

CREATIVE ECONOMY. DETERMINANTS AND STAKES OF CREATIVITY AND INNOVATION MANAGEMENT. REGIONAL INGRESSIONS

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Within the framework of creative economy the creative and innovative management represents a strategic issue to consider when stimulating the enhancement of competitiveness among companies and countries. Creativity, innovation and new product development are the main aspects that should be referred to in order for a company to achieve a leading position, both on local and global markets. Besides the reinforcement of active policies within companies, there should be economy-wide approaches for stimulating nation-wide creativity and innovation through various policies (quality of the environment, talent retention etc.). The aim of this paper is to outline the main determinants and stakes of creativity and innovation management in the context of the knowledge-based society.

Keywords: creative economy, innovation, creative and innovative management, creative place

JEL classification: O0, O1, O3, R1.

1. Creativity and Innovation at the Centre of Competitiveness Concerns

There are six main internal determinants for competitiveness based on creativity, innovation and new product development: organization strategy & availability of resources; new technologies; intensity of research and development activities; organisation culture & communication; organisation structure and motivation of employees & their involvement⁸⁸. However, there are authors who argue that competitive advantage can be achieved by dint of technologies alone. According to such authors, new technologies are to turn into efforts into new products. In this respect, it is within the scope of research and development to create and improve the technological potential⁸⁹. In our opinion, technologies alone cannot play this complex role without a backup coming from the aforementioned factors.

In addition, we would like to mention the impact of *interdisciplinary and multidisciplinary approaches* within the innovation process. It is comprised of *the formal and informal framework* that brings together organisations from different industries and technological institutions around common purposes and objectives. This framework enables the combination of competences and the integration of extremely necessary knowledge and abilities for creating technologies and complex products for the market. This type of *cooperation* should be: *diverse* (for actors and competences), *coherent* (integrating complementary activities) and *interactive* (tight cooperation relations). In this context, forming *interdisciplinary heterogeneous teams* would also play a key role for the cohesion of idea generation and subsequent efforts.

This *diversity* mainly refers to the education attainment level of the members who are part of such heterogeneous teams. There is a direct relation between the education heterogeneity of the

88 Alves, Jorge, Marques, Maria José, Saur, Irina, Marques, Pedro, Creativity and Innovation through Multidisciplinary and Multisectoral Cooperation, in "Creativity and Innovation Management" 16 (1), 27–34, 2007.

89 Reger, G., von Wichert-Nick, D., A Learning Organization for R&D Management, in "International Journal of Technology Management", 13 (7/8): 796-817, 1997.

team, the innovation degree embedded in products, the degree of detection of environment opportunities and the openness of the strategic planning created by the entrepreneurial team. Creativity and innovation are present at all business levels – from the management of company to aspects pertaining to development, branding and product state. Companies face rapid changes due to growing market competition on the one hand and their efforts to keep the pace or improve their position on the other hand. Creativity outputs render the company more attractive both for clients and for partners. In other words, business future, profitability and *sustainable competitive advantage* largely depend on their degree of creativity. Therefore, innovation requires also flexibility, because innovation that cannot be commercialised is worthless⁹⁰.

A company is *innovative active* if it is involved in:

- the introduction of a new product (good or service) or a significantly-improved one;
- unfinished or abandoned innovative projects;
- expenses for internal research and development activities, training, accumulation of external knowledge or machines and equipments to be used for innovation activities.

Creativity, as a source of sustainable development and seen as the first step in achieving innovation has three interacted facets:

- *Technological side*. In this case creativity results in innovation, new products and ideas and technologies.
- *Economic side*. This type of creativity includes entrepreneurship, turning innovation, new products and ideas and technologies into new business or new industries.
- *Cultural and artistic side*. This type of creativity refers to the ability to invent new ways of seeing things, new art forms, new designs, new photos, new concepts etc.⁹¹

2. Regional Requirements for Creativity and Innovation

In his study, *Competing in the Age of Talent: Quality of Place and the New Economy*, Richard Florida highlights the role played by the *creative place*⁹² in the development of the new economy. Within this category fall amenities and the quality of the environment as well.

The authors points to the following issues:

- *Quality of place from natural, recreational and amenities standpoints*, all of which influence our lives. Creative knowledge workers prefer to choose culturally rich environments with various amenities to live and work in. These are places where global networks turn into growing and competitive regional and urban economies.
- *Availability of career opportunities and jobs* is a necessary but not sufficient condition to attract creative and innovative people in a region.
- *Quality of the environment and level of amenities*, including the possibility of developing competitive technologies.
- *Strategies* meant to propel the improvement of the quality of environment and natural amenities, and to attract and retain talent in those places.
- *Recreational activities and amenities* that influence *the life style of creative and innovative people*.

The same author suggests that a set a measures should be implemented for the human factor to be motivated to pursue its purposes. These policies would basically concern:

- the transformation of the quality of the place into a real objective within regional economic development strategies;

90 Sutton, Robert I, *Weird Ideas That Work*. 11 and a half Ways to Promote, Manage and Sustain Innovation, Allen Lane, The Penguin Press, London 2002.

91 Florida, Richard, *The Rise of the Creative Class: And How It's Transforming Leisure, Community, and Everyday Life*, New York: Basic Books, 2002.

92 Place is different from location, as the former includes complex elements as well, such as social, environmental and cultural factors besides the factors offered by location: distance to the market or availability of adequate labour force.

- the integration of natural amenities within the general policy of regional economic development and talent retention;
- investment in recreational amenities;
- the development of a strategy targeting the amenities of the academic environment and their integration into regional economic development strategies;
- encouraging regional sustainable growth and development through sustainable use, preservation and revitalisation of natural resources;
- creation of certain mechanisms meant to stimulate knowledge and ideas on behalf of citizens for improving the quality of place.

There are studies trying to explain the connection between *tolerance* (including *individuals' talent* and *high-tech jobs*) and *economic health and growth*. Gary Sands and Laura Reese⁹³ conducted a study on forty medium-sized urban places in Canada that revealed that there is a connection between *diversity* and the creative population and economic health. However, there has been found no correlation between high-tech jobs or economic growth and the other factors. The authors conclude that amenities and economic development strategies based on *the creative class* may be effective, but they are not sufficient. Besides, they also consider that it would be necessary to take the following measures: implementing a tourist marketing strategy; improving the general infrastructure; rendering the business environment more attractive in the traditional way; implementing various strategies for retaining resources and talents.

3. Creative Milieux – Resultant of Place and People Vectors

'*Creative milieux*' bring together shared spaces and traditions where people can learn, compare, compete and cooperate and where creative and innovative people can suggest, develop and disseminate or reject ideas. These are places where genuine and deep knowledge are borne by people with various competences and communication skills. In these places, people experiment and are willing to face highly uncertain and complex market situations, whose main landmarks are continuous changes in the culture, science and technology.

For creativity and innovation to be fostered, *informal and spontaneous communication* is a must both at internal and external level.

In addition, '*creative milieux*' are *synergetic* and *multidisciplinary environments*, connecting science, arts and business and benefitting by a stout financing structure, capable of financially supporting experiments, risk-taking and trial-and-error activities.

There are examples galore of '*creative milieux*'. However, these good examples should be replicated everywhere in the global economy. Examples of such good practice '*creative milieux*' are: *New York Silicon Alley* (USA), *Silicon Valley – San Francisco Bay Area* (USA), *Boston's Route 128* (USA), *Creative Industries Precinct* (Australia, Queensland), *Cyberjaya – Malaysia's Multimedia Supercorridor* (Malaysia), *Intelligent Island* (Singapore), *Shenzhen* (China), *Barcelona* (Spain), *Goteburg* (Denmark), *Milano* (Italy), *Jamtland* (Sweden), *Tilburg* (The Netherlands), *Berlin* (Germany), *Helsinki* (Finland), *Dublin* (Ireland). All these places generate competitive advantages such as: increased productivity by larger access to inputs (technology, knowledge, labour force); promoting innovation by rapidly reacting to opportunities; promoting training in other fields as well as life-long learning by facilitating access to competences, technology and capital.

Apart from the incontestable role played by internal and organisation-related factors in generating creativity and innovation, geographers have highlighted the *regional clustering* phenomenon in the creation of new ideas that give rise to patents and advance technologies in a specific field⁹⁴.

93 Sands, Gary, Reese, Laura A., Cultivating the Creative Class: And What About Nanaimo?, in „Economic Development Quarterly”, Vol. 22, No. 1, pp. 8-23, 2008.

94 Sherwat E. Ibrahim, M. Hosein Fallah, Richard R. Reilly, Do Localized Clusters Influence Creativity of Inventors?, in „Creativity and Innovation Management” 15 (4), 410–418, 2006.

The main *external geographical determinants* are the interactions having a direct effect on innovation (from the perspective of *the human factor*) and the specific events and the local environment circumstances grouped into the following categories⁹⁵:

- *directly localised factors influencing creativity* (local inhabitants, material aspects outside the organisation);
- *localised situations belonging to the local environment* (such as brainstorming sessions, meetings, social reunions, conferences, seminars, fairs etc.);
- *localised stimuli* grouping general influences pertaining to the regional environment (agglomeration).

Besides the *regional clustering phenomenon*, we mention the concept of *communities of practice* within the selfsame regional context. These communities of practice refer to people belonging to and acting in a specific field, irrespective of their spatial localisation. Communities of practice represent groups of people who are informally connected through expertise and passion for joint projects. Such people have a common baggage of knowledge and practice, common values and attitudes and the sense of a common identity. Unlike clusters and agglomerations, communities of practice are not strictly dependent on space because connections can subsist either by traditional meetings or at distance by information and communication technologies. It is not the means of interaction (close-far; here-there) that characterises communities of practice, but rather the shared experience and knowledge.

The necessity of communities of practice is explained by the usefulness of rapid resolution of problems that might arise in that field. Within these communities, expertise, good practice transfers, professional skills development and many other assets build their strength.

The counterbalance of these efforts comprises a wide range of benefits such as *social and organisation innovation* (by creating, developing and applying knowledge), knowledge sharing as well as individual and group learning. Although few, disadvantages may occur as well: conflicts related to power and the tendency to exclude outsiders, given the very strong connections and deeply-rooted common identity.

Conclusions

Creativity and innovation are at the crossroads of people, places and policies at local and regional level. *Creativity and innovation management* is extremely important in today's changing *social, economic, technological and cultural environment* and may prove to be the right key to increased competitiveness and market responsiveness.

The importance of such an issue is debated at European level. To this purpose, year 2009 was declared *the European Year of Creativity and Innovation by the European Commission*⁹⁶. This is due to the fact that all decision-makers understood that the innovation, culture and creativity taking place in European towns and regions propel economic growth, giving rise to new investment and jobs.

Measures taken at microeconomic level alone (organization strategy & availability of resources; new technologies; intensity of research and development activities; organisation culture & communication; organisation structure and motivation of employees & their involvement) are a necessary but not sufficient condition for creativity and innovation to lead to increased competitiveness. National and regional steps should be taken and

95 Ibidem.

96 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:257:0046:01:RO:HTML>.

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