

CREATIVE ECONOMY: A NEW CADRE FOR MEDIA INDUSTRY

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Abstract: *We wonder why the creative economy concept causes so much passion, excitement and so high expectations. Because imagination, creativity, competence, fantasy, individual talent, ingenuity were and still are today catalysts that led to society development. How does creative economy, that seems to promise so much, distinguish from other economic stamps which imprinted the human community in the course of history? These are some of the questions we will try to answer in this paper work, having in mind as objective the study of communication processes and mass-media. Generally, the research over mass-media system considered that the content analysis may provide the means to understand the society we live in. In terms of methodology, starting from the observation of mass-media industry and economy actuality, we propose to make an analysis of content. We will raise issues regarding concept definition and delimitation, historical development and media industry analysis from an economical perspective, analyzing the opinions of some other researchers about these subjects. We will try to present the concepts we support having in light some reference paper works and to illustrate with realities from Romanian and international mass-media economy. We will go through literature and we will try to support with empirical data the subjects discussed in theory. To achieve these things, we will use relevant statistical and official data of other researchers. In the examination of mass-media economy we will study economical models, comparative analysis and analysis of international organizations positions. In the current situation, mass-media is part of a technological and economic transformation, like the whole society is. An economical approach of media industry is important today both from the scientific and practical point of view. Most of the decisions taken by the factors that lead the businesses in media sector are largely influenced by financial resources. In this aspect, the economic approach of media sector is extremely relevant to understand the way firms act in the media sector and what are the perspectives of this industry.*

Keywords: *communication; mass communication; mass media.*

JEL classification: *L82; D83.*

1. Introduction

In the current situation, mass-media, as well as the whole society, is in a process of technological and economic transformation. An economic approach of media industry is important today both from scientific and practical aspects. Most of the decisions taken by the leading factors of the businesses in media sector are greatly influenced by financial resources. In this issue, the economic approach of media sector is highly relevant to understand the functioning of companies from mass-media sector and what are the perspectives of this industry.

We wonder why the creative economy concept causes so much passion, excitement and so high expectations. Because imagination, creativity, competence, fantasy, individual talent, ingenuity were and still are today catalyst that led to the development of society. How does creative economy, that seems to promise so much, distinguish to other economic stamps which imprinted the human community in the course of history? These are some of the questions we will try to answer in this paper work, having in mind as

objective the study of communication processes and mass-media. Generally, the research over mass-media system considered that the content analysis may provide the means to understand the society we live in.

In terms of methodology, starting from the observation of mass-media industry and economy actuality, we propose to make an analysis of content. We will raise issues regarding concept definition and delimitation, historical development and media industry analysis from an economical perspective, analyzing the opinions of some other researchers about these subjects. We will try to present the concepts we support having in light some reference paper works and to illustrate with realities from Romanian and international mass-media economy.

In the first part we will try to show that media industry is a vector of cultural communication but in the same time is a creative and productive economic sector. In the second part, we will start from the steps of economic development: agrarian economy, industrial economy, knowledge economy, and then stop to the current topic which is creative economy. We will define the concept of creative economy and we will position mass-media in this economical frame. In the last two parts we will highlight some classical and contemporary approaches of creative economies and industries.

The conclusion we are trying to achieve is that cultural and economic development are two interdependent parts of the sustainable growth process. In this process, in both the European and Romanian society level and the worldwide level, mass-media is one of the main actors.

2. Mass-media industry: culture, creativity and creative industry

Mass-media industry is by excellence a vector of cultural communication and a creativity catalyst. But how can culture and creativity be understood and approached from the economic point of view?

In December 2012, based on the 305 article of the treaty regarding the functioning of the European Union, European Commission decided to consult the European Economic and Social Committee regarding the promotion of cultural and creative sectors to stimulate the economic growth and jobs creating in UE. The document resulted after this consultation stipulate the vision, the role and the special importance accorded at the top of European Union to creative industries and economies.

We have in the box below the opinion of European Economic and Social Committee over the creativity and culture as fundamental values of the European Union:

The Committee believes that for Europe culture and creativity are:

- the cornerstone of the values underpinning EU identity and its social market economy model;
- a winning combination in terms of high-quality local, regional, national and EU economic, social and production-related development;
- key elements of comparative advantage in terms of European added value in the design, development, production and consumption of tangible and intangible assets;
- a key contributor to competitiveness across all economic and social sectors;
- a source of rich potential in terms of more, better jobs;
- an international calling card advertising the EU's prestige and originality throughout the world.

Figure no.1 Creativity and culture – fundamental values of the European Union
Source: European Economic and Social Committee EESC COM(2012)537

It is notable the substantiation of belief and lending attributed today to the idea that art and culture may be, in fact are „productive”, and development exists in close dependence to creative ideas and creativity. In 1947, Theodor Adorno and Max Horkheimer, key members of the Frankfurt School, introduced the expression „Culture Industry” that marks the concept of mass-produced products, an educational and manipulation system, and without doubt, profit pursuing. We notice so the development of a massive cultural industry, a system managed by an industrial logic, but also by a market for cultural goods. Culture industry is fascinating through the dynamic and the utility we see, serving day by day to billions of people, consumers who crave for beauty, good taste and most important, information. But these cultural industries are parts of creative industries and economies. The term „creative economy” appeared in 2001 in John Howkin’s book, „How People Make Money from Ideas”, a book about the relationship between creativity and economics. For Howkins, creativity it is not new and neither is economics but what is new is the nature and the extend of the relationship between them and how they combine to create an extraordinary value and wealth.” (UNCTAD *Creative Economy Report 2010*) The creative economy concept is based on the idea that cultural and economic developments are phenomena’s which are intertwined and are an intrinsic part of the process of sustainable growth. If just a few years ago there were talking’s about the contribution of the services to economic and social development of a nation, after the accelerated development of the immaterial economics, the concept is brought forward by a new one, the creative industry. According to John Howkins estimations, in the year 2000, the creative economy was worth \$ 2.2 trillion and it was growing at 5 per cent annually. The situation in the European Union confirms the analysis made by Howkins, who predicted the potential and the ascending trend of creative economies. „The creative industries represent in European Union level a significant number of working places as we can notice in the next chart. The employment situation in the main core of creative industries, out of the 27 member states in UE, in the year 2008 was about 8,5 million or 3,8% of the total European workforce. The situation of the employment in the total of creative industries was about 14 million or 6,5% out of the total workforce in European Union” (Tera Consultants analysis, 2010) as we can notice in the chart below.

Table no.1 Economical weight of creative industry in EU 27 (2008)

| Creative Industries | VALUE ADDED | | EMPLOYMENT | |
|----------------------------------|---------------------|-------------|----------------|--------------------|
| | VA 2008 (billion €) | % of EU VA | Jobs (million) | % of EU employment |
| Core | 558 | 4.5% | 8.5 | 3.8% |
| Interdependent | 213 | 1.7% | 4.2 | 1.9% |
| Non dedicated support | 90 | 0.7% | 1.7 | 0.8% |
| TOTAL creative Industries | 862 | 6.9% | 14.4 | 6.5% |

Source: Processed by the author based on the Tera Consultants analysis data

In European Union, culture and creativity gain an increased attention not only for the social and cultural matter but more for the economical one. Europe is the place where the idea and the project „European Capital of Culture” were born, a program in which are involved numerous and skill labor as well as significant financial resources. The „European Capitals of Culture that received an European title and financing from this program (1,5

million per capital), in some cases had about eight times bigger stimulation effect over the generated incomes, gathering investments with values between 15 and 100 million euros in their operational programs and served as catalyst for additional investment capital. These were usually addressed to a public of millions people, involved hundreds of volunteers and left a long term impact for the involved cities, regarding the improvement of skills, capacities, affinity, infrastructure and cultural image.” (European Commission „Creative Europe” 2011)

Maybe it is not so easy to accept that two concepts that are specific for the cultural-artistic phenomena are in the same time vectors of economic growth, sources that generate many work places, which diminish the markets and that, add to individual, national and regional incomes. On this framework, mass-media industry and economy in contemporaneity reseats its anchors and contribute to the formation of a global economic puzzle based on creativity and innovation. This way, mass-media economy answers the interfusion challenges of the theoretical frame with reality and the dynamic of the society.

3. Definition of creative economy concept

The evolution of global economy is surprising in the matter of forms taken by the course of centuries. In history, the human society accentuated the development as the agrarian economy grew, and the next stadium was marked by industrial economy. A plus of wellbeing in the people’s lives was brought by the economy based on services, and the culmination of promises of even better is reached with the step to economy based on knowledge. But it seems that this is not the end: the new decade is predicted to be based on creative economy.

Creative economy is encountered in many sectors, starting from agriculture to the space crafts, because „creative economy uses people that are paid to think. They are constantly analyzing and exploring in their day by day work multiple possibilities to reach to viable solutions.” (FINAL REPORT – Eastern Ontario, 2010) The national and multinational societies, the cities and the regions, the states or the continents need weapons for their creative economies to grow. This is why three distinctive but interconnected elements are needed as we can see in the study made by Toronto University. These three elements are: cultural creative industries, creative industry and creative economy.

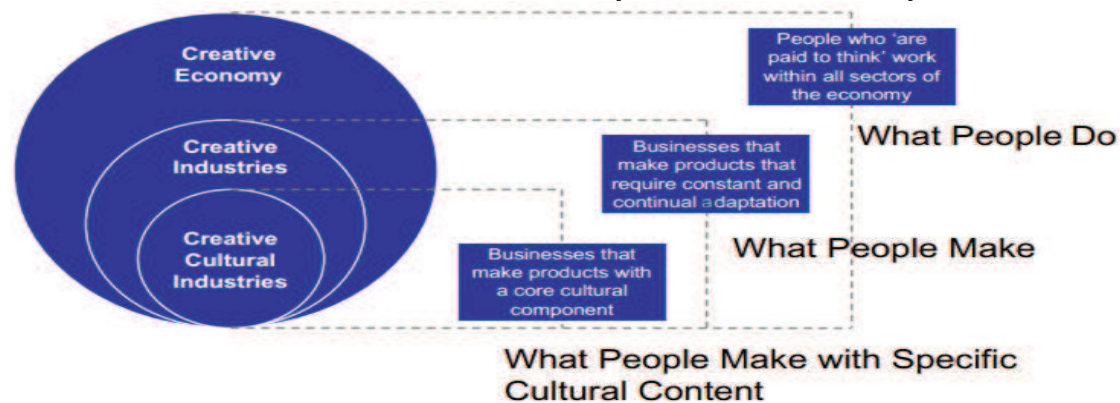


Figure no.2 Elements of creative economy

Source: Processed by the author based on The final report – Eastern Ontario: Canada’s Creative Corridor

In the biggest circle we have creative economy. The main objective is to encourage people to do all possible things to find functional solutions that reply with success when they have a problem to solve. In the second circle, creative industry, we have the people that create, think and act to adapt constantly and continuously, so that all their creations to be exactly what is needed. The smallest circle regards the thinking and the creation activity focused

on a cultural base component. Together, these three elements, different but interconnected, reflect in words and in images what creative economy means in reality.

United Nations Conference on Trade and Development (UNCTAD) defines creative economy like this:

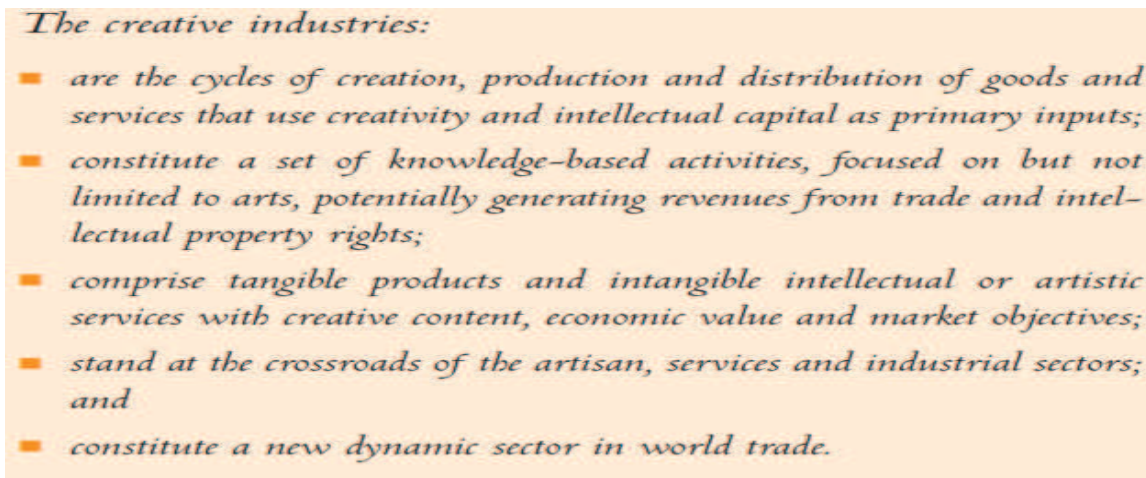


Figure no.3 Definition of creative economy

Source: Processed by the author based on United Nations Conference in Trade and Development (UNCTAD).

According to the vision transmitted by the UNCTAD, creative economy is based on creative acts that may generate the economical grow and development. Creative economy aspects include culture (cultural creations) and intellectual property, which interacts with society through technology. In other words, we are talking about mass-media as a promoter and diffusor of cultural values that are transmitted to society through modern technologies, obtaining in return, beside the satisfaction of accomplishing a public mission, consistent economic rewards. Media industry and economy are based entirely on economic activities that need knowledge, with an economic development at a micro-, macro- and mondo- level. Creative industry represents the heart of creative economy, one of them being media industry.

When John Howkins was asked how he would define creative economy, he said: – „It’s an economy where the major inputs and outputs are ideas. I would also say it’s an economy where most people spend most of their time in having ideas. It’s an economy or society where people worry, think about their capacity to have an idea; where they don’t do just a 9 to 5 job something routine and repetitive, which is what most people did for many years whether it was in the field or in the factory. The ‘creative economy’ consists of the transactions in (the resulting) creative products. Each transaction may have two complementary values: the value of the intangible, intellectual property and the value of the physical carrier or platform (if any). In some industries, such as digital software, the intellectual property value is higher. In others, such as art, the unit cost of the physical object is higher.” (An Interview with John Howkins

http://www.wipo.int/export/sites/www/sme/en/documents/pdf/cr_interview_howkins.pdf)

Mass-media activity is by its nature dynamic and creative. The people involved in mass-media don’t have a fixed schedule like does who work in a factory. Here everything moves around ideas. Most of the work time is consumed to generate, to process, to pack and to transmit the ideas to the receiving mass through modern technologies, and all these expand with a social and cultural note, specific for the context made by the symbiosis between the broadcaster and the receiver. The added value component is the infusion of

intellectual creation. The more this value is bigger, the more the economic social and cultural impact of mass-media industry grows.

4. Classical approaches on the creative industries and economies

For a better understanding of the new economical paradigm, which is „creative economy“, it may be a good idea to return hundreds of years ago (1744) in the time when Adam Smith lived and wrote, the father of political economy, the one who expressed with so much determination over the unequivocal delimitations between the productive work (which adds value) and unproductive work (which doesn't add value).

The well-known economist demonstrates that „the work of a workman from a manufacturer is usually added to the value of the materials he works on, his own sustenance and the profit of his patron.“ (Adam, 2011:183) In Smith's concept, the productive work is the work that has a material result, palpable...a good, says Smith, that can be sold, that is not consumed in the time of execution, of the professional exercise and that lasts even after the work made on it will be done. While the unproductive work may belong to some of the most respectable blankets of the society, it doesn't produce any value because it is not a material product, palpable, a marketable good, a permanent product that exist even after the work is done. „So, the most serious and the most important professions will be included in the same class with the most frivolous: the clergy, the lawyers, the physicians, any kind of literates, actors, buffoons, musicians, opera singers and dancers. The work of some of the bottom professions has a certain value regulated by the same principles that regulate this kind of work – and the most noble and useful ones do not produce anything that may be afterward bought or procured with an equal work quantity. This is the case of the actor declamation, the lawyers pleading, the sing of the musician – the work of all these is lost right in the moment of its production.“ (Adam, 2011:184)

In the context of the time he lived, when the annual product of the earth was the main source of income, Adam Smith was a fine observer of the economic reality. Then, the industry was showing the first signs of development: „A wagon pulled by horses needed six weeks to make a course between London and Edinburgh and back.“

The initiator and the promoter of the work division principle paint the picture of the „workman in a manufactory“ and had no way to glimpse the industrial revolution, the wellbeing generated by the large industries, obsoleted in less than a century by the technological revolution, the higher technology, that had the biggest role in the knowledge economy that is important today, at the beginning of the 21th century and in the last decade on the creative economy. Surprisingly for the new paradigm of creative economy, the immaterial services depend on the incomes obtained from the material economy, and they also have a great potential to generate significant incomes and profits.

Adam Smith affirms: „Not only the agrarian or the rich businessman, but also the most usual man among people, if his salary is slightly considerable, may sustain a servant; or could go to the theatre or to the market, contributing this way with his part to sustain a group of unproductive workers.“ (Adam, 2011:186) The reality Smith captures has today different nuances. It is true that even today, the population wellbeing depend on the consumption of cultural products. Even today a person with a decent salary can secure for himself the necessary things to live, but he can also afford small and eccentric pleasures: to watch a movie at Multiplex Cinema, to go to a concert, to arrange an apartment based on the design made by a professional designer, to use the internet for economic, political, social, cultural, local, national and worldwide information and news.

5. Contemporary approaches on the creative industries and economies

As Elena Botezat says: „For new times, new ideas! We need a new type of entrepreneurs who live and promote a new way of thinking and acting based on the approach of economic problems with imagination and creativity.” (Botezat 2012) Nowadays, cultural goods are marketable and income bringing, so they managed to have a significant part in the national and worldwide income. For example, The UK creative sector – one of the biggest in the world – is worth £36bn. The 1.5 million people who work in this sector generate £70,000 every minute to the UK economy, making a greater contribution than the financial services sector. Furthermore, they help create our cultural identity and the social environment that we want to live in. Governments and people around the world are increasingly recognizing the importance of this dynamic and innovative sector.” (*Creative Economy Programme* 2013, available on site: <http://creativeeconomy.britishcouncil.org/about/our-work/>)

We find another example in the evaluation made by United Nations Organization, who makes a special analysis of the creative economy. So the „Creative Economy report 2008”, elaborated by shows that „over the period 2000-2005, international trade in creative goods and services experienced an unprecedented average annual growth rate of 8.7 per cent. The value of world exports of creative goods and services reached \$424.4 billion in 2005, comparing to \$227.5 billion in 1996. Regarding creative goods, we notice a spectacular growth of exports, 8.8% annually between 1996 and 2005. This positive trend took place in all regions and it is expected to continue in the next decade, assuming that the global demand for creative goods and services will continue to grow.” (UNO, 2008 available on site: http://unctad.org/en/docs/ditc20082cer_en.pdf)

The above examples show us that creative economies are more and more in the attention of worldwide Governments and economic organizations. Just as the internet produced a real transformation in global economy, the creative economy paradigm seems that will bring the resource the world need in the current context. Dr. Richard Florida, Director of Martin Prosperity Institute within Rotman School of Management, Toronto University, sustains that „human creativity is the most important economic resource.” (Florida, 2002: XIII) So, creativity is the most important economic resource. Actually, our world is a world in which creative economy shows its benefits more and more. People, in their quality of entrepreneurs, managers in the quality of leaders, professor in their quality of educators, engineers, artists and workmen, or each person in the household activity must respond to the actual challenges through ideas, knowledge, diversity, creativity, collaboration and innovation. Looking towards the future, Alvin Toffler predicted that will appear „new and bewildering problems about the correct and incorrect usage of knowledge, to be able to confront the affairs and the society per ensemble. We will not only reflect on the Baconian truth of knowledge which is represented by power but also on the truth at a higher level, in symbolic economy. The knowledge about knowledge is the one that will matter the most.” (Toffler, 1995:132)

If „the industries from the 19th and 20th centuries depended on material resources, on industry, on science and technology, the 21th Century industries will depend more and more on knowledge generated through creativity and innovation.” (Landry and Bianchini, 1995: 12) This way, cultural and economic development is an interdependent phenomena, and part of the sustainable growth process. The famous American sociologist, Daniel Bell, was talking about three types of poverty: the poverty of goods and money, the moral poverty and the knowledge poverty. Inspired by this model, we suggest that for a sustainable welfare we must go the other way around: accumulate knowledge by rebuilding and restoring moral and social values in order to obtain in the end goods and money that we can enjoy. For this, at the Romanian society level as well as the European and the global level, mass-media is one of the main actors.

6. Conclusions

Mass-media suffered in the last years major transformations, being a dynamic and important sector. The technological innovations and the economic dynamic determined the relocation of media businesses. Between the most visible commercial societies, in Romania or in any other country, we find the firms that activate in mass-media and communication sector because regular people use daily the services provided by this industry. The demand and the offer on this sector have a sustained dynamic, especially in the context of diversification of communication channels through what we would call today, *new media*, conjuncture that causes the increase of economic interest for this industry. Creative economy seems to be the new frame in which the media industry finds its place in the new cultural, social and economic terms.

Methodologically, starting with the observation of actuality in industry and in mass-media economy, we proposed a content analysis. We brought in discussion aspects that regard definition and delimitation of concepts, the historical development and the analysis of media industry from the economical point of view, analyzing the opinions of other researchers about the subjects. We tried to present the concepts that we sustain in the light of some reference works and to exemplify with realities from international and Romanian mass-media economy.

In the first part we tried to show that media industry is a vector of cultural communication but in the same time is an economical sector, creative and productive. In the second part, starting from the steps of economic development: agrarian economy, industrial economy, knowledge economy, we stopped in actuality to creative economy. We defined the concept of creative economy showing the place of mass-media in this economical frame. In the last two parts we tried to underline some classical and contemporary approaches of creative industries and economies.

According to the research we managed to accomplish, it seems that the cultural and economic development is an interdependent phenomenon as part of the sustainable growth. In this process at the level of Romanian society as well as the European and global society level, mass-media is one of the main actors.

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