

## PROLOGUE: CREATIVE INDUSTRIES FOR SOCIETY

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### Rise of creative industries



Recognition of the importance of the creative industries is one of the notable developments of the first 14 years of the twenty-first century. The realisation has struck that, as the industrial share of the world economy dwindles, other forms of business are gaining in significance. The creative industries have an important role here. This not only applies to the Western world, but equally to other continents such as Asia and Australia. The recent United Nations Creative Economy Report 2013, co-published by UNESCO and United Nations Development Programme (UNDP), shows that the rise of the creative industries is a global phenomenon. The British Department for Culture, Media and Sport set the tone in the United Kingdom when it appointed the Creative Industries Taskforce in the mid-1990s to map the significance of the creative industries for the British economy and develop policy to stimulate growth. The fact that the economy had structurally changed became all the more clear in the subsequent years, when job growth was higher in the creative industries than in the rest of the economy. This was also true in most other countries that devoted attention to the creative industries. However, this is not all: it has since become clear that in its interaction with other sectors and branches, the creative industries can

stimulate innovation in the broader economy. Resting on this is the expectation that the creative industries can play a significant role in tackling the great societal challenges relating to sustainability, quality of life and the promotion of inclusive societies.

### Culture and economy

It was government more than the sector itself that placed the spotlight on the creative industries, which draws upon the power and dynamic of culture. The idea of the economy and culture as opposites consequently fell by the wayside and the emphasis came to lie on their mutual benefits. The implicit philosophy is increasingly that culture and economy actually strengthen each other. The application of economic principles can bolster the cultural sector, while the economy is becoming more cultural. The quality of cultural products that are produced in a market environment is not - contrary to what many perceive - inferior to culture that arises from government funding. Rather, entrepreneurship can increase not only the resilience but also the autonomy of the cultural sector (and vice versa); it has become clear that in many ways culture provides an impetus to the economy. The creative industries have proven to be an economic growth sector. Culture brings a dynamic to cities, provides the raw materials for

identity, supports tourism, promotes creativity and creates an innovative environment in which ground-breaking businesses flourish. Government stimulation of culture should no longer be seen as the icing on the cake, a sort of luxury that the government can brush aside during an economic downturn. Culture is an integral and essential aspect of an innovative, productive and self-aware society. The rise of the concept of creative industries and, following on from this, the label of creative economy highlight this. The consequence of this development, however, is that art and culture are increasingly viewed from an economic perspective, and the danger is that innovation or economic policy will colonise cultural policy. Such an imbalance would strip art and culture of their essential power and social role, and would thus reduce their significance for the economy.

## **Culture is an integral and essential aspect of an innovative, productive and self-aware society.**

### **Essence of the creative industries**

Although the term 'creative industries' is a recently-coined one, the different activities that fall under it are older. Some, such as the visual arts and book publishing, date back centuries. However, they are now classified as creative industries, together with numerous other activities such as

radio and television, design and gaming. Creative industries is the collective name for different types of activity and business that produce goods and services that are the result of individual, and often collective, creative work and entrepreneurship. What characterises it is the key role of content, symbolism and imagination. Businesses and organisations in the creative industries provide consumers and business clients with goods and services that conjure meaning and thus represent symbolic value. They give end-users an experience that not only has cultural but also economic value. The creative industries, therefore, have an important role in the development and maintenance of lifestyles and cultural identities in society, and in the creation of employment and added value in the economy. Creative products, their meaning and symbolism and the lifestyle that builds upon them, are created, designed and produced by the creative industries, and represent a source of economic value that is becoming more visible not only to governments but also to entrepreneurs and investors. Furthermore, the emphasis in recent years has come to rest firmly upon the role of the creative industries in stimulating innovation in the whole economy. The creativity in this sector works as a catalyst for innovation and competition in the economy as a whole.





### Global phenomenon

Creative industries are a global phenomenon, and have been welcomed as an important form of business by many countries. It was estimated to have accounted for 2.6% of Gross National Product (GNP) in the European Union (EU) in 2003. The sector is responsible for 3.1% of the jobs in the EU, which makes it larger than the automotive industries and the IT sector.<sup>1</sup> Developments in a number of Asian countries are also gaining attention. The People's Republic of China has different clusters in such cities as Shanghai and Beijing, with the creative industries there estimated at almost 2.5% of GNP in 2006.<sup>2</sup> Singapore, which has invested in the creative industries for years and has taken art, media and design as its cornerstones, has become a creative hub. Its creative industries were responsible for 3.2% of GNP in 2002.<sup>3</sup> Japan also has a long track record in the production of cleverly-designed hardware for the

consumption of audiovisual content as well as in investment in the global entertainment industries. It also recently invested in the creative sector under the motto of 'Cool Japan'. The creative industries in Australia were responsible for 3.5% of all jobs in 2013.<sup>4</sup> The United States of America (USA) is the birthplace of large-scale media and entertainment industries, and Hollywood has taken the lead as a significant exporter of cultural products for decades. In the USA, 2.2% of the workforce worked in the creative industries in 2012.<sup>5</sup> A further indicator of the importance of the creative industries is the percentage of national revenue generated by the total copyright industries. In the USA, these were directly and indirectly responsible for 11% of GNP in 2011, making this country the world leader.<sup>6</sup> Data from 40 comparable studies collated by UNESCO showed that in three-quarters of all the countries studied, the copyright industries generated between 4 and 6.5% of GNP.<sup>7</sup>

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<sup>1</sup> KEA European Affairs, *The Economy of Culture in Europe*. Study prepared for the European Commission (DG for Education and Culture). Brussels, 2006.

<sup>2</sup> Phillippe Kern (KEA), Yolanda Smits (KEA) and Dana Wang (Shenzen Press Group), *Mapping the Cultural and Creative Sectors in the EU and China: A working paper in support of the development of EU-China cultural and creative industries (CCIs) platform*, 2011.

<sup>3</sup> Media Development Authority, *Creative Industries Development Strategy. Propelling Singapore's creative economy*. MITA, Singapore, 2002.

<sup>4</sup> Creative Industries Innovation Centre/SGS Economics and Planning Pty Ltd., *Valuing Australia's Creative Industries*. Final report, 2013.

<sup>5</sup> Americans for the Arts, *Creative industries: Business & Employment in the Arts*. Key points, 2014.

<sup>6</sup> Stephan E. Siwek (Economists Incorporated), *Copyright Industries in the US Economy*. Prepared for the International Intellectual Property Alliance. Washington DC., 2013, p. 2.

<sup>7</sup> UNESCO/UNDP. *Creative Economy Report*. 2013. Widening Local Development Pathways. Paris, 2013, p. 164.

### **Sectors and branches**

There is little discussion about the creative core. Individuals who are responsible for the creative process and the marketing of their products are, without exception, counted as part of the creative industries. This could refer to designers of products and services, audiovisual producers, literary authors, art galleries, architects and newspaper or music publishers. However, there is less agreement on whether the printers of books, magazines and newspapers or the manufacturers of musical instruments belong to the creative industries. There is also some debate about the position of traditional crafts and, sometimes, even the heritage sector. One of the other important points of discussion is the software sector. The question of definition is important if one is to ascertain the number of jobs in the creative industries and its contribution to GNP. If, for example, software is not included, this means a reduction in the number of jobs and revenue by about a third of the whole sector.

The different branches of industry that can be considered part of the creative industries may be divided along different lines. An important division is between creative branches that focus directly on end-users, the public or consumers, and those that supply other businesses. The former group of businesses and institutions are sometimes termed the creative industries and the latter, the cultural

industries. In many cases, all the different activities taken together are termed the 'cultural and creative industries' (CCIs). In this essay, both categories are taken to refer to the creative industries.

### **The creative economy is about harnessing the catalytic effect of creativity for innovation and development.**

The section of the creative industries that mainly works for end-users provides its services to the public and consumers in different ways. This can be via information media, ranging from print to electronic media, or via direct contact at a specific place where providers and audience meet. The media and entertainment industries are an important category in this segment of the creative industries. They range from television and radio to the written press, and from the film, video and music sectors to the video-game industry. Live entertainment is also considered part of this segment. A second important sector that works directly for the public is the art and heritage sector, which ranges from the performing to the visual arts and from museums and libraries to historic sites and monuments. Those who preserve and open up historic sites and monuments to the public are active brokers of art and culture, and their work draws upon the power





of imagination and symbolism. They usually work on a public objective, and generally receive public funding. Museums and archives assume a similar position, and many make advanced use of digital technology and services to make cultural heritage accessible. Art and heritage can be distinguished from the media and entertainment industries, which mainly rely on market revenue. This section of the creative industries, which is particularly relevant to both the economy and culture, has undergone tumultuous development due to digitisation. Existing practices have been given the elbow, and the vacuum that arose has been filled by various new parties, some of whom find their origins in technology development and information distribution. Incidentally, the distinction between 'public funding' and 'reliant on market revenue' does not run exactly along these lines. Almost all countries have public broadcasting organisations that receive their main funding from government, but are also part of the media and entertainment industries. Likewise, there are institutions in the art and heritage sector that are not reliant on grants. For example, most countries have independent stage producers and theatres who earn their income from the market. Companies that provide creative services to other companies can be termed creative business service providers. Examples include product designers, architects, advertising professionals and brand experts.

They provide creative input for many branches and fields, ranging from the manufacturing industries to the service industries and government.

**The power of imagination that lies in the creative industries, in combination with the possibilities and practice of creative design, could represent important ways of addressing grand societal challenges.**

They highlight the distinctiveness, corporate identity and 'lifestyle value' of companies and their products and services, and are more or less fully reliant on market revenue. Within the creative services branch, the number of people employed in a creative occupation is relatively high. The reason for this is that companies in this branch of the creative industries provide creative input to the production process of other branches, and are not responsible for production or manufacturing. For example, it is the task of an architect to supply a design but the architectural firm is not responsible for the physical construction of the building: this is the job of the builder. A product designer supplies the design, but

the company is not responsible for the actual production. A fashion designer is responsible for the creative part, the design, but does not run clothing factories. Incidentally, many professionals in the design disciplines and other professions in the creative industries work in companies that we do not consider part of the creative industries. Product design is often one of the core activities that a company in, for example, the manufacturing or graphic sectors wants in-house. Communication, branding and advertising experts also often work in businesses that do not belong to the creative industries. If one wants to learn all about the creative economy, it is necessary to not only look at the percentage of the total workforce employed by the creative industries, but also at how the creative professions are embedded in the wider economy outside the creative industries. In determining the scope of the creative industries, one should always keep in mind the main meaning of the concept. The production, supply and marketing of symbolism and meaning, and the creation of contributions and experiences form the core of the sector. Given this consideration, it becomes obvious that in countries and regions in which, for example, the culinary sector has an important role, such sectors could (or even should) count as part of the creative industries. Food and cooking is an aspect of the culture in many regions, and it is kept alive as a specific form of symbolism and sensory experience

which, furthermore, requires design skills. There is no reason not to include haute cuisine in the debate and policy on the creative industries, if we already include haute couture. Equally, there are points of contact between the creative industries and the tourism and recreation industries, and there is even some overlap in places. The increased importance of these branches emphasise the increased and expanded economic utilisation of the creative and cultural potential of society.

#### **From creative industries to creative economy**

In economies that mainly rely on the mass deployment of industrial workers or the exploitation of natural resources, there is a growing need to seek new sources of value. The development of the creative industries, as a special part of knowledge-intensive services, could be the answer to this challenge. Businesses and organisations, both within and outside the creative industries, are finding their own ways to connect to the experience of consumers. They need to do this in order to be able to differentiate themselves in the market. How this is done and whether it is successful is increasingly considered to be an indicator of innovation, not only in the manufacturing industry (from car manufacturers to the clothing industry) but also in the service industries (from banks and insurers to energy providers). The skills and





competences that are developed in the creative industries are essential here. In the creative economy, the human ability to create value from new knowledge and ideas by using technological possibilities and focusing on market needs and social urgency is the most significant motor of growth. Key to this is an understanding of trends and social needs, which are used to translate new knowledge and revolutionary technological concepts into products and services. Design knowledge and skills are crucial here. Strong creative industries lay the foundations for these ingredients, which are essential for an attractive and competitive range of products. What is currently essential is that the right creative input, one that makes use of new knowledge and technology, is taken and linked to societal needs and urgencies in the development and, in particular, design of new goods and services.

The creative industries are design driven. Design is central to all creative disciplines and branches: in the media and entertainment industries, which is about designing new formats; in architecture, which is about designing the physical environment; and in the museum world, where curators must consider the design of exhibitions and ponder the question of how to present works online. Grand societal challenges such as an ageing population, mobility issues and, of course, sustainability require integral solutions for which technological solutions do not suffice:

cultural values are at issue and these require an approach in which the creative industries as a design sector is expected to play a role. One of these grand challenges is increasing urbanisation. More than half the world's population lives in cities, which results in countless complications in the field of sustainability as well as with regard to the inclusivity of the urban community and creating liveable cities. The creative industries are an aspect of the liveable city due to the cultural identity that is partly based on, for example, the presentation of art in public spaces and urban cultural facilities, ranging from theatres and concert halls to libraries, and from cinemas to museums and parks. Furthermore, the creative industries are a source of ideas and designs for the city, especially for urban designers, architects and designers who, together with the urban authorities are responsible for the structure, look and feel of a city. Those working in the creative industries are, after all, an important and particularly visible section of the urban community.

Creative businesses and those working in the creative industries often choose to live in city centres and, consequently, give colour and character to them. To be able to play its part in the creative economy, the creative industries must connect with other areas of society and the economy to promote the productive application of new knowledge and technologies, as well as to meet societal challenges.

A good example of the way in which the creative industries develop new applications that add value to other sectors is serious gaming. Developed as an entertainment product, games are increasingly applied not only in communication and information strategies but also in the healthcare sector, where the utilisation of games in, for example, the rehabilitation process is garnering impressive results. This kind of crossover between the creative industries and other sectors is necessary to fulfil the promise of the creative industries. Consequently it becomes an integral part of the innovation system. The EU recently expressed this in a fitting way: ‘Design is increasingly recognised as a key discipline and activity to bring ideas to the market, transforming them into user-friendly and appealing products or services’.<sup>8</sup> This is why it deserves special attention in policy.

#### **Creative talent as crucial factor**

The creative economy marks a phase of development in which people are needed more than ever for their most specific human ability: creativity. It is neither the mass deployment of workers nor the possession of finite natural resources that determines the strength of nations or economies, although the presence of a strong business community and sufficient investment capital are still crucial. It is the availability of sufficient creative

talent, both within and outside the creative industries, that determines economic power and cultural vitality. In the creative economy, culture and economy draw from the same source. The imagination that is essential for artistic production is also essential for innovation. It is no coincidence that the fields of art and innovation meet more often and sometimes even overlap. Some artists deconstruct and unravel technology from a social or aesthetic perspective. They make paths of development visible – for example, in the life sciences and Information Technology (IT) – that are sometimes overlooked in the dominant field of technological design. Within biotechnology, many ethical questions arise about the integrity of the human body, while IT leads to discussions on the status of the personal environment in the digital network society. The arts sometimes also indicate alternative development paths that serve social values, objectives and applications, which would otherwise remain untouched. Innovation requires a comparable explorative approach to technology and its implications, and can be of great value in strengthening social systems and the product portfolios of businesses.

The role and meaning of creative talent and how it is linked to the economy, particularly with regard to the promise of the creative



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<sup>8</sup> Council of the European Union, Implementing an Action Plan for Design-driven Innovation. Commission staff working document, SWD (2013) 380. Brussels: European Commission, 2013. p. 3.



industries, therefore deserves more attention in policy directed at the creative economy. Education takes a key role here. The answer to the question of which particular skills and competences are required is taking shape in current developments. This involves a combination of exploration, design and entrepreneurship, and the practical utilisation of knowledge in the light of social needs and market opportunities. It has direct implications for how educational institutions train young talent. With regard to policy, the prime focus should no longer only be on facilitating businesses but also on creating a basis of creative talent that can redeem the creative promise.

### **Creative cities**

Alongside national governments who have focused their policy on the creative industries, many cities and regions have invested in this sector in recent decades. As factories close and jobs in manufacturing industries disappear, many cities have been forced to redefine their economic base and redevelop their urban spaces. Many cities have seized upon the creative industries as an impetus for urban redevelopment with an eye to developing not only a new economic base but also a spatial one. One development that stands out is the reuse of industrial buildings for the creative industries, and it is here that small creative businesses generally set up shop and work together while retaining their autonomy

and generating a living from their creativity. Regional economic policy often focuses on innovation that arises from collaboration between knowledge institutions and businesses, and leads to the creation and development of innovative clusters. The fact that the global economy is starting to take the shape of a network of connected regions that also compete with each other is relevant here. At the same time, there is also a special relationship between the creative industries and the city in other respects.

Culture and creative businesses are called upon to help redevelop neighbourhoods and make them more liveable. The material and immaterial cultures of a city are used as much as possible for this purpose. Another aspect of this movement is the promotion of local creative industries and a focus on cultural participation in the city. Participating in culture enriches people by furnishing them with knowledge and cultural capital that has potential for fruition in other areas of human society. A creative city is, therefore, also a liveable city that works for and with its inhabitants on the development of its own identity, an identity that builds upon its immanent power and own cultural past. Furthermore, culture and the creative industries are considered important aspects of an innovative climate because they help attract and retain creative, innovative talent.

This talent, which can be employed in both the creative industries and in other sectors or for the government, is essential for regions that foster an ambition to be among the most innovative. The creative industries are emerging at the local and regional levels as an important connecting element that can enrich cities, socially, culturally and economically.

## **Crossover between the creative industries and other sectors is necessary to fulfil the promise of the creative industries**

### **Conclusion**

Policy on the creative industries has seen an upsurge in the last fifteen years or so. During this period, a sector began to emerge that differentiated itself with above-average growth in jobs and economic value. The realisation is gradually dawning that a more fundamental development is occurring in the direction of what we have come to call the creative economy. This economy is about harnessing the catalytic effect of creativity for innovation and development, an effect that we are familiar with from the creative industries. New knowledge and technology should be used to develop products and services for which there is a market need. Knowledge of and

competence in creative design are crucial here. The creative industries also have a role in the broad social systems that are being put in place to meet numerous challenges. These can range from the consequences of an ageing of the population and the disproportionate burden laid upon health services, to responding to the consequences of global warming. The power of the imagination that lies in the creative industries, in combination with the possibilities and practice of creative design, could represent important ways of meeting these challenges and fulfilling the creative promise. The realisation of this potential is an important task for the future. This applies in particular to the development of sustainable and liveable cities, a challenge that increases with continuing urbanisation. The development of sufficient creative talent is crucial: creativity has a central place alongside all the other competences and skills that the twenty-first century requires. Amidst this process, we should not lose sight of the intrinsic importance of culture. Each society should ensure there is enough room for artistic experiment and the celebration of its rich cultural past; sufficient room to share art and culture that arises beyond the immediate law of the market, with the aim of shifting the boundaries of symbolism and experience; and, sufficient room for a laboratory of the soul and imagination. Ensuring that there is room for fundamental research as a breeding



ground for new knowledge and technology cannot be avoided here. Applied creativity needs 'free art' in just the same way.

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