of the cognitive work based on creation of new productive relationships between the capital and work force as a complete process forces for revaluation of such notions as productive forces and capital forces and also for the notions of specific and abstract work. The philosophical reinterpretation of these core categories was conducted by Matteo Pasquinelli (Pasquinelli, 2008). Pasquinelli, while creating a structure between the mechanical ontology of Deleuze'a and Guattariego (Deleuz, Guattari, 2009) and the Marxism critique of economics, denoted it as common intellect. Common intellect by Marks is the knowledge accumulated in the capital. Today, however the common intellect is not only the property of machines but it is ascribed to the societies of humans communicating with each other of an undefined network size. Analysis deriving from these categories turns out to be really interesting, for instance, when analysing the economics value being the core-driving-element of the culture sector and creative industries.

So the modern economy reality in the sector of culture and creative industries is the world in which the social creativeness is being freed from the abstract shackles of the capital and the work. This work is driven by profit towards the use of the "creative" potential in order to focus the needs of today's society. This builds the ground for the culture sector and creative industries to have a direct and stronger effect on the economy. But is this really happening?

3. Culture sector and creative industries as a measure of influence they have on economy during the crisis

The enterprises from the sector of creative industries with the income in the amount of 535.9 billion in the year 2012 generated 4.2% of the European GDP. This sector took the third place for the employment value after the construction industry and service enterprises connected with gastronomy including bars and restaurants. Picture no. 1 shows the amount of income of the creative industries sector in Europe in 2012.

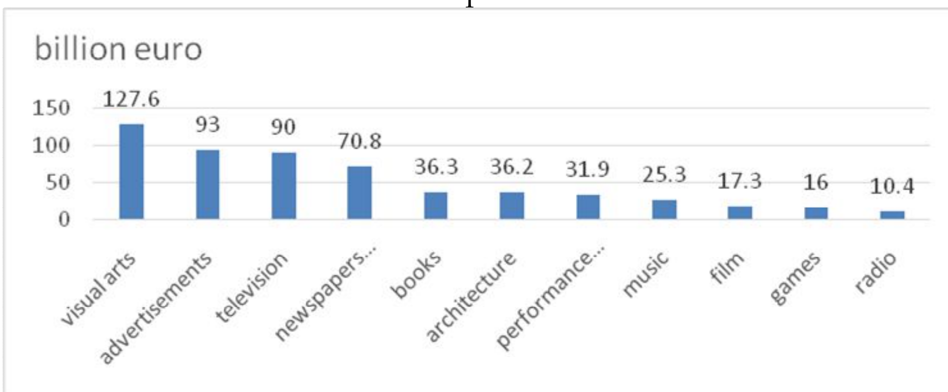

Figure 1. Creative industries sector income in Europe in 2012

Source: Creating growth. Measuring cultural and creative markets in the EU. Ernst & Young Global Limited, Paris 2014, p. 10.

More than 7 million of Europeans were directly or indirectly employed in the enterprises from the creative industries sector, which constituted 3.3% of the EU active working population. Sectors of performance art (1 234 500), visual arts (1 231 500) and music (1 168 00) employ over 1 million people each, following advertisement (818 thousand), press market (646 thousand) and film (641 thousand). Picture no.2 illustrates detailed division of employment in the creative industries sector in Europe in 2012.

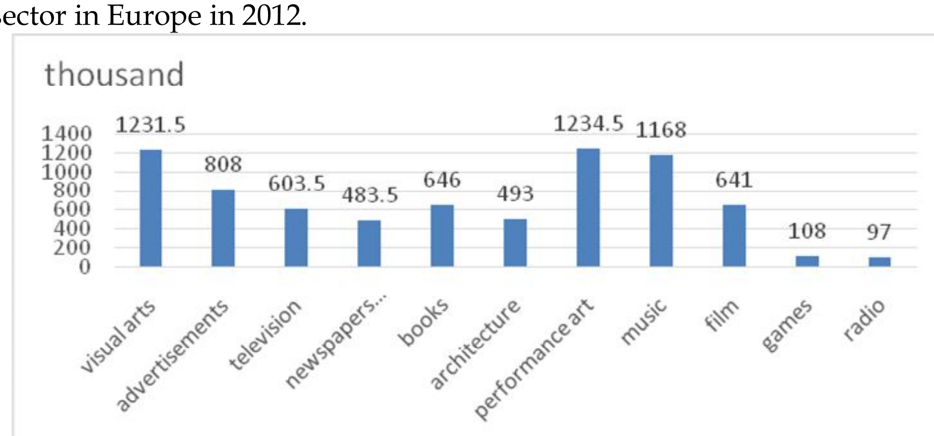

Figure 2. Employment in the creative industries sector in Europe in 2012 (in thousands)

Source: *Creating growth. Measuring cultural and creative markets in the EU.* Ernst & Young Global Limited, Paris 2014, s. 10.

The data from the departments of Statistical Classification of Economic Activities in the European Community can be used to perform a sectoral analysis within the cultural sector and in the sector of creative industries for the period of economic crisis.

In 2009 when the worldwide economic crisis was clearly visible the total employment in the above listed five departments in the UE in 2009 was estimated for 3.6 million people that constituted around 1.7% of the total employment in the EU in that year. The highest employment in the creative sectors of the total employment was noted in the Nordic countries and the lowest in Portugal and Rumania. When considering the employment structure in the creative sectors in The European Union from the gender perspective it must be stated that participation of women in the creative employment was higher than in the total employment. The employers of the creative sectors are well educated. In all the countries EU-27 the participation of the employed in the creative sectors, having the higher education greatly exceeded the participation of these people in the total employment. For the whole European Union, the total difference was 24 percentage points.

A common characteristic of the creative sectors in Europe is the common presence of non-standard forms of employment and work time. In some countries (Italy, Netherlands, Ireland and Austria) the self-employed together with the supporting family members constituted over 30% of the employment in the creative sectors, whereas in the total employment the percentage was much lower. The employment for temporal time is much more common in the creative sector than in the total of employments among others in France, Denmark, Slovenia and Belgium and less common in Poland, Netherlands and Italy.

In Most of Europe the part-time employment is much more common in the creative sector than in the total of employments; for EU-27 it is respectively 25% and 19%. Also another common unifier in the creative sector is the frequent work from home approach and the work simultaneously for several employers.

One needs to underline that in 2009 the five creative sectors discussed, provided employment in the whole UE-27 only to two-thirds of the employees employed in the professions of the core creativity (group of specialists from culture and art). There were however significant differences in particular countries: whereas in Belgium and Sweden the creative sectors employed less than half of representatives of the 245 professions, in Poland, Estonia, Lithuania and Slovenia it was around 80%. This points how greatly can the scale of employment in the creative sector be misevaluated. Due to the lack of access to comparative aggregated data on the adequate level the analysis is restricted only to the sector data and neglects the representative of the creative class working outside the sectors considered as creative.

The creative sector connects then the art, culture and new technological solutions with business enterprise. Taking the above into consideration in the first part of the economic evaluation the role the culture sector and creative industries had on economy in the context of the economic crisis, one needs to mention the parameters that constitute the base for comparison in the area of employment level in the sector and the participation of that said sector in the GDP of particular country at the time of the economic crisis breakout. Table no.1 presents the amount and the percentages input of the creative and culture industries in the development of the economies of the European Union countries in 2008.

Table no.1 Input of the creative and culture industries in the development of EU economies in 2008.

No.	Country	Citizenship number [thousands]	% participation in the total number of citizenships	Turnover in 2008 (in millions in Euro)	% participation in the total turnover	Value added to the GDP[%]
1	Great Britain	60 975	12,14	132 632	24,522	3,0
2	Italy	59 418	11,83	84 559	15,634	2,3
3	France	63 753	12,69	79 424	14,684	3,4
4	Spain	46 157	9,19	61 333	11,340	2,3
5	Netherlands	16 418	3,27	33 372	6,170	2,7
6	Belgium	10 584	2,11	22 174	4,100	2,6

7	Sweden	9 196	1,83	18 155	3,357	2,4
8	Norwegian	4 769	0,95	14 841	2,744	3,2
9	Austria	8 348	1,66	14 503	2,681	1,8
10	Germany	82 060	16,34	12 606	2,331	2,5
11	Finland	5 313	1,06	10 677	1,974	3,1
12	Denmark	5 484	1,09	10 111	1,869	3,1
13	Ireland	4 422	0,88	6 922	1,280	1,7
14	Greece	11 216	2,23	6 875	1,271	1,0
15	Portugal	10 677	2,13	6 358	1,175	1,4
16	**Poland**	**38 139**	**7,59**	**6 235**	**1,153**	**1,2**
17	Czech Republic	10 425	2,08	5 577	1,031	2,3
18	Hungary	9 931	1,98	4 066	0,752	1,2
19	Slovenia	5 455	1,09	2 493	0,461	2,0
20	Romania	22 245	4,43	2 205	0,408	1,4
21	Slovakia	2 039	0,41	1 771	0,327	2,2
22	Bulgaria	6 262	1,25	884	0,163	1,2
23	Lithuania	3 350	0,67	759	0,140	1,7
24	Luxemburg	474	0,09	673	0,124	0,6
25	Estonia	1 307	0,26	612	0,113	2,4
26	Latvia	2 261	0,45	508	0,094	1,8
27	Cyprus	796	0,16	318	0,059	0,8
28	Island	319	0,06	212	0,039	0,7
29	Malta	403	0,08	23	0,004	0,2
	TOTAL:	**502 196**	**TOTAL:**	**540 878**	**AVERAGE:**	**2,0**

Source: own study on the base of: Creative Economy Report, ONZ 2010

When analyzing the changes in the employment in the whole economy of that European Union one can notice, that beside the year 2011, in which a slight improvement was observable, since 2008 till 2013 the employment declined (by total of 2.8%)

The biggest reduction in employment in the economy took place between the years 2008 and 2009, when the decreases was nearly by 2%. When considering the above, the change in the volume of the employed in the five creative divisions in total was better and it was different for various sectors of analyzed industries. The biggest decline was noted from year to year in 2011 when 1% of working assets in the five creative industries vanished in comparison to the previous year. Year 2012 brought about a significant improvement of the number of employed in the creative sectors, increase in employment by 0.4% in 2008 and in 2011 by 1.8%

The worst results when considering the dynamics of employment had the press industry as in 2012 78 thousand less people worked there compared to 2008. It is difficult to evaluate how much this phenomenon had to do with the restructuring of the business due to the way the industry functions in the era of electronic media development and the changes in the way the media are consumed and how much it had to do with the decrease in demand for the goods of the higher sort due to the economic crisis. The other four industries of the creative sector were doing quite well – beside the industry 91 (libraries, archives, museums, other cultural businesses) – and the employment between the years 2008 and 2012 grew. During that time in the creative business connected with culture and entertainment the employment grew by 35 thousand more working people and in the business including the production of multimedia it grew by almost 22 thousand more working people.

When considering the broadcasting industry and the employment numbers one need to be cautious. Its great result in the years 2008-2012 (increase of the working by 12.3%) was mainly caused by a sudden increase in employment in 2009. After that the industry was doing worse

(2.5% less employed in 2012 in comparison to 2009) than the total economy (0.9% decrease during the same period).

In order to accurately show the role that the culture sector and creative industries played at the time of the economy crisis, detailed data is presented in pictures 3,4,5 regarding the employment, participation in the GDP and in the export. The data concerns the period discussed above and is relevant for the culture sector and creative industries in relation to averaged values from other sectors for the whole economy. For the comparison purpose Great Britain economy was used.

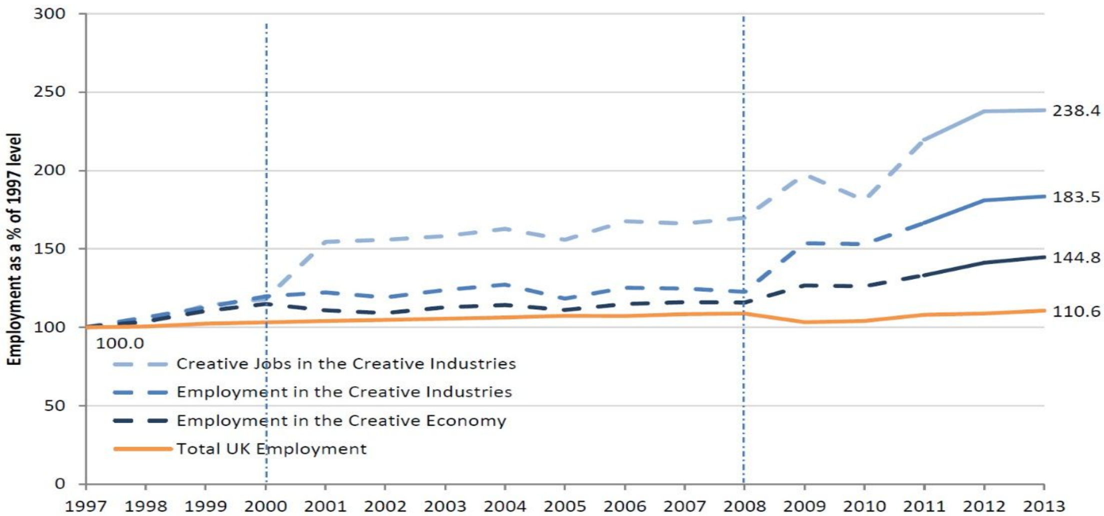

Figure 3. Change in creative employment indexed to 1997 = 100
Source, ONS Methodology Estimates and ONS Annual Population Survey. DCMS Creative Industries Economic Estimates 2015 Statistical Release, London 2015, p. 17.

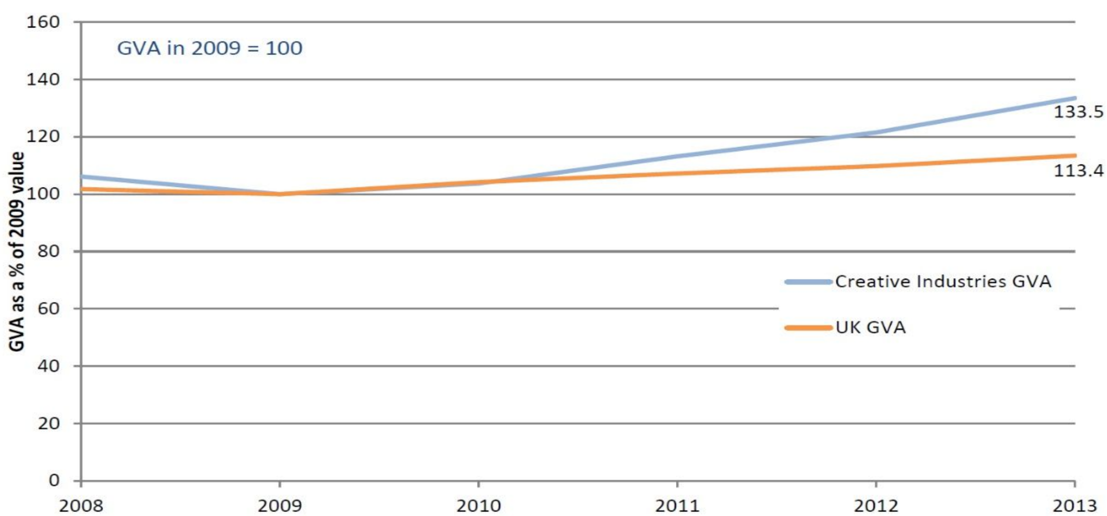

Figure 4. Changes in GVA indexed to 2009 = 100
Source, ONS Methodology Estimates and ONS Annual Population Survey. DCMS *Creative Industries Economic Estimates 2015* Statistical Release, London 2015, p. 20.

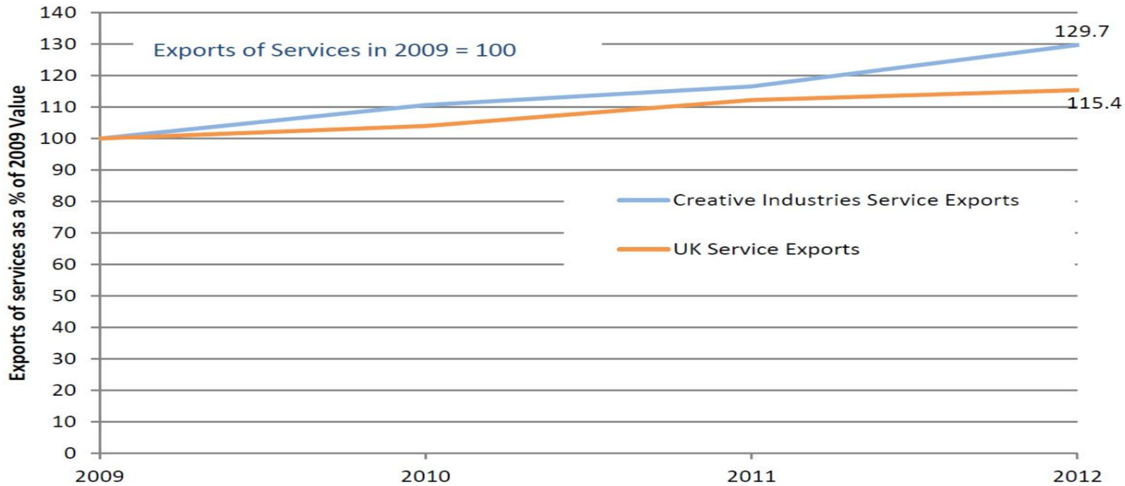

Figure 5. Changes in Exports of Services indexed to 2009 = 100

Source, ONS Methodology Estimates and ONS Annual Population Survey. DCMS Creative Industries Economic Estimates 2015 Statistical Release, London 2015, p. 27.

Looking at the statistical data, a visible growth in the number of employed in the culture sector and in the creative industries is visible after 2008 in UK. At the same time also the number of job offers has increased. This can indicate that a large number of people, that have lost their job in the respective fields of economy such as automotive or banking, took the initiative to create own businesses based on their individual element of creativity. The increased number of employed people together with the increase of businesses active in the culture sector and creative industries caused nearly 20-point increase in the gross added value(GVA) in the analyzed period that, is in the years 2008-2012. At the same time the export of products of culture sector and creative industries in Great Britain was almost 16% higher than the average value of export of products from other parts of the economy.

One can state that the presented data confirms the adopted thesis about the significant role of the culture sector and creative industries have on the European economy during the crisis in the 2008-2012.

Recapitulation

Conducted analysis of the changes in employment in professions and creative business of culture sector and creative industries show that creative sectors – especially production of multimedia contents and business connected with culture and entertainment – have the distinct potential to create work places, also in the time of recession or economy slowdown. Nevertheless, in order to use the potential of creating work places, during the time of coming out of the economy downturn, one needs to understand the uniqueness of how this sector functions and hence the dangers it brings.

First of all, the culture sector and creative industries suffer constant deficiency in access to development capital. Industries with large participation of the public sector are greatly dependent on the condition of the national budgets, hence their development is strongly connected with the macroeconomic situation of the given country. For the private entrepreneurs the low evaluation of the potential growth of the industry by the financial institutions effectively hinders the chance to obtain a credit. Another obstacle that can stop the development is the sector policy and legal regulations at the central level.

Full use of economy's creative potential requires cooperation of departments: Ministry of Culture and National Heritage, Ministry of Sport and Tourism, Ministry of Science and Higher Education, Ministry of Regional Development and others. Programs that are being realized within the scope of one area may not be enough, and cross department disputes in interdisciplinary projects my hinder their realization and deployment of needed legal regulations. The market of creative economy cannot be perceived only through the scope of demand. Insufficient supply in highly qualified workers may be as well a serious blocker for development. What is more, this risk cannot be mitigated in short term as the requirements for these industries are quite specific.

A large part of creative professions require form the employee untrainable element of talent and individual born predispositions, that need to be aligned with hard skills and specific knowledge, for example, in the film industry, media, programing industry, architecture or journalisms. The last issue that requires significant improvement is the introduction of commonly accepted legal solutions regarding the intellectual rights upon which many industries basses their business model.

However, from the presented data it is clear that at the current state of the world economy there is no turning back from the creativity as the main element giving the advantage and the culture sector and the creative industries are the main "actors in this play".

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