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Contribution of cultural and creative industries to the sustainable development of European regions and cities

***Abstract.** Cultural and creative industries can contribute to smart, sustainable, and inclusive growth in all of the European Union regions and cities. They fully comply with the Europe 2020 Strategy, which is the European Union's growth strategy for the coming decade. The objective of this paper is to analyze the contribution of this new, fast growing, sector of the economy to the sustainable development of regions and cities.*

***Keywords:** cultural and creative industries, sustainable development*

Introduction

Nowadays, the turnover of the cultural and creative sector are in strategic position to promote smart, sustainable and inclusive growth in all European Union regions and cities, and thus contribute fully to the Europe 2020 Strategy, which is the EU's growth strategy for coming decade. Cultural and creative sector grows faster than the general economy and therefore it is a vital driver for development in Europe. At the same time, employment in this sector grows faster than total employment in EU.

In 2003, the turnover of cultural and creative sector in Europe amounted to 654 billion EUR. In terms of value added to the European economy as a whole, it represented 2.6% of Europe's GDP. The relative importance of the culture and creative sector becomes more apparent when its value added is compared with

other industries. For instance, real estate activities (including the development, buying, selling and letting of real estate), one of the driving sectors of the European economy in the last year, accounts for 2.1% of Europe's GDP. At the same time, the economic contribution of food, beverages and tobacco manufacturing (1.9%) and the chemicals, rubber and plastic products industry (2.3%) is lower than cultural and creative sector. In 2004, a minimum of 4.714 million people worked in the cultural and creative sector, which is an equivalent to 2.5% of active employed population in the EU-25. Additionally 1.171 million were employed in the sector of cultural tourism.¹

Moreover, it is important to stress that the cultural and creative industries contribute to sustainable development of the cities and regions. It is becoming increasingly recognized that the concept of "sustainability" has a larger scope beyond simply its application to the environment. The tangible and intangible cultural capital of a community, a nation or a region of the world is something that must be preserved for future generation just as natural resources and ecosystems need to be safeguarded to ensure continuation of human life on the planet. Cultural sustainability implies a development process that maintains all types of cultural assets, from minority languages and traditional rituals to artworks, artefacts and heritage buildings. They are the creative industries that provide the services and the investments necessary for culturally sustainable development path to be followed.

The creative industries are environmentally friendly, because the primary input for creative activities is creativity rather than natural resources as in the case of mining or land in the case of agriculture and the production of creative products are usually less dependent on heavy industrial infrastructure, policies for enhancing creative capacities are in principle compatible with objectives of environmental protection.

1. How can we understand the cultural and creative industries?

Creative industries are considered as „those activities 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.”²

¹ *How can culture and creative industries contribute to economic transformation through smart specialisation? Policy handbook on How to strategically use the EU support programmes, including Structural Funds, to Foster the potential of culture for local, regional and national development and the spill-over on the wider economy?* European Agenda for Culture, Work Plan 2011-2014, 2012, p. 6.

² Green Paper of the potential of cultural and creative industries; COM(2010) 183 final; <http://europa.eu> [9.06.2014].

The term “creative industries” originated in the mid-to-late 1990s and was first taken up at the national level by the UK’s government. The concept was an attempt to change the terms of the debate about the value of arts and culture. While the arts were mostly supported by governments’ subsidies, they tend to be seen as marginal to economy of cities and regions. The specially built up Department for Culture, Media and Sport (DCMS) changed the narrow view of the role of arts and culture for the economy. They argued that the industries with their roots in culture and creativity were important and growing sources of jobs and wealth creation. It was calculated in 1998, that industries accounted for almost a million jobs and 4% of GDP in Britain and earned £7,5 billions from exports. It also showed that the sector was polarised between a myriad of very small firms and sole traders and a handful of very large, often multinational companies.³ The one of the first systematic attempt to define and measure the creative industries is shown in the Table below (Table 1).

The idea of the creative industries as set out by the DCMS was quickly embraced not just by Britain’s national government, cities and regions, but other European and Asian countries.⁴ Especially the growing role in economy of the creative industries stresses European Commission in the Green Paper on the potential of cultural and creative industries.⁵ In this document the cultural industries and the creative industries were described. The first of them are understood as industries producing and distributing goods or services that at the time they are developed are considered to have specific attribute, use or purpose that embodies or conveys cultural expressions, irrespective of the commercial value they may have. Besides the traditional arts sectors, they include film, DVD and video, television and radio, video games, new media, music, books, press. While the creative industries use culture as an input and have a cultural dimension, although their outputs are mainly functional. They include architecture and design, which integrate creative elements into wider processes as well as subsectors such as graphic design, fashion design or advertising.⁶ This approach is widely used by many institutions which are involved in public discussion on the requirements of a creative environment in which could unlock their potential to better contribute in European Union’s development and competitiveness.

It is worth to stress, that the idea of cultural and creative industries (CCIs) has been applied specifically to the economy of cities, leading to the emergence of the concept of a “creative city.” This term describes an urban complex where cultural

³ *Mapping the creative industries: A toolkit. Creative and Cultural Economy series/2*, British Council, London 2010, s. 15.

⁴ M. Pięta-Kanurska, *Wpływ sektora kreatywnego na kształtowanie się polskich metropolii*, Wyd. Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2013, pp. 58-67.

⁵ Green Paper of the potential...

⁶ *Ibidem*.

Table 1. Creative industries according to British Department for Culture, Olympics, Media and Sport (previously DCMS)

Sub-sector	Characteristic	Revenue (in billion £)	Employment (in thousands)	Export (in million £)
Software and Computer Service	The biggest creative industry of all in the UK. It covers the creation, production and supply tools and applications and software products, including web design. The large majority of employment in this sub-sector is based outside London. American multi-nationals tends to dominate in this field, but some British companies do well in niche markets, including Autonomy and Sage in business software.	36.4	550	2761
Design	This sub-sector is hard to assess as much of it is hidden within other industries. The DCMS therefore looked at design consultancies and designers working in industry. It found that 70% of British design companies were active abroad. London in particular has a strong reputation in this field, based on its excellent design schools.	26.7	76	1
Publishing	The publishing of books, newspapers, magazines and electric information is one of the largest employers among the creative industries. The widespread use of English internationally means that book publishing in particular is a globally connected industry.	18.5	141	1654
Television and radio	This sub-sector covers all public service, commercial, cable and satellite TV and radio, including the production and broadcasting of programmes. The BBC dominates the British market, but many independent companies have devised formats which have been successfully sold abroad (for example Celador)	12.1	102	440
Music	This includes both live and recorded music, music publishing and the administration of music copyright. Britain excels in most forms of music, from rock and pop to classical, and its consumers spend more per head on music than any other country. EMI, one of the music industry's "majors" is based in London.	4.6	122	1300

Film and video	This sub-sector includes film production, distribution and exhibition. Although the UK has a number of successful home-grown producers, such as Working Title, the Hollywood studios dominate the British market. The number of films produced in Britain fluctuates considerably from year to year.	3.6	45	653
Art and antiques market	This sub-sector includes dealers and auctioneers of antique jewellery, paintings, sculpture, furniture, maps, drawing and prints. In Britain, most such businesses are small but some, notably Sotheby's and Christie's are internationally important.	3.5	37	629
Advertising	In Britain, employment in advertising, which includes marketing and some public relations activities, is dominated by multinational agencies, is and strongly centred on London (the London – based communications group, WPP is the world's largest by revenue, employing almost 140 000 people in more than 100 countries).	3.0	93	774
Architecture	This sub-sector is made up of a handful of big firms and very large number of small ones. A number of British architects have achieved international reputations, including N. Foster, R. Rogers and D. Chipperfield.	1.7	21	68
Interactive leisure software	This sub-sector principally consists of computer and video games, but also includes some educational and reference material. British gaming firms have a reputation for innovation, but many of the games they develop are sold by foreign-owned software publisher.	1.0	21	503
Designer Fashion	Fashion design is a relatively small sub-sector, but is highly integrated into the international market – even small fashion business look to export their products.	0.6	12	350
Performing Arts	Theatre, dance, ballet, musicals and opera performances all fall into this category.	0.5	74	80
Crafts	The DCMS includes textiles, ceramics, wood, metal, glass, graphic and leather crafts in this category. Businesses in this field are mostly tiny: 75% are sole traders.	0.4	24	40

Source: *Mapping the creative industries: A toolkit*, Creative and Cultural Economy series 2, British Council 2010, p. 16-17; Creative Industries Mapping Document: http://webarchive.nationalarchives.gov.uk/+/http://www.culture.gov.uk/reference_library/publications/4632.aspx, p. 10-12 [4.09.2014].

activities of various sorts are an integral component of the city's economic and function. Such cities tend to be built upon a strong social and cultural infrastructure, to have relatively high concentrations of creative employment, and to be attractive to inward investment because of their well-established cultural facilities. For example, Helsinki can be called creative city – there 9% of business turnover is from the creative sector, one of the fast growing in the city.⁷ Charles Landry in his seminal work on the concept of the creative city, argues that cities have one crucial resource: their people. Creativity is replacing location, natural resources and market access as a principal key to urban dynamism. He indicates: “Today many of the world's cities face periods of transition largely brought about by the vigour of renewed globalization. These transitions vary from region to region. In such area such as Asia, cities are growing, while in others, such as Europe, old industries are disappearing and the value added in cities is created less through what is manufactured and more through intellectual capital applied to products, processes and services.”⁸ This statement allow confirms that nowadays CCIs can contribute to sustainable development of economy of cities and regions, and it can be called as “culture-based development.”

2. Creative industries contribution to the Europe 2020 Strategy

The culture-based development has relevancies to regions and cities in all stages of development. Even in the “convergence” regions, where support for infrastructural development may continue to be needed, but also in both convergence and “competitiveness” regions where the infrastructure and other local resources can be exploited to enhance the comparative advantages of the local economy and to stimulate creativity and enterprise. Creative activities often generate positive externalities in the areas where they are located, their openness and interaction with other activities give rise to agglomeration and cluster effects and they tend to generate a high proportion of total value added locally.⁹

Especially it should be stressed, that culture based development is an essential feature of post-industrial economy. A company needs more than efficient manufacturing process, cost-control and a good technological base to remain competitive. It also requires a strong brand, motivated staff and a management that respects creativity and understands its process. It also needs the development of products and services that meet citizens' expectations or create these expectations.

⁷ Building a Digital Economy: The Importance of Saving Jobs in the EU's Creative Industries, 2010, www.droit-technologie.org/upload/dossier/doc/219-1.pdf [7.09.2014].

⁸ Ch. Landry, *The Creative City. A Toolkit for Urban Innovators*, Routledge, London 2008.

⁹ *How can culture...*, p. 7.

Very important in creative industries – the digital technologies play an important role in this intangible economy as they provide new forms of social exchanges and contribute significantly to new expressions of creativity. Of course cultural production (such a music, publishing and movies) makes new technology more relevant to consumers, enables the development of new markets and contributes to digital literacy.¹⁰ It therefore become an imperative for industry to meet and to create new kinds of demand that are not based merely on the functionality of a product but instead rooted in individual and collective aspiration. In this new paradigm, marketing and services are as important as production. This requires creative skills and thoughts as productivity gains at manufacturing level are no longer sufficient to establish a competitive advantage.

Culture-based creativity also helps to promote social cohesion in regions and cities. Social cohesion can be defined as a set of shared norms and values for society which also encompasses the diversity of people's different backgrounds and helps to ensure that those from different backgrounds have similar life opportunities. It is the ability of cultural activities to help express specific cultures, while also developing strong and positive relationships between people from different backgrounds in the workplace, in schools, and within neighbourhoods.¹¹

It is also important to state that the CCI's fit to the Europe 2020 Strategy,¹² adopted by the European Council on 17 June 2010. This is the EU's new ten-year strategy for growth and jobs. It puts forward three mutually reinforcing priorities to make Europe a smarter, more sustainable and more inclusive place to live:

- it envisions the transitions of the smart growth through the development of an economy based on knowledge, research and innovation,
- the sustainable growth objectives realizes to the promotion of more resource-efficient, greener and competitive markets,
- the inclusive growth priority encompasses policies aimed at fostering job creation and poverty reduction.

Under the three priority areas, the EU adopted five headline targets on employment, research and development (R&D) and innovation, climate change and energy, education, and poverty and social exclusion. The strategy objectives and targets are further supported by seven thematic flagship initiatives (Table 2).

Cultural and creative industries are playing a key role in delivering Europe 2020's three objectives, especially:

¹⁰ The Impact of Culture on Creativity, 2009, KEA European Affairs, <http://ec.europa.eu> [6.09.2014].

¹¹ The Impact of Culture to the rest of economy, innovation and social well-being, KEA Affair 2009.

¹² Europe 2020: A strategy for smart, sustainable and inclusive growth, COM (2010) 2020, final version, Brussels, 3.03.2010.

Table 2. The Europe 2020 Strategy's key priorities, headline targets and flagship initiatives

	Targets	Flagship initiatives
Smart growth	<ul style="list-style-type: none"> – 3% of GDP to be invested in the research and development (R&D) sector – reduce the rates of early school leaving to below 10% and at least 40% of 30 to 34 year olds to have completed tertiary or equivalent education 	<ul style="list-style-type: none"> – innovation Union – youth on the move – a digital agenda for Europe
Sustainable development	<ul style="list-style-type: none"> – reduce greenhouse gas emissions by 20% compared to 1990 levels – increase the share of renewables in final energy consumption to 20% – 20% increase in energy efficiency 	<ul style="list-style-type: none"> – resource efficient Europe – an industrial policy for the globalisation era
Inclusive growth	<ul style="list-style-type: none"> – 75% of 20 to 64 year old men and women to be employed – reduce poverty by lifting at least 20 million people out of the risk of poverty and social exclusion 	<ul style="list-style-type: none"> – an agenda for new skills and jobs – European platform against poverty and social exclusion

Source: Sustainable development in the European Union, 2013 monitoring report of the EU sustainable development strategy, Eurostat 2013, p. 35.

- smart growth: creativity leads to innovation, culture and creativity are part of education and training;

- sustainable growth: cultural and creative industries drive European sustainable competitiveness, while culture drives the preservation of heritage and adds to the offer in terms of tourism, especially in urban areas. This is closely linked to the European model of urban development, which city administrations strive to manage and sustain. This is what makes our cities attractive to many and contribute to Europe's competitive edge;

- inclusive growth: cultural and creative industries are major employers; they also drive urban regeneration and foster intercultural dialogue, as well as citizens' participation in city life¹³.

Conclusions

Cultural and creative industries use their creative potential for sustainable development process in various ways. Some of their functions interact as nodes for generating cultural experiences for inhabitants and visitors through the cul-

¹³ Eurocities response to the Green Paper 'Unlocking the potential of cultural and creative industries'. Towards a European integrated strategy for cultural and creative industries, 2010, www.eurocities.eu, p. 3 [7.09.2014].

tural heritage assets of cities and regions or through their cultural activities in the performanse and visual arts. Some, such as Bayreuth, Edinburg or Salzburg, use festivals that shape the identity of the whole city. Other look to broader cultural and media industries to provide employment and incomes and to act as centres for urban and regional growth. In other cases, a more pervasive role of culture in the creative city rests on the capacity of the arts and culture in to foster urban liveability, social cohesion and cultural identity.

As is shown above, the contribution of the cultural and creative sector to the economic development of cities and regions can be measured in many ways. The economic vitality of cities can be measured in terms of direct contribution of the sector to output, value added, incomes and employment and further through the indirect and induced effects caused, for example, by the expenditures of tourists visiting the city to experience cultural attractions. In addition, cities with an active cultural life can attract inward investment in other industries seeking to locate in centres that will provide an enjoyable, stimulating environment for employees. So, the promotions of CCI's should be one of the most important challenges for national and regional governments in European Union's countries in new programming period 2014-2020 of regional policy.

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Wkład sektora kultury i sektora kreatywnego w zrównoważony rozwój europejskich regionów i miast

***Streszczenie.** Sektor kultury i sektor kreatywny mogą przyczynić się do inteligentnego, zrównoważonego i sprzyjającego włączeniu społecznemu wzrostu gospodarczego we wszystkich regionach i miastach Unii Europejskiej. Sektory te w pełni wpisują się w strategię Europa 2020, która jest strategią rozwoju Unii Europejskiej w nadchodzącej dekadzie. Celem artykułu jest analiza wkładu nowego szybko rozwijającego się kreatywnego sektora gospodarki dla zrównoważonego rozwoju regionów i miast.*

***Słowa kluczowe:** sektor kultury, sektor kreatywny, zrównoważony rozwój*