MEASURING CREATIVE ECONOMIES: A CRITICAL REVIEW OF CCIs

A Horizon 2020 project by:
# MEASURING CREATIVE ECONOMIES: A CRITICAL REVIEW OF CCIs

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Developing Inclusive & Sustainable Creative Economies (DISCE) is an interdisciplinary, mixed-methods project. The overarching research question for DISCE is: “what are inclusive and sustainable creative economies, and how can they be developed?” Each work package has a specific role to play in answering this question, and WP2 is tasked with considering issues of quantitative data. The approach of DISCE is to combine both conceptual and empirical inquiry. As part of the overall research design, WP2 has a specific role in helping to identify and analyse the range of data that is currently used in processes of modelling and analysing the creative economy across Europe. However, part of the specific approach of DISCE is to rethink what we might mean by inclusivity and sustainability, and to ask what creative economies are. In this context, the role of WP2 is not only to analyse existing data within the frameworks of existing models of the creative economy, but to work closely with other work packages to identify and analyse new sources of data on the basis of DISCE’s reconceptualization of inclusive and sustainable creative economies. By moving from a critical review of existing models, WP2 will thereby work to develop new empirical approaches to mapping and measuring creative economies across the EU via a referenced taxonomy of the CCIs.

There are several interesting and important methodological challenges that WP2 faces in undertaking this work. One of these is the fragmentation of the definitions and the approaches with which the creative economy is currently analysed. A range of different taxonomies has been provided by different scholars, also influenced by different policy imperatives. Additionally, because DISCE is specifically aiming to rethink inclusivity and sustainability, the main challenge is to operationalize such categories in a meaningful way identifying and analysing what
data are relevant and usable according to DISCE’s iterative approach. Within this research design, part of WP2’s role is not only to analyse currently available data for the creative economy in Europe, but also to assess the relevance and value of these data in relation to the overall DISCE research question.

Furthermore, playing these different roles, WP2 is working closely with other work packages to answer the DISCE research question, by helping to identify new approaches to quantitative data within an overall reconceptualization of inclusive and sustainable creative economies. The aim of this initial WP2 report is to review a series of influential models of the creative economy that have provided the basis for previous processes of measurement and mapping. Doing so, it will establish the context within which DISCE is developing its own empirical assessment, measuring the inclusive and sustainable creative economy beyond these existing frameworks. The report concludes by indicating the approach that the DISCE research project will take and what implications this will have for the data collection in the future.
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The creative economy has become widely recognisable as a means of new socio-economic development in a post-industrial era since it directly affects the economic performances of nations in terms of GDP, occupation, import/export, provision of services, and so on. Within such a background, culture and creativity are attributes that boost new ideas producing money, markets, exchange, and countable inputs/outputs that are internalised in the flow of production and consumption (Hawkins, 2001). Such a kind of economy deals with the creation, dissemination, and consumption of products with a high symbolic value, in opposition to the purely utilitarian value. In the same token, the creative economy could potentially be the most powerful sources for new development pathways that encourage creativity and innovation in the pursuit of inclusive, equitable and sustainable growth and development (UNESCO, 2013).

It is noteworthy that the creative economy is an evolving context, as well as the definitions and terminology that are used in. This topic has sketched diverse forms in many different academic as well political settings and deals with the well-known issue of cultural and creative industries (CCIs) as a mirror to evaluate both the economic and non-economic outcomes of such systems. In this view CCIs are a multifaceted system that can vary significantly from one context to the next as well. There is currently no official and universally agreed statistical definition of the creative economy and of the CCIs. On the contrary, a significant definitional debate has developed, and over the past twenty years, a plethora of closely related terms have been employed. These include the culture industry, the cultural industries, the creative industries, cultural-products industries, the creative economy, and the cultural economy, together forming an imprecise muddle (Boggs, 2009). Some scholars refer to all of these as CCIs while others see differences between them (see Jones et al., 2016).

As Justin O’Connor’s historical overview of the discourse indicates (O’Connor, 2010), this range of related and competing terms are not neutral: they are embedded within political and policy debates: a relevant consideration on the consequences of a given definition of CCIs perimeter. Indeed, the consequences of any classification of what is or is not cultural and creative industries, deserve attention as it defines the legal and budgetary scope of action for policy makers. Theoretical and methodological assumptions have clear consequences in the way those activities and the people behind them are treated consequently in terms of subsidies, policy support measures et similia.
Famously, the seminal work of Adorno and Horkheimer (1947) introduced the term “the culture industry” to refer to industrially produced commercial entertainment such as broadcasting, film, publishing, recorded music, in opposition to the subsidised “arts” such as visual and performing arts, museums and galleries. The Frankfurt School writers were, of course, using the term “the culture industries” pejoratively: emphasising the new ideological functions that mass entertainment was playing within capitalistic systems of socio-economic relations. Contrastingly, during the 1980s, the term cultural industries was employed in the UK with quite a different political inflection: indicating the democratic possibilities for promoting forms of popular cultural production within progressive public policy (Garnham, 1987; Looseley, 2011; Street, 2011).

A key moment in the history of these terms is the work of the UK’s New Labour government, following its victory in the general election of 1997. With the creation of the Department for Culture, Media and Sport (DCMS), the first Creative Industries Mapping Document was written (DCMS, 1998), providing the first definition - and the first measurement - of the creative industries, and identifying them as among the legitimate objects of national public policy. This document does not refer to cultural industries, but to creative industries identified as: “those industries which have their origin in individual creativity, skills and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 1998: 3). Additionally, the document identifies the thirteen sub-sectors that make up the creative industries. These are: “advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, the performing arts, publishing, software and television and radio” (DCMS 1998: 3). The definition of the creative industries provided by the UK government has proven enormously influential at the international level. However, there have been a range of criticisms made of the DCMS definition (see Garnham, 2005; Galloway and Dunlop, 2007; Banks and O’Connor, 2009). As a matter of fact, this configuration has been adopted for pragmatic reasons, to lever more money out of the economic departments of state. “For many, indeed, the introduction of creative industries policy ideas is precisely about emphasising their economic importance” (O’Connor et al., 2009: 84).

Since the cultural (and creative) economy shows multidimensional frameworks (Crociata, 2009), CCIs classification and relevance follow different paths according to different policy orientations and goals. Sacco and Crociata (2012) provided four configurations of the cultural (and creative) sector pointing out alternative approaches involved in urban cultural planning (Table. 1).
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<th>Approach</th>
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<th>Goals</th>
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<td>Educational</td>
<td>Culture as a source of spiritual cultivation and the social identification of individuals. Culture is a social merit (public) good. Consequently, urban policies in the cultural realm have a paternalistic character, aimed at maximizing the educational and civilizing function of the cultural sector. Typical of post-second-world-war reconstruction and associated with the consolidation of the modern welfare state.</td>
<td>Educating and civilizing local populations through exposure to high culture. Public expenditure focuses on the conservation of cultural heritage and cultural facilities such as theatres, libraries and museums, which are typically localized in the city core. At the same time, cultural activity within these facilities is publicly promoted and sustained, through grants aimed at maximizing accessibility by the general public.</td>
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<td>Economic</td>
<td>Culture as a source of effective demand for the economy as a whole. Socioeconomic development causes an increasingly differentiated demand for cultural experiences and services, sustained by a parallel increase in the average willingness to pay by households. The development of full-fledged cultural districts within the city core becomes a possible engine of growth for the local economy, and cultural policies aim to stimulate their scale and attractiveness, also with regard to non-local audiences.</td>
<td>Strongly promoting local cultural assets and landmarks, building on the cultural identity of the city to enhance its attractiveness for non-local audiences. The city strategy is based on the maximization of (cultural) positional rents (as happens in many ‘art cities’). A policy focus on strengthening cultural infrastructural capital is often overtaken by spending on ephemeral but highly visible and attractive events (blockbuster exhibitions, once-in-a-lifetime concerts etc).</td>
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<td>Regenerative</td>
<td>Progressive</td>
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<td>Culture as a platform for the reconstruction of a compromised local identity. Facing the decline of the traditional local economic base and the implied social, economic and environmental tensions, the need to break new ground makes of culture an attractive outside option from the status quo. Necessity to relocate the unemployed workforce, and to find new occupational opportunities for the young to avoid their flight to other territories. Necessity to fill the urban voids left by the downsizing or shutting down of traditional economic activities.</td>
<td>Restoration of large portions of the urban fabric and a change in the use for which they are intended. Attraction of firms, capital and people from outside the city through intense city marketing aimed at drastically improving the city’s image and reputation. A policy focus on invigorating the vitality of the city’s cultural scene through support for local creative communities or (often alternatively) through the attraction of opinion-forming external cultural players and through the careful design of ‘culturally cosy’ new settlements.</td>
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<td>Culture as a factor in the deep structural transformation of the local economy and society in the post-industrial context. Necessity to redefine the foundations of civic identity through participation in an increasingly fragmented society where the very idea of a common good and common community interests becomes a challenge. Cultural participation becomes a basic dimension of everyday civic life, and of knowledge-intensive production and social interaction. The cultural sector ceases to be an enclave of the local economy and becomes an open sector with a key cross-fertilizing function and very active exchanges with other productive sectors in terms of innovation practices, lifelong learning, organizational cohesion and so on. Reaching out for a true synthesis of the symbolic, social and economic components of the structural adaptation of the local system to global competitive pressures. Culture as a platform for the production of collective well-being (investment in various forms of bonding and bridging social capital), collective orientation to the production and circulation of knowledge (investment in various forms of human and informational capital and of bridging social capital), and identity of place and sense of belonging (production of symbolic capital). A policy focus on long-term projects where the tangible and intangible components of cultural infrastructuring are strategically linked through a widely shared long-term strategic perspective.</td>
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By moving from such approaches, the “educative” configuration provides a restricted classification of CCIs, considering only the core of the arts (KEA, 2006) such as Theatres, Museum and so on. The “economic” configuration introduces the cultural industries, namely film and music industry, radio, publishing, while both the “regenerative” and “progressive” configuration expand the boundaries of CCIs’ classification embracing new media, design and creative services.
In a review of the most widely used approaches, cultural economist David Throsby (2008) presents six different international classification systems for CCIs. He includes the categories that each approach considers, according to the principles on which its classification system is based (Fig. 1).

Fig 1. Different classification systems for CCIs. Source: UNESCO (2013:22)
In addition to the **DCMS Model**, discussed above, the **Symbolic Texts Model** (Hesmondhalgh, 2002) is on industries concerned with industrial production and dissemination of symbolic texts. The production of symbolic meaning through a range of different ways allows this approach to point out differences within the CCIs. For instance, between sectors from the “arts”, whose products tend to be singular or limited, from sectors such as “design”, whose products involve more functional rather than symbolic considerations. Taking this into account, this model is the first one that explicitly recognizes advertising and public relations as core cultural industries based on their actual output as well as their contribution to other cultural industries. The critics of such approach rely on the fact that advertising and public relations is an industry in its own right more extensive, covering all sectors of the economy, government and the third sector and much of this work is in the service of non-cultural industries (Edwards, 2015).

The **Concentric Circles Model** (Throsby, 2001) is based on the origin and the diffusion of creative ideas in sound, text and image from core creative arts. This model interprets the structure of the cultural industries focusing on the dynamics of cultural transmission within a cultural production system. In that way, it depicts the breadth of the CCIs activities, which do not only pertain to a strict set of defined and limited sectors, but extend their branches to a variety of collateral, complementary, integrative activities within the whole economy.

The **WIPO Copyright Model** (WIPO, 2003) is based on industries involved directly or indirectly in the creation, manufacture, production, broadcast and distribution of copyrighted works. This model makes its classification stemming from the degree of copyright protection of an output and of an industry, an approach that, compared with the concentric model one, relocates many creative sectors into different categories. The role of copyright in contributing to the assessment of economic performances has been widely accepted since it provides the importance that intellectual property as a fairly affordable and reliable method to assess the health of a specific creative and cultural economy. Critics deals with the fact that not all CCIs deal with intellectual property, so this model has limited scope.

The **UNESCO Institute for Statistic Model** (UNESCO, 2005) is based on cultural goods and services entering international trade. This approach portrays the role of the CCIs in the economy taking the supply chain or cultural production cycle model and elaborating it to interpret the interrelationships between components of the cultural sector. This model is fairly suitable in the design of national cultural statistics collections and was articulated by the UIS as being to meet “the challenge for a robust and sustainable cultural statistical framework ... to cover the contributory processes that enable culture to not only be created, but distributed, received, used, critiqued, understood and preserved” (UNESCO Institute for Statistics, 2007: 25)

The **Americans for the Arts Model** (Americans for the Arts, 2005) is based on businesses involved with the production or distribution of the arts (“arts-centric businesses”). Mainly used as a lobbying tool by the arts sector, it relates very clearly to arts policy, but ignores links with technology, computing, and other creative sectors.

In 2006 the KEA European Affairs Report attempted to measure the contribution of the cultural and creative sector to growth and cohesion in Europe by establishing a correspondence between the sector and its activities. In the **KEA Model**, the
cultural sector is basically split into 1) a non-industrial sector where non-reproducible goods and services are produced and consumed at the same moment. This category includes the field of arts such as: crafts, painting, sculpture, photography, theatre, dance, circus, festivals, museums, libraries, archaeological sites, archives; 2) an industrial sector where reproducible goods are produced for mass consumption and distribution. This category represents cultural industries such as: film industry, radio, video games, live music, and publishing. The creative sector is differentiated by the previous one by moving from the assumption that culture becomes a (creative) input for the production of “non-cultural goods”. This sector includes activities such as design (fashion design, interior design, and product design), architecture and advertising. In this study creativity is interpreted as the use of cultural resources, intermediate in the production process of a non-cultural sector.

Another relevant approach is the so-called Creative Trident Model, provided by NESTA in 2008. The main assumption behind this model is that CCIs boost the wider economy, and its main aim is disentangling the creative “added value”. This approach is known as the employment-based classification, and its rationale is that it considers the activities which are part of creative occupations for the production of cultural and non-cultural goods and services – each of which are considered to be a part of the creative economy. The model counts the number of people employed in creative activities and industries bringing together those working in the creative industries and those working with creative tasks (and skills) in other firms and organizations. The model focuses “on three types of employment: specialist artists, professionals or creative individuals working in creative industries; support staff in those industries providing management, secretarial, administrative or accountancy back-up; and creative individuals embedded in other industries not defined as creative” (Higgs et al., 2008: 3).
3. CCIs identification, mapping and statistics: the DISCE standpoint

*Developing Inclusive & Sustainable Creative Economies* (DISCE) is an interdisciplinary, mixed-methods project. The overall research design combines case studies of the creative economies in ten European cities, in combination with analysis of pan-European data. (Our case study research design is discussed in more detail in other outputs.) One of the central aims of the project is to use this combination of methods to conceptualize inclusive and sustainable creative economies, and to develop new approaches to statistical analyses, mapping and modelling of creative economies in Europe.

A key starting point for DISCE is the need for more conceptually and empirically robust statistical descriptions of the sector, to capture not only its size and economic profile (in terms of conventional economic measures such as employment and Gross Value Added), but also its broader dynamics and social value in contemporary society. A central challenge for DISCE is how to develop a new approach such as this, whilst also providing a quantitative basis for an EU-wide comparative framework: capable of dealing with the different characteristics and values of creative economies in Europe - not only narrowly economic value but also in terms of broader social value - whilst being also practical.

Despite the provided definition of CCIs and that the sector has actually been sized (EC, 2010a; 2012), within the DISCE project there is an explicit recognition of the need to advance towards “a comprehensive understanding of CCIs, improving indicators at national and at EU level” (H2020 Work Programme 2018-2020). Developing conceptually and empirically robust definitions, characterizations, and measurements of the creative economy is an unsolved issue for those seeking to develop a comprehensive policy scheme to support the creative economy. For the purpose, in the DISCE project the plurality of models and definitions of the creative economy is an important starting point.

At statistical level, there are a few comprehensive sources (Eurostat and similar) that rely on data provided by national States, which typically have insufficient means to monitor the cultural sector, and cannot reach data harmonization because each of them may use different statistical systems. In addition, the categorization is hard as well: relevant sub-sectors may be lost within too broad categories or put
into inadequate categories. The rationale behind a classification should support evidence-based decision making, allow comparisons over time, between policies, countries and regions, social groups and industries, and contribute to increased transparency and accountability (Eurostat, 2014). European Commission supports these sectors by moving from Eurostat’s work as part of European Statistical System (ESS)-net Culture. But at the same time EC deals with such issues and is boosting a critical reflection toward a further harmonization of taxonomies and statistics on the cultural and creative sectors.

Creative Economy Reports published by two specialized bodies of the UN – UNESCO and UNCTAD (Fig. 3) have contributed notably in pushing the CCIs to the global level (See De Beukealaer 2015; De Beukealaer and Spence 2019). In this project, one will build upon their categorization.

Figure 3. UNCTAD classification of creative industries. Source: (UNDP/UNCTAD, 2008, 14)

The UNCTAD classification provides a convenient classification into four broad groups that are helpful for the sampling purposes:

- **Heritage** (including cultural sites and traditional cultural expressions)
- **Arts** (including performing and visual arts)
- **Media** (including publishing and audiovisuals)
- **Functional creations** (including new media, design and creative services).

This model is layered in terms of three main pillars. Primarily, the CCIs serve to promote the diversity of cultural expressions within the global circulation of cultural expressions. Secondly, CCIs are a driver of economic growth in terms of job opportunity.
and export diversification. Thirdly, CCIs are at the base of development pathways beyond economic terms focusing on the social and human aspects before economic aspects.

To make the research project feasible, but still allowing for a range of sectors to be covered across the multiple locations of the case studies included, we have decided to use the UNCTAD/UNESCO 2008 classification as a framework. This model fits with the main EU official statistics (i.e., EUROSTAT), as well as labor surveys, population censuses, household surveys and industrial surveys, when available in the different countries. This model lets us improve the statistical data, as well as quantitative and qualitative methods, enabling short-medium- and long-term tracking national and EU performance of CCIs.

“The cultural cycle concept as represented in the UIS Framework enables the specification of product-based, industry-based and employment-based depictions of cultural production and extends the simple supply-chain model to include consumption of cultural goods and services. It thus has the capacity to provide a comprehensive view of the structure of the cultural sector and its place in the economy” (Throsby, 2015: 62). So, to fully understand and measure the dynamics and performances that generate the CCIs for designing a sustainable and inclusive creative economy, it is therefore necessary to refer to a highly-harmonized approach as a suitable tools to point out CCIs contribution at European level.
4. Modelling and mapping inclusive and sustainable creative economies: what is being measured?

DISCE highlights a need for an inclusive understanding of the sector. This takes a broad view of the creative economy that questions the models outlined above. Besides providing a descriptive profile of CCIs, based on the classical information such as Gross Value Added by Economic Sector, Input-Output tables, European Union Labor Force Survey, Structural Business Statistics (SBS) et similia, the DISCE WP2 will cope with the complex issue of CCIs performance (Crociata et al., 2018).

CCI’s indicators will be mapped and analysed with spatial statistical tools, to investigate the possibility of spatial (and perhaps trans-boundary) clusters of CCI activities. Further, metrics of CCI employment and business creation will be used to identify regions specialized in cultural and creative activities, using regional indices of sectoral specialization and related diversification (Frenken et al., 2007). In addition, efforts will be made to trace the “creative spillovers” that, boosted by the frequent face-to-face interactions and communication in a context rich in human capital, creative capabilities and skills, which highly benefit innovation, diversification and competitiveness of regional systems.

Collected databases will be used to characterize the demography, human capital and the skills composition of workers in the CCIs, comparing them with the average of the national labor forces and some benchmark sectors in each country. This work will allow identifying skills and competences gaps in the CCIs, in specific CCI activities and/or in the CCIs of specific regions. The set of indicators is aimed at providing a diagnosis of the regions focused on the current state of the CCIs. It will include many aspects, such as composition of the regional economy (sectors); geographical concentration of CCIs; rural-urban distribution and rural-urban flows and linkages, jobs in arts, culture, entertainment and creative sectors, as well as in high-medium tech sectors, knowledge intensive product/services; intramural R&D expenditure and researchers; regional labor market disparities; regional structure of earnings and productivity; in-coming/out-going commuting employment. This set also includes elements suggesting the degree of innovativeness of the region by recording patent applications to the European Patent Office (EPO) and the International Patent
Certification (IPC) with a focus on high-tech patent applications and community designs. These descriptions feed into the WPs 3-4 in which the regional case studies are conducted. More specifically (as in D.2 pointed out), the regional profiles of the CCI sectors will include indicators of regional human capital, regional digitalisation, social fragility, demand for ‘culture and creativity’, regional resilience all of which are highly relevant for the WPs 3-5.

Finally, the impact of concentration and growth of CCIs on social cohesion and well-being will be sized and empirically sustained. For arts and creative industries policy to find its full voice we have to find new ways of indicating success: not just employment, rent increases and tax generation, but more specifically indexes of wellbeing, creativity, empowerment and diversity.
REFERENCES


