

Creative economy and knowledge-based society. Perspectives for Romania

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Abstract. *Creative economy is a rather new concept that started developing during the last decade, being currently applied to a variety of activities and professions. It has become an important sector of the global economy, being sustained and promoted by the European Union, especially in the context of an innovative and knowledge-based society. Within this new type of economy, creativity, innovation and knowledge management are essential factors that lead to a smart, sustainable and inclusive development in regard to the creation of new jobs and to the social inclusion requirements. According to John Howkins (2001), the creative industries / sectors include art, research, advertising, movies, theatre, software, with the possibility of the concept of creative economy to be extended to other non-artistic and IT related fields, where improvements are expected to arise through innovation and creativity. The Global Creativity Index (GCI) and the European Innovation Scoreboard (EIS), are two benchmarking tools that measure the creativity and innovation degree of the countries in the European Union, placing Romania within the last positions, especially with respect to intellectual property rights and entrepreneurship. The research methodology consists of both qualitative and quantitative methods, while the research questions to be answered are What is the degree of innovation in Romania compared to other states? What can be done in order to increase the level of innovation in Romania? In this viewpoint, the paper analyzes the development of the creative industries / sectors in Romania, in the context of creative economy and innovation. The objective of the paper is to analyze the extent to which the concept of creative economy can be promoted and implemented in Romania, given its increasing importance at the international level, with countries such as the United Kingdom that already adopted strategies to sustain this kind of economy in the past years. In order to reach the above mentioned objective, the paper has been structured by starting with a brief literature review on the topic, followed by some best practice examples in order to have an overview of the international trends in the field. It includes as well the main challenges for the implementation of the concept of creative economy in Romania, accompanied by a set of conclusions and recommendations.*

Keywords: creative economy, innovation, knowledge-based society, creative industries/sectors, entrepreneurship.

Introduction

The concept of creative economy started to develop about a decade ago, being currently applied to a wide variety of activities and professions. Over the years, creative economy turned into an important sector of the global economy, that continues to develop in the context of the knowledge-based society and innovation.

Currently, creative economy supports the idea that innovation can arise in numerous sectors, both in developed and in developing countries, and observes the global phenomenon with all its implications (Hartley, 2015).

Creative economy does not only address the artistic or the IT industries, but also sectors such as agriculture, where implementing new techniques can lead to the

improvement and increased efficiency of the results on the short term, as well as on the long term (Suciu, 2008).

The purpose of this paper is to highlight and document the importance of this new type of economy that places the human resource and its creativity at the core for the development of nations across the world through the creation of new ideas, new businesses, new jobs and scientific, technological and artistic advances.

The paper also documents the current state of Romania within the context of creative economy, its innovation and creativity performance in comparison with other member states of the European Union, but also with states from outside the EU. The paper also tackles perspectives for increasing the level of innovation in Romania.

The evolution of creative economy

John Howkins, in his book „The Creative Economy: How people make money from ideas” defined the creative product as „an economic good, service or experience resulting from creativity and with the characteristics of being personal, novel and meaningful” (Howkins, 2001, p. 8). John Howkins had highlighted the role of individual creativity as the primary source of this new type of economy. (Howkins, 2001)

„Creative Europe”, and „Europe 2020” are two important programmes of the European Union that follow „Lisbon Strategy” having as the main purpose the need to support an intelligent, sustainable development, that is favourable to inclusion and job creation. In this regard, the strategy states among the most important sectors research and development and innovation (European Commission, 2013).

The „Creative Europe” programme amounts €1.46 billion and it was adopted in 2013, due to run between 2014-2020 and encompassing the previous cultural programmes such as the Media Programmes and Culture that are currently sub-programmes in charge or supporting heritage, visual arts, performing arts (European Commission, 2013).

Creative economy has been associated with the creative industries and cultural sectors, for which the protection of the intellectual property rights is very important. In John Howkins’ view, the creative sectors include art, architecture, research, editing, publishing, design, fashion, music, film, theatre, television, radio, software and video games (Howkins, 2001).

In the following years, Richard Florida outlined the importance of the human creativity, considering it as one of the most important economic resource and stating the importance of the 3 T’s (talent, technology, tolerance) for the development of an economy (Florida, 2002). Richard Florida and his team are currently working on the implementation of a 4th T, territory, that highlights the importance of the development of local and regional creative communities.

In consensus with the objectives of the Strategy „Europe 2020”, the Global Creativity Index (GCI) estimates the competitiveness of a country in relation with the degree of innovation of that country, by taking into consideration criteria such as the number of scientific researches and the number of registered patents (Richard Florida, The Martin Prosperity Institute, 2011).

„Creative Economy”, a report edited by UNCTAD and published for the first time in 2008 and next in 2010 shows that the essential factors that lead to the creation of new jobs and to the increase of the level of innovation in this new type of economy are creativity, knowledge, culture and technology (UNCTAD, 2010).

Creative products can take numerous shapes, starting from hypotheses, theories, materials or designs that satisfy certain needs and are relevant for the enhancement of knowledge in the sector that they address (Suciu, 2004).

Creative economy is also referred to as the Orange Economy in Latin America and the Caribbean (Buitrago, 2013) and is composed of the creative industries that involve the economic activities related to the exploitation or generation of information and knowledge, also called cultural industries (Hesmondhalgh, 2002).

Over the years, there have been many suggestions regarding the activities that should be included within the creative industries concept, also generating many debates and discussions regarding the overlap and the differences between terms such as: „creative economy”, „cultural industries” and „creative industries”.

Therefore, there have been some distinctions made between the cultural industries and the creative industries, describing the cultural industries as a sub-sector of the creative industries, due to the fact that they focus on delivering cultural and social wealth and include industries that are related to heritage, cultural tourism, museums, libraries.

Statistical findings and methodology

Measuring a creative economy can be done by using indicators from other economies, such as employment, trade, consumer expenditure, but also by adding indicators such as intellectual property rights.

It can become very challenging to measure a creative economy when it comes to measuring designs, ideas, brands, due to the intangible factor. Creativity determines a different nature of work, with non-financial transactions and a high number of part-time workers and even freelancers.

Given the fact that the concept of creative economy is rather new, some of the governments across the globe have not yet modified the national statistics in order to include the new forms of creative occupations and transactions, therefore national data is often unreliable in this regard. This is also the case of Romania, where it is very important for the Government to acknowledge the issue and modify the statistics in such a way to include the creative economies. Once the level of productivity of the sectors is accurately measured, actions can be taken in order to support their development.

However, countries such as the United Kingdom, Canada, Australia, New Zealand, Finland, Denmark, Luxembourg, Iceland, Netherlands, Singapore, South Korea and the United States of America are striving for a more accurate measurement of their creative economies that will be reflected in their national statistics.

Due to the importance of this new type of economy, there are countries that adopted certain strategies in order to support it, acknowledging its importance. The United Kingdom adopted the strategy called „Creative Britain” (NESTA, 2016). The Department for Culture, Media and Sport (DCMS) from the United Kingdom's Government described the creative industries as „those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 2015). and acknowledged nine creative sectors that include marketing and advertising, crafts, architecture, design, IT, publishing, museums, music, film (DCMS, 2015).

The DCMS also classified occupations and enterprises as creative based on the primary products of the enterprise and on the primary activities of the workers. This classification has the purpose of quantifying the number of companies and creative

workers employed, in order to identify locations with a high concentrations of creative activities.

The UK counts 47 creative clusters across the country, which increased their creative employment by 28% between 2007 and 2014. According to the latest available statistics from The Department for Culture, Media and Sport (DCMS), the Gross Value Added (GVA) amounted in 2015, £81.4 billion, which translates into 5.2% of the United Kingdom's economy. Also, in 2015, the creative clusters accounted for 1.9 million jobs, contributing to the economy and providing creative input for other sectors as well, through design, software or advertising (NESTA, 2016)

In 2015, the Martin Prosperity Institute released a study called the Global Creativity Index 2015, that connects creativity to the global economic development (Martin Prosperity Institute, 2015). The study ranks 139 countries on three pillars, Richard Florida's „3Ts", talent, technology and tolerance. The three pillars can be described as follows: talent refers to the share of adults with higher education and workforce in the creative class, technology refers to research and development investment and patents per capita, while tolerance involves treatment of immigrants, gays and lesbians, as well as racial and ethnic minorities.

The Global Creativity Index supports the idea that within the knowledge based society and economy, where production and consumption are based on intellectual capital, creativity and the 3Ts are linked to social and economic development.

The 2015 edition of the Global Creativity Index (GCI) places at the top of the list Australia, as the most creative country, taking Sweden's spot, which ranked first in the previous editions, published in 2004 and 2011.

The United States ranks second, while New Zealand is third on the list, Canada is the fourth and Finland and Denmark are both occupying the fifth place. The top ten also includes Sweden, Iceland, Singapore and the Netherlands.

At a closer look, the country that has the largest share of creative class is Luxembourg with 54%. In terms of technology, South Korea is the leader, while for the talent pillar, Australia is at the top of the list. Canada is first in tolerance, measured in terms of positive attitude towards religious and ethnic minorities and LGBTQ people.

The Martin Prosperity Institute connects the prosperity of countries with the scores they obtained in the Global Creativity Index and draws a connection between urbanization and creativity, pointing out the higher scores of the more urbanized nations. The top performer countries have high levels of human development, entrepreneurship, productivity and competitiveness and tend to be more equal societies.

According to the Global Creativity Index, Romania ranks 68 in terms of creativity out of 139 countries across the Globe that were considered for the study. Within the ranking, the 67th position is occupied by Trinidad and Tobago, while the 69th position is held by Peru. The top 25 creative countries and their Global Creativity Index can be seen in the table below (table 1).

Table 1. *Top 10 Countries according to the Global Creativity Index*

| Rank | Country | Technology | Talent | Tolerance | Global Creativity Index |
|------|---------------|------------|--------|-----------|-------------------------|
| 1 | Australia | 7 | 1 | 4 | 0.970 |
| 2 | United States | 4 | 3 | 11 | 0.950 |
| 3 | New Zealand | 7 | 8 | 3 | 0.949 |
| 4 | Canada | 13 | 14 | 1 | 0.920 |
| 5 | Denmark | 10 | 6 | 13 | 0.917 |

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|----|-------------|----|----|----|-------|
| 5 | Finland | 5 | 3 | 20 | 0.917 |
| 7 | Sweden | 11 | 8 | 10 | 0.915 |
| 8 | Iceland | 26 | 2 | 2 | 0.913 |
| 9 | Singapore | 7 | 5 | 23 | 0.896 |
| 10 | Netherlands | 20 | 11 | 6 | 0.889 |
| 68 | Romania | 65 | 60 | 76 | 0.425 |

Source: Global Creativity Index 2015 Report, Martin Prosperity Institute.

There is another benchmarking method known as the „European Innovation Scoreboard”(EIS), an annual publication of the European Commission released in 2016 (European Commission, 2016), that contains data updates until April 2016, placing Romania on the last position in the European Union in regard to the degree of innovation in economy, together with Bulgaria (figure 1). They are considered to be modest innovators, and situate themselves at less than half of the average innovation performance of the European Union. The European Innovation Scoreboard (EIS) is a report that issued its 15th edition in 2016, providing a situation of the innovation and research performance of the EU Member States since 2001, helping them to direct their efforts towards improving the underperforming areas.

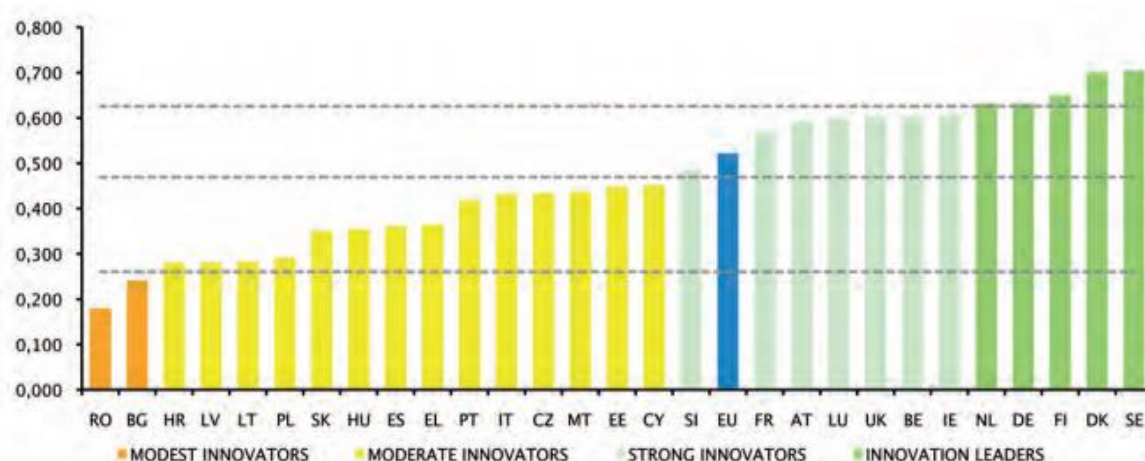


Figure 1. EU Member States' innovation performance

Source: European Innovation Scoreboard, European Commission, 2016.

The methodology involves the measurement of the innovation performance with a composite indicator, the Summary Innovation Index, which encompasses the performance of various indicators, distinguishing among three main types of indicators: enablers (such as human resources, doctorate graduates), firm activities (firm investments, linkages and entrepreneurship) and outputs (medium and high-tech product exports).

The member states of the European Union are evaluated and ranked based on 25 criteria in total, among which we can also mention public and private investments in research, the number of patents, sales of new developed products, the number of employees in the cutting-edge technologies.

Romania ranks very low in the entrepreneurship and intellectual property areas (European Commission, 2016). Romania registered the most negative growth rate over an eight year period, 2008-2015, while at the other extreme we can find Latvia and Malta, which registered the highest growth over the same period of time. On a comparison of the European Union member states to the neighbouring countries, the most innovative country in Europe remains Switzerland.

Since the national statistics are not very accurate when it comes to the creative industries/sectors, the real situation of Romania is rather difficult to assess in the context of creative economy.

However, through the research deployed for the development of the available benchmarking tools presented before, Romania is clearly not among the top innovators of the European Union and ranks average in the global rankings. This situation can be changed through government support and programs that can sustain the creation of new businesses in the creative sectors, that will in turn generate new job opportunities and the creation of flourishing communities and clusters.

The performance for the European Union as a whole has shown considerable improvement and the study estimates an increase in the EU's innovation performance of approximately 2.5% in the next two years.

Conclusions

Creative economy has been acknowledged at the global level as a new type of economy and nowadays there are consistent efforts of measuring the creativity and innovation performance of each country.

In the context of nowadays' diversity, globalization and technological advances, it has become clear that human resources are the most important resource for the development of nations, through their creativity that leads to innovation.

In this viewpoint, the European Union started to adopt strategies that promote sustainable development, job creation, social inclusion, supporting research and development and innovation as well as the preservation of heritage and different types of arts.

The present paper gathers a brief literature review on the topic of creative economy, as well as a collection of data regarding the degree of innovation of countries across the European Union and of other countries.

Due to the fact that the concept is rather new, as it only appeared a decade and a half ago and started to develop slowly with the contribution of authors such as John Howkins and Richard Florida, there are several limitations to it.

First of all, countries across the world are very slow in modifying their national statistics in order to reflect the new forms of creative transactions and occupations, which makes it very difficult to estimate the degree of innovation of a nation.

This is also the case of Romania, where it is very difficult to assess the real situation of the country in the context of creative economy, since the national statistics are not very accurate in relation to the creative industries and since the creative industries themselves are not being very well distinguished from the rest of the sectors of the economy.

When it comes to Romania, as previously shown, the country ranks last in innovation performance among the European Union member states according to the European Innovation Scoreboard study from 2016 and below average in creativity, on the 68th position out of 139 countries analysed in the Global Creativity Index 2015 Report.

Future lines of research include a comparative analysis between the most innovative countries in the European Union and the creation of a best practices guide. For the evolution of Romania in terms of creativity and innovation, it would be necessary for the Government to recognize the importance of the creative and cultural sectors, to acknowledge them and to develop programs that support them.

In conclusion, Romania is not a top innovator, but that does not imply that Romanians are not creative people, but rather that creative industries should benefit from government support, in order to encourage and educate more people that are involved in creative/cultural activities to develop new businesses, communities and clusters that can interact and benefit from one another, and ultimately to create new job opportunities within these sectors of the economy.

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