

# REACHING THE OBJECTIVES OF SUSTAINABLE DEVELOPMENT ON THE BASIS OF THE CREATIVE INDUSTRIES - A SOUTH AND EASTERN EUROPEAN ANALYSIS

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## Abstract

The reduction of the development gap of South and East European economy compared with the rest of the developed countries represent an important condition to achieve the goal of “healthy development” of European Union. High level of competitiveness in West European industries as well as new policy of sustainable development causes a rethinking of strategy of individual countries. Creative industries may contribute to the efficient utilization of local resources and individual characteristics. Using the culture like an “engine” of regional development, in South and Eastern Europe, countries can generate many positive and lasting effects on these economies. This article presents the role and evolution of creative goods and industries in South and Eastern European countries, and aims to prefigure their impact on sustainable development of these regions. The involvement of these goods in international trade may improve or rehabilitate the position of different economies at European level.

**Key words:** sustainable development, creative industry

**JEL Classification:** O11,O17, Q56

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## **1. Introduction**

Our world, a continuously changing one, stands upon one of the fundamental needs of the human being: achieving ever higher levels of material and spiritual welfare. The economy – through its diverse and adaptive sectors – seeks to reach these objectives and to reduce the efforts required to achieve them. Thus, an important dilemma arises: is it justified to achieve better results at the cost of serious threats to the future of humanity with respect to environmental quality and the evolution of the human society. Such negative effects of intense activities, unfriendly to the environment and to the society, can be found in current phenomena such as: increased concentration of carbon in the atmosphere, increased unemployment, widened gap within the society between rich and poor and between wealthy nations and poor ones, the growth of mass consumption with adverse effects on the environment and human welfare; all these take place while the economy comprises resource-intensive sectors, heavily polluting or intensely automated, and the human factor (with its creative force and cultural particularities) is undervalued and used in activities well below its potential.

Red flags about the seriousness of the problems seen in today's world have been raised and heavily publicized during the UN Environment and Sustainable Development series of conferences. Some states, taking into account the international recommendations and noting the already visible effects of excessive industrialization and other intensive activities (heavy consumers of resources and energy), have initiated wide programs that develop activities which employ the inexhaustible and highly diversified resources of their citizens: culture and creativity. The results in terms of added value of the industries using these resources have encouraged states to invest in such cultural and creative industries.

The ability to initiate and develop activities in which the human becomes the main driver of the results, offers countries and regions, regardless of their stage of development, the chance to launch new and innovative products and services on the world market – the so called “creative products”. Through them, the economic gaps between countries are no longer an impediment in the universal adoption of sustainable development principles, of “healthy” long-term development.

## **2. Sustainability strengths of creative industries**

Creative industries have developed especially in the last 20 years, along with the rise of the digital technologies and the audio-visual domain at the global level, as well as in the context of the

various problems that different countries had to deal with and that referred to economic difficulties or the legislative and regulatory changes regarding the use of national resources. Although it seems that the creative industries represent only a new phase in the evolution of the activities that are already included in the current economic branches, their specificity gave rise to outstanding results and effects that exceed the expectations of other activities related to national economies.

According to the Department of Culture, Media and Sport (UK), a definition formulated in 2001 stated that the creative industries are “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 creativity, intellectual work and the stimulation of cultural institutions”.

Joseph Schumpeter (1911), one of the greatest theorists of the capitalist economy, in his approach of the entrepreneur and his creative power, has shown that the entrepreneur is the one that has a key role in using the initiative and that the society must recognize his role in achieving the objectives of development creating the conditions for capitalizing all the resources and factors of production. So, without prescribing an interventionist policy, Schumpeter believes that governments should pursue the objective of development through the entrepreneurs and their ability to make the most of all the available resources.

The “creative” concept, in the sense that we have used so far, was first employed in Australia with the launch of the so called “Creative Nation” policy by the Prime Minister Paul Keating. To support the argument of the proposed policy of boosting the national culture and creativity, the main benefits were highlighted, within which important aspects of sustainable development can be seen: “This cultural policy is also an economic policy. Culture creates wealth. Broadly defined, our cultural industries generate 13 billion dollars a year. Culture employs. Around 336,000 Australians are employed in culture-related industries. (Policy online, 1994).

The period of Tony Blair’s labour government has represented the European spearhead in the use of the creative industry concept. In the period after the 1980s, Great Britain experienced significant development in the area of information and communication technologies. These technologies have evolved harmoniously in accordance to the principles of creative industries, generating an important effect in the economy: the emergence of new products and services in the economy and the development of new and attractive jobs.

Over time, given the complex nature of the creative industries, suggestive names were used that are related to the effects that they generate, such as the “creative sector”, “copyright industries”, “content industries”, “experience economy”, “creative business sector”, “art centric business”, “cultural industries and communication”, “media industries” and “knowledge economies” (Moore, 2014, p. 739).

Given that alongside the concept of creative industry we often meet the concept of cultural industry, it is necessary to clarify the distinction between the two. Although, in essence, both terms “creative” and “cultural” have, in their economic use, a similar value, “cultural industry” refers to “...those which have industrial production and organization to produce and disseminate symbols. This definition naturally points to media in general and digital media in particular” (Moore, 2014, p. 741).

Thus, it is not difficult to see that the creative dimension of economic activities naturally fits alongside the cultural dimension of peoples activities. The impact of industrialization itself is often determined by the cultural traits of a nation. Even if some key phases or moments in human history (such as the industrial revolution or the invention of the steam and internal combustion engines) have proven to be essential for the transition from an agrarian to an industrial society, from traditional to modern, the new steps in the evolution of technologies are just as important, because they are based on a strong involvement of the imagination, creativity and innovation that is specific to each nation. For all the countries in the world, their creative force of these processes, alongside with intelligence, represent a “neofactor of production” that completes the potential of the national economic system, but also has the capacity to substitute those factors or resources that are not available in certain states. Through culture, intelligence and creativity, economies can develop spectacularly and can reposition themselves on the global economic marketplace and conserve their own values, even in a strongly globalized world.

The use of technologies that were obtained from creative industries is a fundamental to sustainable development. The use of renewable energy, the development of smart cities and the creation of ecological buildings represent only a few of the fields over which the creative industries have had a major influence.

The increase of gross added value in the branches of the economy has always represented an important aspect of development. The members of the EU have observed significant increases in the GDP contribution of creative sectors. This has also encouraged political decision makers to

pay special attention the encouragement and stimulation of creativity and cultural factors when preparing development plans. With an extensive cultural and creative potential, Europe has a vast experience in the use and implementation of programs that stimulate the creative industries.

The link between the evolution of creative industries and sustainable development is relevant, because the new technologies are used to increase productivity, to limit the physical efforts of humans involved in economic activities, to ensure development and to meet the cultural needs of humanity. When discussing the relationship between technology and culture, Ieva Moore (2014, p. 740) notes that “technology influences culture and culture influences technology or technological innovation leads to social innovation as society adapts to new technology and then seeks for new solutions”. Thus, the strong link that exists between economy and society (a fundamental connection between two of the dimensions of sustainable development) is emphasized.

“Urban Rejuvenation” is another result of the innovation and creativity processes within an economy (Hall & Robertson, 2010; Scott, 2006). The „remodelling” of large urban settlements that are either polluted or depopulated has become a topic of interest when discussing the use of creative activities in solving problems related to urbanism, architecture and community service. This urban remodelling has a significant economic, social environmental and psychological impact (Moore, 2014, p. 743).

It is also worth mentioning the extensive concept of “creative territories”, defined as areas that “encourage citizens to explode with creativity in all areas: artistic (con-temporary art, street art etc.), culinary (regional flavours), craftsmanship (supported by heritage policy), natural (parks, gardens etc.), and entrepreneurial (new activities linked to ICT, to biotechnologies, to high tech industries)” (Moore, 2014).

It can be concluded that creative industries have a significant contribution to the overall process of development. The difficulty of evaluating their effects results from the multidimensional impact that is inherent to these activities. Researchers and analysts from various countries have sought to identify the contributing factors and the effects of creative industries. A wide array of methodological approaches related to these objectives currently exists.

### **3. The impact of the development of creative industries in Eastern and Southern Europe**

Based on the classification offered by UNESCO in the Creative Economy Report (2013), countries can be grouped into various categories, depending on the approach used in implementing policies that stimulate creative industries: countries that have developed policies that seek to establish a link between creative industries and the concept of human development; countries that have adopted an approach that encourages the growth of creative industries primarily to increase consumption and production; countries that view the creative economy as a valid option for development, but whose policies are less adapted and focused or are subordinated to the sectorial objectives; countries that recognise the importance of the creative industries concept, but have chosen to adopt other policies due to the cultural specificities of their own economic sectors; countries in which the creative economy, as a homogenous construct of the use of creative industries, is not recognised.

After 1990, when almost all countries in Southern and Eastern Europe set on the path to becoming free market economies, a series of economic measurements started to be used for the evaluation of social activities that had an impact on the GDP. Thus, these countries transitioned from the category of states that recognise the importance of the creative industries concept, but have chosen to adopt other policies due to the cultural specificities of their own economic sectors to that of states that view the creative economy as a valid option for development, but whose policies are less adapted and focused or are subordinated to the sectorial objectives.

In these countries, the UK model of analysing and promoting creative industries was introduced by the British Council during 2005-2006 through a specific project in countries such as Bulgaria, Romania, Serbia, Montenegro, Bosnia and Herzegovina and Croatia. This initiative sought to transfer the experience of the UK in this field, which led to the formation of local experts that were able to evaluate the economic contribution of creative industries in these regions.

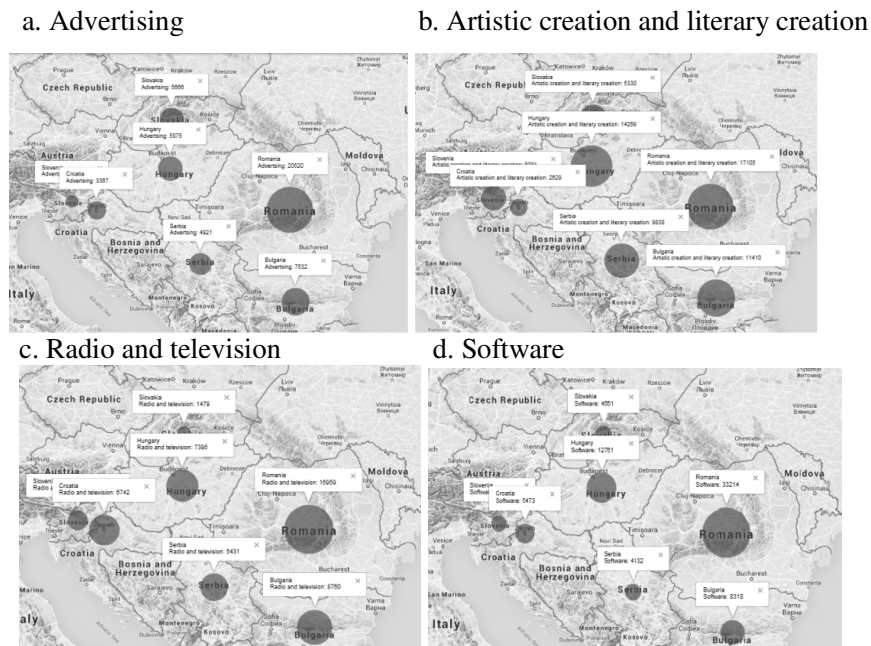
In any case, the process of recognising the economic dimension of cultural and creative industries happened at a very slow pace in all of these countries. The absence of a system to collect statistical data regarding creative industries contributed to the limited evaluation of the results and of the typology of these industries. Thus, from the point of view of the available data, the creative branches are often reduced to activities such as: advertising, movie industry, music industry, radio and television.

Over time, three essential variables were established (Andresen & Lorenzen, 2005; Boschma & Fritsch, 2007; Florida & Tiangli, 2004; Power & Nielsen, 2010) that can be used to evaluate the contribution of creative industries to economic development: gross added value, employment and number of enterprises in the sector. The creation of **gross added value** through the use of non-pollutant technologies, with a strong cultural customization (even traditional in nature) that generates business and creates jobs is not only a desideratum of economic growth, but also one of sustainable development. **Employment** represents one of the cornerstones of sustainable development, ensuring a basis for the growth of the human development index and of the quality of life. In addition, employment in sectors which have a strong cultural and intellectual nature (typical for creative industries) leads to the continuous development of society in the long term. **The enterprises in the creative industries** represent an engine for the sustainable development of the economy. The immense potential for increasing gross added value and employment plays an essential role in the economy and determines its sustainable nature.

Taking into consideration the main variables that describe the creative industries, but also the sustainable development, we analyse the situation in some relevant countries from Southern and Eastern Europe.

The employment is one of the most important variables that reflect the status of the creative industries and can be used to observe their contribution to the development of the countries. For South Eastern Europe, the situation is reflected in Figure 1. Employment in some Creative Sectors from South Eastern Europe Countries (2011).

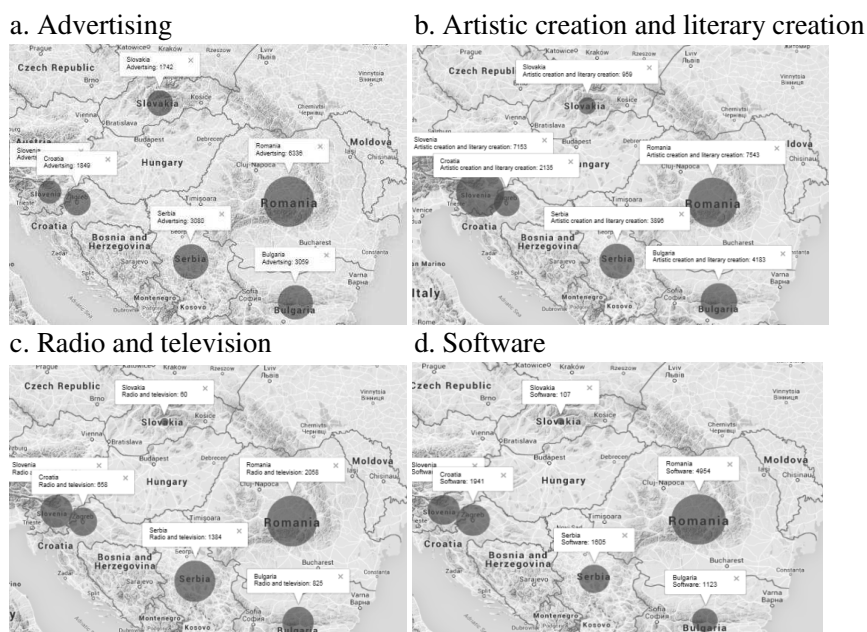
If we consider the level of employment in Creative industries from Europe, in 2011 (e.g. for software, the employment is 211,113 in the UK and 86,361 in France) the situation in South and Eastern Countries is less encouraging (only 33,214 in Romania and 8,318 in Bulgaria). Nevertheless, taking into consideration that these countries have only recently become orientated towards adopting stimulating policies for creative industries, we consider that the situation is promising and the employment in these sectors contributes to sustainable development in these countries.



**Fig.1 Employment in some Creative Sectors from South Eastern Europe Countries (2011)**

Source: Cluster Observatory of UE, 2011.

With regard to the number of enterprises in creative industries in South Eastern Europe, the situation is illustrated in Figure 2 Number of Creative Enterprises from South Eastern Europe Countries (2011).



**Fig. 2 Number of Creative Enterprises from South Eastern Europe Countries (2011)**

Source: Cluster Observatory of UE, 2011.



Similar to the situation observed in the case of employment, the number of creative enterprises in Southern and Eastern Europe is relatively low compared to other European Countries (e.g. for the software industry there are 23,275 in Poland and 16,339 in Germany). But, considering the size of these economies, the numbers of creative enterprises (e.g. from the same sector: Software) from countries like Romania (4,954 units), Serbia (1,605) or Croatia (1,941 units) are very significant. These enterprises ultimately represent the “green and productive engine” for the entire economy, setting the foundation for sustainable development in the region.

Finally, the economic dimension of sustainable development is reflected by the contribution of added value to the GDP of the countries. For the entire EU, the added value of the total creative industries was approximately 6.9% share of EU GDP. For five South and Eastern European Countries, the share of creative industries in total value added of each country is described in Table 1.

**Table 1. Contributions of creative industries to total value added in South and Eastern Europe Countries**

	<b>Advertising</b>	<b>Arts and entertainment</b>	<b>Film and television</b>	<b>Software</b>	<b>Publishing</b>	<b>Total share</b>
Bulgaria	0.45%	1.19%	0.44%	2.43%	0.23%	4.75%
Hungary	0.41%	0.84%	0.80%	2.28%	0.50%	4.83%
Romania	0.49%	1.36%	0.21%	3.68%	0.36%	6.10%
Slovenia	0.37%	1.24%	0.40%	1.77%	0.35%	4.12%
Slovakia	0.62%	2.10%	0.23%	2.33%	0.43%	5.72%

Source: own work based on data from Eurostat.

As seen in Table 1, a significant contribution by creative industries already exists, amounting to at least 4% of the GDP for the assessed countries. In spite of the temporal and resource handicap in stimulating creative industries that affects South Eastern European countries compared to Western Europe, substantial development of the sector can be seen in these regions. Its contribution to the national development indicators is significant and the perspectives of sustainable development are promising, but require that all other economic sectors become aligned with the economic, social and environmental requirements of this desideratum of growth.

#### **4. Conclusions**

In their path towards becoming developed economies, the countries in South Eastern Europe have encountered some significant changes (especially over the last few years). These

were determined by a major political, economic and technological transition, but also by the desire (expressed by some of these countries) to become part of the European Union family. In the search for tools and measures that would allow them to recover the gap compared to Western states, the cultural and creative traits of each nation were identified. Although there are some disparities with regard to the definition of the concept of creative branch or industry compared to the countries that have approached and analysed these activities, there is a generally accepted view regarding their positive effects. However, their benefits are not only limited to quantitative variables that are easily measured (such as the macroeconomic impact of these industries), but also include the qualitative and long term effects of using national culture, art and creativity as an integral part of the development process. Although these qualitative traits are evaluated indirectly, there is a clear theoretical and practical link with the dimensions of sustainable development. The results of this study emphasize the major steps that were undertaken by the countries of South Eastern Europe on the path of development and offer the potential to sustainably reduce the gaps that exist between their economies and those of other developed European states. A subsequent analytical evaluation of the qualitative impact of each activity within each country will contribute to a clearer understanding of all the benefits of creative industries.

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