CREATIVE INDUSTRIES, INNOVATIVE CITIES AND CHANGING WORLDS

I am enough of an artist to draw freely on my imagination. Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world. (Albert Einstein quoted in Viereck, 1929: 117)

LEARNING OUTCOMES

After reading this chapter, you will be able to:

- Identify and discuss the range of factors that are driving developments towards a new age of creativity.
- Debate the nature of these developments and their implications for work, employment and society.
- Outline and describe the different creative industry subgroups that constitute the new creative economy.
- Evaluate the importance of creative industries to national economies and explore the number and type of people who are involved in them.
- Appraise whether the current focus on the industrial and commercial aspects of creative industries is undermining essential creative processes through downplaying the importance of the more artistic and cultural dimensions.
• Understand the changing need for more adaptive forms of organizing and ambidextrous firms.
• Explain Florida’s 3-T model and discuss the issues and debates around the rise of the creative class.
• Assess the importance of creative places (cities, regions, communities, organizations) to creating and sustaining a culture of change, creativity and innovation.

INTRODUCTION

Creativity, innovation and change are central to economic competitiveness in advanced economies and, as a consequence, are high on the agenda of politicians and policy-makers. Several countries pride themselves on being ‘creative’ economies that develop, attract and retain creative individuals and nurture creative organizations (see Florida, 2004, 2012; Florida and Goodnight, 2005). The UK government, for instance, views creative talent as one of Britain’s most distinctive and marketable strengths and proposes that creativity is fundamental to the future health of the UK economy (DCMS, 2016). Encouraging people into careers within creative industries has also become an important part of policy, with growing emphasis being placed on strategies that create and support a culture where creativity can thrive, particularly in the development of an education system that facilitates the generation and realization of ideas from an early age (Todorovic and Bakir, 2016). In Europe, attention has been given to policies that can support and stimulate developments in the creative economy (UNCTAD, 2008, 2012), and governmental programmes in North America, Canada, Australia, New Zealand, Asia, Latin America, Africa and the Middle East, have all been instrumental in promoting and encouraging activities in this ‘new’ and developing sector. Asia-Pacific’s creative economy is the largest (with China and India showing the biggest historical growth), followed by Europe and North America (Florida, 2015). Although a number of creative industries have existed for a long while, such as architecture, art and antiques, there is also an emerging and developing range of products and services around, for example, digital entertainment, electronic publication and smart and iPhone applications. In assessing the importance of creative industries to the UK economy, a government statement in 2015 noted that:

New figures published today reveal that the UK’s Creative Industries, which includes the film, television and music industries, are now worth £76.9 billion per year to the UK economy. This massive contribution is an all-time high and equates to £8.8m per hour, or £146,000 every single minute, playing a key role in the Government’s long-term economic plan. (DCMS, 2015a)

The value of creative organizations in the global economy is rising annually, with more than 50 per cent of economic growth in the twenty-first century coming
from products and services that were only in their infancy or did not exist at all in the late twentieth century. This new and emerging age of creativity is also about the places and spaces in which creative activities flourish in the home, cafes, organizations, cities and regions. Technological advancement in digital connectivity and new design software and marketing strategies to make new products and services that stand out from the crowd are becoming increasingly important with more educated, discerning and demanding customers who are able to troll the Web finding best prices and options. The intensity of global competition places pressure on national economies that seek to secure a well-educated, knowledgeable workforce and nurture a raft of creative activities, not only among large business but in the stimulation and growth of small- and medium-sized enterprises (SMEs) and other innovative entrepreneurial activities. Employees’ expectations are on the rise in line with customers and in what Florida (2012) refers to as the new ‘creative class’, there is the pull of place as well as jobs that is increasingly being called into play in making decisions on where to live. For example, in a UNESCO (2015) report they claim that the top cities ranking in global talent are New York, London and Paris, stating that:

New York – enjoys a unique cultural scene, embedded in a cosmopolitan and forward-thinking urban environment, generally considered beneficial to creative activities. London – ahead of Paris owing to its international openness (33% of its population was born abroad, compared with just 12% in Paris). Paris – ranks third due to its cultural heritage and technology assets, but is penalized by a weaker entrepreneurial environment. (2015: 23)

Capturing the economic value of creativity (NESTA, 2016) and the disruptive innovation of the creative economy (DeFillippi and Wikström, 2014) are subjects that are receiving increasing international attention (UNESCO, 2015). This chapter aims to shed some light on the emergence and development of the creative economy, creative employment and the creative class, as well as the importance of creative cities and regions and the need for more adaptable, innovative and ambidextrous organizations in encouraging and nurturing creative processes that promote the growth of creative industries to secure prosperity in an increasingly competitive global market economy.

A CREATIVE EPOCH: ENTREPRENEURSHIP, INNOVATION AND AMBIDEXTERITY

Hartley et al. (2015), in their book Creative Economy and Culture: Challenges, Changes and Futures for the Creative Industries, argue that the rise of creative industries represent a new epoch. With previous epochs being represented by the hunter-gatherer era (70,000 years ago), the agricultural era (about 10,000 years ago), the industrial era (from the Industrial Revolution to the twentieth century) and the
creative era (arising in the late twentieth century and becoming more prominent in the twenty-first century) that marks a new age tied to developments in information and communication technologies (the internet) and the global networked society. In an early work on creative industries, Caves (2002) examines the contracting relationships between the agents of creative production, distribution and consumption and creative workers. He argues that, unlike humdrum workers, artists are seen to trade financial rewards for the opportunity to engage in work that allows self-expression and is autonomous. However, in what may be viewed as an overly romanticized view of creative work, artistic creativity is privileged over non-artistic creativity and yet it is questionable whether trading away financial return for autonomy is unique to artists. Caves’ (2002) attention remains with higher forms of artistic endeavour and there is no attempt to examine creative industries linked to the digital networked economy. In contrast, Handy (2001), in another early piece, was quick to spotlight the capacity for developments in technology to change the way we work and to offer new opportunities for entrepreneurial-minded individuals. Digitalization, low-cost PCs, the World Wide Web (WWW) and information and communication networks were seen to herald the development of seamless simultaneous connections across countries, regions, organizations, workplaces and homes. New ways of communicating, engaging in social activities and conducting business, all provide innovative opportunities and open up choices that were previously unavailable. There are a combination of factors that are seen to be at work in driving these developments from an industrial era towards a new epoch of creativity. These can be summarized as follows:

Technology: Rapid technological advancements in ICT, digitalization, new design software, mobile media technologies and the extensive use of the Web, have all changed the way we work and live through shifts in communication patterns and activities, new systems of electronic administration and governance, and our engagement as consumers and producers in an ever expanding digital networked global economy (see Avril and Zumello, 2013; Castells, 2000, 2001; Yates et al., 2017). The early work of Özsomer et al. (1997) forecast the emergence of a new ICT driven business era, a period which has now arrived (see also Ibrahim, 2012; Preece et al., 2000; Youngs, 2017). The information revolution has created a business environment with shorter product cycles, increased segment fragmentation and increased interdependence of world markets. Such environmental dynamism increases the need for creativity and change – the ability for organizations to continuously introduce new products and production processes that capitalize on market opportunities. These technological developments have changed the context of business operations requiring companies to support a culture of creativity that can nurture and facilitate the generation and realization of new ideas (see Youngs, 2015).

More unpredictable and demanding customers: It is also commonly accepted that customers today are more knowledgeable about what products and service are available and, hence, they are becoming more
demanding and less ‘loyal’ to particular brands (Beranek and Kamerschen, 2013). Nevertheless, customers still remain at the heart of any organization and companies need to keep abreast of changing customer requirements (Cockerell, 2013). Demographic changes are also leading to a growing diversity in the profile of customers (for example, in terms of ethnicity and age), which makes customizing to individual differences essential for gaining and sustaining a competitive edge (see Furseth and Cuthbertson, 2016).

**Global competition:** Global competition is placing competitive pressure on national economies that, whilst promoting the need to identify new opportunities can also serve to constrain the mobilization of ideas and encourage creativity in support of creative industries (see Wagner et al., 2016). For some commentators, creative individuals and firms were at the centre of a drive to relaunch economic activity following the global financial crisis (Burger-Helmchen, 2013). With an increasingly global and diverse competitive market environment fuelled by multimedia developments and the internet, market knowledge is critical in making decisions and fostering quick innovations that support a constant stream of new and improved products, processes and services, in order to ensure company survival and to meet the challenges faced by organizations operating in this global environment (see Cavusgil et al., 2016).

**Knowledge:** The advances in communication and information technology help organizations to learn and compete at a faster pace. Thus, not only developing and sustaining organizational knowledge, but also ensuring that organizational memory is enriched and maintained, are all pivotal priorities in today’s competitive marketplace (see Davenport and Prusak, 2000; Hislop, 2013). Creativity is based on combining disparate sources of information and transforming raw data (which many organizations get bogged down with) into valuable insights. Raw facts, data and information are limited unless they are translated into an order that makes sense or can be used to create connections that lead to the development of new concepts/ideas. Over the last decade, organizations have used a variety of team-based approaches in order to improve the way in which knowledge is developed, disseminated and applied in their working environments. Roberts (2015) argues that there is far more potential for people from different communities and disciplines to interact and that the dissonance that can occur in bringing these people together can be highly creative. As she notes: ‘Cross-disciplinary work can be highly creative and lead to knowledge breakthroughs that would not be possible from within one discipline’ (Ibid.: 87).

**Change:** The rapid technological advancements and the fierce competition for market share have contributed to the increasing pace of change in the business landscape with terms such as ‘paradigm shift’, ‘managing in chaos’, ‘white-water change’, and ‘rapid organizational change’ have all been used to draw attention to the rapidity of business sector change (see Bleistein, 2016). The prevailing forces of organizational change, including
globalization, advanced technology and the supply of new products and services at much faster speeds and lower costs, have all been evident for some time. For example, in the 1990s, Morgan (1991) and Peters (1997) argued that the world of business had entered a permanent state of flux in which constant change is the only strategy for survival for both the individual and the organization. Similarly, Kotter (2012) talks about the rapid-fire nature of change and the eight accelerators necessary to manage change successfully; whilst Bleistein (2016) argues that change is coming faster than ever and agility and pace are critical to company survival. Organizational survival is seen to rest on a company’s ability to quickly transform market opportunities into tangible bottom-line results in response to the rapidity of change (Kotter, 2012). Whilst research and studies of change have grown substantially (see Boje et al., 2012; Shani et al., 2012), there remains considerable debate, even over the discrepancy between what people do and say about change and what they really think (see Burnes and Randall, 2016).

Higher employee expectations: Highly skilled employees working within creative environments increasingly look for autonomy so that they can exercise personal initiative. Such high-calibre employees are extremely job mobile and require more than monetary compensation from their work (see Florida, 2012). In an early piece on creativity, Nishibori (1972) argued that human work should always include creativity (the joy of thinking), physical elements (the joy of physically using the hands and body in working) and social aspects (the joy of sharing with colleagues at work, including the ‘ups’ and the ‘downs’). More so than ever before, organizations today are required to continuously identify ways for motivating, developing and retaining their creative and talented people (Devine and Styrett, 2014).

The importance and dominance of design: In an unpredictable business environment, the need to stand out from the crowd by adding value is central (Martins, 2009). Under such intense market conditions, competitive advantage can be fostered if companies see design as an integral part of business strategy (Carlopio, 2013; Solis, 2015).

These trends drive organizations to be more entrepreneurial and innovative in changing from stabilized bureaucratic forms to more adaptive modes of organizing that are better suited to meet the changing needs of existing and future potential customers. Entrepreneurship is central to these processes in which people work together in pursuing entrepreneurial opportunities without being overly constrained by existing structures or the resources at hand (Barringer and Ireland, 2006; Zahra et al., 2006). Risks generally accompany entrepreneurial activities in the pursuit of profit (commercial entrepreneurial activity), or social well-being (through social entrepreneurial activities), in the starting of a new business or in developing new products, processes or services (Schramm, 2006). Entrepreneurs are change agents who constantly scan for new opportunities and then bring together the necessary resources required to exploit them.
If successful, they not only create value for themselves, but also for society (for example, in creating employment opportunities). Although many new ventures or corporate innovations fail, some achieve spectacular success (see our spotlight on Amazon in Case 10.1 that follows).

**CASE 10.1**

**ENTREPRENEURIAL FLARE AND THE SUCCESS OF AMAZON**

Amazon’s entrepreneurial orientation (the world’s largest online retailer) encourages and supports continuous product innovation. Jeff Bezos (the founder and CEO of Amazon.com) first got the idea to start an internet enterprise in 1994. While browsing the internet in search of new ventures for D.E. Shaw and Co. to invest in, he came across a report noting that the internet was growing by 2000% a month. He drew up a list of 20 potential products that he thought could be sold online, including software, CDs and books.

After doing more research with the different product categories in the list, books became the obvious choice for three reasons. First, the book retail market was rather fragmented, with massive inefficiencies in its distribution system. Second, the absolute number of titles in existence was also an issue. Bezos realized that, while even the largest superstores could stock only a few hundred thousand books, a ‘virtual’ bookstore could offer millions of titles. Third, books represented a perfect commodity since they were identical regardless of where a consumer bought them. Bezos passed up a fat bonus and, together with his wife and their dog, headed for Seattle. With $1 million raised from family and friends, Bezos rented a house in Seattle and almost for a year, he and a crew of five employees worked out of the garage, delving deeper into how to source books and set up a computer system that would make Amazon.com easy to navigate. In July 1995, Amazon.com opened its ‘virtual doors’, with more than 1 million titles to choose from. Fuelled by word of mouth, a massive selection of books, superior customer service and a user-friendly website, the orders started coming in. By September 1996, Amazon.com had grown into a company of 100 employees, with more than $15.7 million in sales. Within the next three years, Amazon.com grew to more than 3000 employees and more than $610 million in sales.

The visionary Bezos started thinking about expanding Amazon.com’s product lines and, in March 1999, launched amazon.com Auctions, a Web auctions service. Today, Amazon.com’s product lines include books, music CDs, videotapes and DVDs, software, consumer electronics, kitchen items, tools, garden items, toys and games, apparel, sporting goods, gourmet food, jewellery, health and personal-care items, beauty products, industrial and scientific supplies and groceries among others. In November 2007, Amazon launched Amazon Kindle, an e-book reader with more than 850,000 titles. In September 2011, Amazon announced its entry into the tablet computer market by introducing the Kindle Fire, which runs a customized version of the Android operating system. In April 2015, Seattle-based Amazon launched Amazon Business a new platform aimed at business customers. Amazon continues to stand as a leading global e-retailer with electronic, media devices and associated services generating the bulk of the company’s revenue which amounted to US$107 billion in net revenue.

(Continued)
It is not only the success of entrepreneurial activity in creating large global corporations but also entrepreneurial activities that support the creation of SMEs that make a significant contribution to employment growth and economic prosperity. Creative entrepreneurs who are able to use technology and other resources in transforming their ideas into new creative services and products are on the rise and are increasingly being recognized as central to promoting innovations and wealth in both industrialized and newly developing economies. In the small, medium and large organizations, these innovative and entrepreneurial activities often involve managing uncertainty, paradox and tension in ensuring a level of ambidexterity to secure forms of exploitative and exploratory innovation (Tushman and O’Reilly, 1996). Exploitation refines and extends current knowledge, looking for greater efficiency and improvements to enable incremental innovation (Atuahene-Gima, 2005); whereas, exploration involves the development of new knowledge, experimenting to foster the variation and novelty needed for more radical innovation.

In managing the exploration and exploitation tensions, two main forms of ambidexterity are required. First, organisational ambidexterity which signifies a firm’s capability to manage simultaneous, yet contradictory knowledge management processes, exploiting current competencies and exploring new domains with equal dexterity (Lubatkin et al., 2006). Related research suggests multiple paths to ambidexterity. Theories of architectural ambidexterity propose dual structures and strategies, differentiating efforts to focus on either exploitative or exploratory innovation (Gupta et al., 2006). For example, when the newspaper USA Today faced the emerging threat of online news media, it set up a new unit, which was more or less independent from the print one (O’Reilly and Tushman, 2004). Yet, some important functions were integrated at the top through joint
editorial meetings and top management teams. Further integration was achieved by incentivizing both senior teams (print and online) to accomplish joint goals rather than to limit their focus to their unit performance only, and by initiating weekly meetings of lower-level editorial staff. These interactions among senior managers and employees between these different units allowed for a range of synergies to be achieved.

Second, contextual ambidexterity, which in contrast, emphasizes behavioural and social means of integrating exploitation and exploration (Andriopoulos and Lewis, 2009, 2010; Birkinshaw and Gibson, 2004). Socialization, human resource and team-building practices, for instance, foster shared values and aid coordination, helping actors think and act ambidextrously on a daily basis (Ghoshal and Bartlett, 1997). A study by Gotsi and colleagues (2010) within New Product Design (NPD) consultancies showed how many of the employees interviewed described themselves as ‘practical artists’ – a creative working for a business. Perceiving themselves as very creative, yet allowing them to understand the constraints of the business environment can ease their frustrations and help them to avoid costly mistakes.

**CASE 10.2**

**CREATIVE CREATIVITY: INCREMENTAL AND RADICAL INNOVATIONS IN APPLE INC.**

Apple is a great example of an ambidextrous company that manages incremental and radical innovations in sustaining their competitive market position. Most innovations tend to be incremental. They build on existing knowledge and provide small improvements in the current product lines (Hill and Rothaermel, 2003). The markets for incremental innovations are well defined, the product characteristics are well understood, profit margins tend to be lower and production technologies are efficient (Jansen et al., 2006). In terms of incremental innovations, Apple continually improves its iPhones and each new launch has continued to generate significant customer demand and interest. In contrast to incremental innovations, radical innovations usually provide substantial technological breakthroughs and create new knowledge (Ahuja and Lampert, 2001). Creativity in terms of discovering, combining or synthesizing current knowledge (often from a diverse range of areas) is required to develop radical innovations (Sutton, 2002). The generated knowledge from this difficult and risky process comprises the basis for developing new products that capture new markets and gain access to new resources (Sidhu et al., 2007). For example, while Apple focused on maximizing sales from its current cutting-edge computers (for example, Mac), it also had several teams with different time horizons working on different innovations.

In 2001, Apple entered the consumer electronics market by introducing its first iPod, which became synonymous with the MP3 music player product category. Praised for its sleek design and equipped with an easy-to-use menu, the iPod could hold 1000 songs with a battery life of 10 hours. By the end of 2003, more than 1 million iPods were sold; a substantial and new stream of revenues (apart from (Continued)
its computers). Since then, the iPod product range has been regularly renewed and, in 2007, the company announced that it had sold its 100-millionth iPod, which made it the fastest-selling music player in history. A related revolutionary innovation that helped iPod’s outstanding performance in terms of sales was the launch of the iTunes music store in 2003, where consumers could buy online music for $0.99 per song or videos that displayed in the newest versions of iPods. In 2016, Apple remained the world’s largest IT company by revenue and total assets (although disappointing earnings and a historic decline in Apple stock was discussed in May on: http://www.msn.com/en-us/money/news/apples-historic-slide/vi-BBsxFuS). Nevertheless, in 2016, Apple had 475 retail stores in 17 countries and, in the first quarter of 2014, earned more than Google, Facebook and Amazon combined (http://www.factslides.com/s-Apple).

QUESTIONS

1. Reflect on whether the 2016 decline in market share price is a one-off or more serious issue, and consider whether it is possible to identify any future threats or challenges that should be addressed?
2. Apple is well positioned, well resourced and a financial giant but it also needs to build on strengths and opportunities. Which strategic direction would you recommend and why?
3. If incremental and radical innovations are both important, what percentage of resources should be allocated to developing each of these avenues, and how can you successfully manage and adjust strategies and plans for a future that is as yet unknown?

CREATIVE INDUSTRIES: STRATEGY, WEALTH CREATION AND GROWTH

In many advanced economies, the creative economy is now recognized as a leading sector in generating economic growth, employment and trade … There is no doubt that, whether viewed from a global or a national perspective, the creative economy – however it is defined – is growing, and growing rapidly. Data for the broadest conceptualization of the creative economy show that in OECD [Organization for Economic Cooperation and Development] countries it has been growing at an annual rate more than twice that of the service industries overall and more than four times that of manufacturing. (UNCTAD, 2010: 28)

For Davies and Sigthorsson (2013), creative industries is an umbrella term that covers a wide range of activities and associated goods and services around art, TV, fashion, games, design, marketing, theatre, advertising, writing and so forth. From musical festivals to home designs and smart phone apps this broad-based and expanding field is becoming increasingly strategic given the high levels of income and wealth generated by the creative economy. In highly industrialized
mature economies, a lot of the activity occurs around central hubs or creative cities, like Berlin, or regional areas like Silicon Valley, but there are also more distributed and remote activities occurring in place like the Shetland Islands in Scotland. In less rich or industrially established countries, creative export opportunities may be developed around alternative tourism and cultural heritage, for example, Davies and Sigthorsson (2013: 2–3) use the examples of gorilla viewing tours in Rwanda and urban tourism in South Africa. They argue that, whilst creative industries are eclectic, there are three things that unite them: ‘first, they all require some input of human activity; second, they are vehicles for symbolic messages, that is, they are carriers of meaning; and third, they contain, at least potentially, some intellectual property that belongs to an individual or a group’ (ibid.: 1). Jones et al. also highlight the novelty and newness of creativity, stating that:

Creativity is a process of generating something new by combining elements that already exist and hinges upon individuals’ and organizations’ capability and willingness to engage in non-routine, experiment, and often uncertain activities. Creativity is enacted in the individual, within teams, and within networks. Such individuals, teams, and networks, as well as the business firms that profit from them, are typically attracted to those geographic locations that offer the best milieus for them to coexist and interact, and as a result, particular cities tend to be more characterized by human creativity than others. Thus, creative industries engage not only individuals, firms and cities, but also national and international governmental policies to support and protect national cultures and economic sectors. (2015: 3)

They argue that, with the growing promise of creative industries to promote economic growth and sustain the value of cultural heritage, there has been a concomitant growth in government awareness and directed polities that drive developments and political debates, not only across mature Western economies, but also, those in Asia and South America (ibid.: 20). As a high-growth sector, these industries can make a significant contribution to the value added in an economy and as such, a range of initiatives and studies have been conducted to stimulate and support creative industry development as well as understanding the nature of these industries and the implications of change on projected trends and future opportunities. On the challenges posed by these developments, Townley and Beech (2010) point out that any analysis of the contribution of creative industries should consider redistribution issues and broader regional development concerns as well as extended consideration of creative activities beyond the standard industrial classifications and definitions of what constitutes a creative industry or subcategory. Typically, the UK’s Department for Culture, Media and Sport’s (DCMS) definition is used and is the one associated with the facts and figures on the growth and development of the creative economy. Originally, 13 identifiable subgroups were identified comprising: advertising; architecture; art and antiques; crafts; design; designer fashion; film, video and photography;
interactive leisure software; music; performing arts; publishing; software and computer services; and television and radio (Skillset, 2013: 6 and 24). This has since changed with the merging of some categories and the inclusion of librarians and curators as creative occupations and the consequent subgroup of museums, galleries and libraries. The main subcategories that are currently being used in the formal figures and facts on change in the creative economy are outlined and briefly described in Table 10.1 (see also, Annex C – Creative Industries Definition, DCMS, 2016: 22).

Townley and Beech (2010: 4) point out how: ‘The DCMS definition … identifies their commonality as lying in the generation and exploitation of intellectual property with the potential for wealth creation.’ The focus is on ideas (rather than physical capital) that captures the more intangible human processes of creativity that add value and are often linked to developments in the knowledge economy. With the growing competitive niche of consumer markets, where innovative designs and branding is central in differentiating products or services in gaining competitive advantage:

The ‘experience’ economy, characterized by the growing needs for cultural identity and social empowerment, and aided by technologies of knowledge generation, information processing and communication of symbols, further reinforce this. Although the differentiation of consumer groups, by virtue of the style of their consumption from music to fashion and art to living spaces, has long been acknowledged, the move to knowledge and cultural economies emphasizes the minutiae of distinctions, and the price and speed of the availability of products further stimulate the flux of creative consumptions and creative output. (ibid.: 5)

It is not surprising, therefore, that the commercial potential of creative industries has not gone unnoticed by governments throughout the world who have designed policies and initiatives to further drive these developments in order to improve the financial position of their national or state economies. In Australia, for example, governmental support for the development of creative industries is evident in the report Creative Industries: A Strategy for 21st-Century Australia that sets out the actions required to support developments in the Australian creative economy which would enable locally based creative enterprises to compete globally (Australian Government, 2011). This publication built on an earlier report entitled, Building a Creative Innovation Economy: Opportunities for the Australian and New Zealand Creative Sectors in the Digital Environment, which summarized the current state of play and challenges that needed addressing to gain the benefits and opportunities for the Australian and New Zealand creative sectors in the online, mobile and broadcast digital environment (Australian Government, 2008). Queensland University of Technology (QUT), in the 2000s, launched the world’s first Creative Industries Faculty in 2001, and as Hartley and colleagues explain (2015: 42), these developments centered on the need to break down disciplinary boundaries in drawing together media and communication,
TABLE 10.1  Brief description of the creative industry subgroups used in the formal figures and facts on changes in the creative economy

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<th>Name</th>
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<tr>
<td>DCMS definition</td>
<td>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 intellectual property. (DCMS, 2001: 4)</td>
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<td>Advertising and marketing</td>
<td>Advertising is a process through which companies promote their goods or services to their target customers. Advertising agencies in particular are involved in managing clients' marketing activities and communication plans. This entails activities such as identifying consumers’ needs, creating the advertisements and promotions, handling PR campaigns, media planning, buying and evaluation and, finally, production of advertising materials. In most cases, the client is a business, but it can also be a government, a charity or a museum. Advertisements can promote messages relevant to building and maintaining brand awareness or, from a charitable point of view, may aim to educate people on the consequences of specific actions, such as alcohol and drug abuse.</td>
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<td>Architecture</td>
<td>Architects' artistic creativity and commercial expertise are behind the building and construction industry. This industry ranges from award-winning architects or architectural practices who design the most outstanding buildings, to the hundreds of thousands of architects, surveyors, builders, project managers and owners who design and construct the remainder.</td>
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<td>Art and antiques</td>
<td>This industry includes paintings, sculpture, jewellery, printmaking, fine furniture, other fine art and collectibles. The famous Sotheby's and Christie's auctioneers dominate the auction market. People who view themselves as professional artists (their primary occupation) exhibit their work in galleries, auctions, specialist fairs, department stores and currently through the internet. The growth of the internet and use of the online channel has changed the infrastructure of the market and its accessibility to both buyers and sellers. Companies such as eBay, Christies.com and Sothebys.com provide a different platform for bidding within which collectors can buy or sell their collectibles. This, in return, increases transparency and dramatically alters the way business is conducted within the art trade.</td>
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<td>Design activities</td>
<td>This includes industrial design and designer fashion. Industrial design is defined by the Industrial Design Society of America (IDSA) as: ‘the professional service of creating and developing concepts and specifications that optimize the function, value and appearance of products and systems for the mutual benefit of both user and manufacturer’. The challenge of the design profession is that creative employees need to come up with ideas that are aesthetically pleasing, that function, but also fulfil a need. Designer fashion is one of the most visible of the creative industries.</td>
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<td>It includes clothing, but also accessories, watches, perfumes, etc. Some of the leading companies of this industry are based in Paris, New York, Milan and Geneva. Mintel (a London-based market research firm) defines designer fashion as encompassing four key sectors: (i) <strong>Couture</strong>: the original designer market dominated by French-based brands, like Dior, Chanel, Givenchy and YSL; (ii) <strong>International designers</strong>: labels usually dominated by one name, such as Ralph Lauren, Giorgio Armani, Donna Karan or Calvin Klein (CK); (iii) <strong>Diffusion</strong>: designers producing ‘high-street’ ranges for specific retailers, for instance Jasper Conran at Debenhams; and (iv) <strong>High fashion</strong>: new designers who are up and coming, usually endorsed by celebrities.</td>
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<td>Librarians, archivists and curators all form part of the creative occupations, as well as the income generated by museums, galleries and libraries. This includes the various activities and exhibitions provided by museums and galleries as well as archival activities and public performances.</td>
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<td>This creative industry includes the production, distribution and exhibition of feature films (long and short), adverts, photographic activities, as well as training, promotional and educational videos. Film companies reach their audiences in a variety of ways: through the cinema, television, video, DVDs and media streaming. The TV and radio industry includes activities such as production, programming, packaging, broadcasting and transmission.</td>
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<td>The music industry has the following main activities: songwriting and composition, performance, as well as the production, distribution and retailing of sound recordings. The visual and performing arts are important creative industries. This subgroup covers artistic creation and interpretation, performing arts (and support activities) and operation of art facilities. Performing arts include live performances of ballet, contemporary dance, drama, music, theatre and opera.</td>
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<td>The publishing sector capitalizes on its employees’ ability to write, design, produce and sell publications that satisfy the UK and global markets.</td>
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<td>This industry involves the design, development, license and support of software. One of the most successful companies in software development has been the Microsoft Corporation founded by Bill Gates and Paul Allen in 1975. In the digital and entertainment media arena, the games industry (videos and apps) have grown significantly over the last decade. This industry now includes video games for dedicated console hardware and software (both physical and online), dedicated portable hardware and software, PC games and games for mobile devices such as mobile phones, tablets, music players and other devices that can play games as a secondary feature. The widespread adoption of internet-connected devices, such as tablets and smartphones has given rise to thousands of new game-app developers tapping into this growing market.</td>
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</tr>
<tr>
<td>This industry includes the creation, production and exhibition of crafts, such as ceramics, textiles, jewellery/silver, metal and glass.</td>
<td></td>
</tr>
</tbody>
</table>
creative and performing arts, and new areas based on digital design. In gaining core funding (2005–13) from the Australian Research Council (ARC), a Centre of Excellence for Creative Industries and Innovation (CCI) was established with the express purpose of engaging in practice-based research on the development of creative industries and innovation. From an initial focus on the nature of these new and emergent industries, the centre has produced a number of studies, including an investigation into crowd-funding (see: www.Kickstarter.com) and crowd-sourcing (where a network of people outside of the enterprise offer ideas for consideration to an issue, problem or challenge), with a focus on photography, film making and video advertising (see DeFillippi and Wikström, 2014). In their 2013 report, CCI document how there were 370,000 Australians working directly in the creative sector in 2011, and a further 161,000 ‘creatives’ working in the broader economy in areas such as banking, manufacturing and government.

Whilst there has been a decline in governmental activity at the federal level, some state governments have maintained a keen awareness on the importance of this sector to economic growth and development. For example, in 2014, Martin Foley (the Minister for Creative Industries in the State of Victoria in Australia) announced their intention to develop the local creative economy in establishing a new government agency Creative Victoria and a taskforce chaired by Louise Adler that delivered their report in November 2015, entitled Creative State, Global City: Creative Industries Taskforce Report. They forward a vision of Victoria as Australia’s leading creative state and Melbourne as a creative global city, advocating 42 initiatives for the government to consider in ensuring that Victoria grows their cultural and creative industries in an increasingly globalized world (Adler et al., 2015). The report identifies five key hallmarks of a global creative city comprising:

- a vibrant and rich, cultural and creative sector with prolific, innovative practitioners;
- thriving creative businesses;
- creativity is applied to add value across industry, education and public services;
- arts and creativity are valued by the local community;
- an internationally engaged cultural and creative sector.

The taskforce examined strategic options in seeking to make Victoria a creative state and Melbourne a global city, stating that (2015: 16):

In 2013, Victoria’s cultural and creative industries directly contributed $22.7 billion to the Victorian economy … This was just behind manufacturing at $26.3 billion and ahead of construction at $19 billion. It represented 8% of Victoria’s total economy. The value of cultural and creative exports, based primarily on services, was $1.4 billion … The broad cultural and creative economy employs more than 220,000 Victorians, placing it at about 8% of total employment. In addition, 70,000 volunteers add a further $220 million each year to Victoria’s revenue.
In a follow-up to this taskforce report, Foley launched a further initiative: *Creative State: Victoria’s First Creative Industries Strategy 2016–2020*, that sets out the pathways to growing Victoria’s $23 billion creative sector. The strategy recognizes the value of digital games production to the state, as well as setting out to invest $115 million across four years in the arts and creative sector more generally, in order to ‘boost the business capacity of the state’s creative industries and to support smaller arts companies as well as state institutions’ (Westwood, 2016). Victoria’s strategy for stimulating their creative economy provides a good illustrative example of the types of governmental support that is being developed to further drive this industry in supporting state, regional and national economies. A summary of the key action areas and measures proposed under this strategy are summarized in Table 10.2.

In the UK, creative industries have continued to increase the financial contribution to the UK economy from £13.303 billion in 2009 (DCMS, 2015b: 6) to £84.1 billion in 2014 (DCMS, 2016: 5). Figures posted in April 2016 on the UK site [http://www.thecreativeindustries.co.uk/](http://www.thecreativeindustries.co.uk/), showed that 1 in 11 jobs or 8.8 per cent of all UK jobs (2.8 million) were located within the creative sector. In 2013, UK creative industries were the biggest exporter to Europe with 56.4 per cent of the total, with America (28.9%), Asia (10.3%), Australia (2.0%) and Africa (1.9%) all contributing (DCMS, 2015: 5). The subcategory contributions of the various

### TABLE 10.2  Victoria’s strategy and actions for developing their creative economy

<table>
<thead>
<tr>
<th>Action Area</th>
<th>What the actions will do</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Backing creative talent</strong></td>
<td>- Develop professional and creative practice</td>
<td>- People employed in creative occupations</td>
</tr>
<tr>
<td>Creating more opportunities to produce and present great work</td>
<td>- Enable the creation of landmark new works</td>
<td>- New works supported</td>
</tr>
<tr>
<td></td>
<td>- Encourage collaboration and innovation</td>
<td>- Professional development opportunities provided</td>
</tr>
<tr>
<td><strong>2. Strengthening the creative industries ecosystem</strong></td>
<td>- Increase output and employment in the creative industries</td>
<td>- Employment in the creative industries</td>
</tr>
<tr>
<td>Building capability and conditions for growth</td>
<td>- Accelerate the development of creative industry businesses and organizations</td>
<td>- Creative industries share of Gross Value Added (GVA)</td>
</tr>
<tr>
<td></td>
<td>- Increase spaces for creative practice</td>
<td>- Organizations supported with business development assistance</td>
</tr>
<tr>
<td><strong>3. Delivering wider economic and social impacts</strong></td>
<td>- Expand the application of creative services, products and content:</td>
<td>- Victorian organizations applying design</td>
</tr>
<tr>
<td>Stimulating innovation and wider creative impact</td>
<td>(i) to contribute to productivity and economic growth</td>
<td>- Major government projects applying creative industries products and services</td>
</tr>
<tr>
<td></td>
<td>(ii) to achieve positive social outcomes</td>
<td>- Students participating in education programs</td>
</tr>
</tbody>
</table>
sectors to the UK economy are summarized in Table 10.3. At the time of writing (December 2016), the UK’s Creative Industries Tracker Survey (CITS, 2016: 4) stated that: ‘UK-made television and film provided the most effective creative platforms for generating interest in international markets [in] 2016, they were joined by UK music, fashion and arts and culture which were also prominent sources of international interest.’ The development of the creative economy is important not only in generating locally-based activities, products and services, but also, for growing international recognition and export opportunities. In the film industry, the release of Spectre in November 2015 (the 24th film in the Bond franchise), created a global spotlight for UK creativity and topped the box office on both sides of the Atlantic (so far the earnings only surpassed by Skyfall). According to official DCMS data (released in 2016), the Gross Value Added (GVA) of the UK creative industries (£84.1billion in 2014) has, since 1997, increased by almost 6 per cent each year, compared with the rest of the UK economy which has grown its GVA at an average of 4.3 per cent.

In December 2015, the National Institute of Economic and Social Research (NESTA) produced a report entitled, Creative Economy Employment in the EU and the UK: A Comparative Analysis. Methodological considerations arising from the dynamic mapping of occupational and industry codes is a central issue tackled by the report in attempting to make meaningful comparative analysis of different data sets (whilst this is important to note, this is not our major concern here). The report compares the size, growth, and industrial and occupational structure of the UK’s creative economy with five other EU countries, namely: France, Germany, the Netherlands, Poland and Sweden. A key finding is that:

<table>
<thead>
<tr>
<th>Action Area</th>
<th>What the actions will do</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Increasing participation and access Engaging more Victorians in cultural and creative endeavour</td>
<td>• Increase participation in creative industries activities and experiences across the State • Increase diversity in creative industries production and consumption • Reduce barriers to creative industries employment and experience</td>
<td>• Attendances • Number of Victorians participating in a cultural event • Attendance at regional cultural events</td>
</tr>
<tr>
<td>5. Building international engagement Extending Victoria’s impact and profile for global audiences, visitors and markets</td>
<td>• Enhance Victoria’s creative industries reputation and brand • Strengthen global connections, export and trade • Boost Melbourne’s status as a global cultural destination</td>
<td>• Value of creative industries exports and investment • Value of cultural tourism • Projects involving international collaboration • Creative industries practitioners participating in international events</td>
</tr>
</tbody>
</table>

Source: Creative Victoria (2016: 34).
The creative industries in the UK account for a higher share of workforce employment than in the EU as a whole, at 7.58 per cent versus 5.21 per cent in the 2011–2013 period. However, the distribution of employment shares across the sub-sectors that make up the creative industries is quite similar. The UK’s creative industries’ average annual employment growth outstripped that of the EU creative industries, at 6.1 per cent per annum (p.a.) versus 1.8 per cent p.a. over 2011–2013. (Nathan et al., 2015: 31)

Other key findings are summarized in Table 10.4.

### TABLE 10.3  Contribution of creative industries to the UK economy – based on 2016 figures compiled for 2014

<table>
<thead>
<tr>
<th>Contributing Area</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK creative industries in total (GVA)</td>
<td>£84.1 billion</td>
</tr>
<tr>
<td>IT, software and computer services (includes games)</td>
<td>£36,578 million</td>
</tr>
<tr>
<td>Advertising</td>
<td>£13,250 million</td>
</tr>
<tr>
<td>Film, TV, video, radio and photography</td>
<td>£10,807 million</td>
</tr>
<tr>
<td>Publishing</td>
<td>£10,108 million</td>
</tr>
<tr>
<td>Music, performing and visual arts</td>
<td>£5,444 million</td>
</tr>
<tr>
<td>Architecture</td>
<td>£4,326 million</td>
</tr>
<tr>
<td>Design: product, graphic and fashion design</td>
<td>£3,235 million</td>
</tr>
<tr>
<td>Crafts</td>
<td>£288 million</td>
</tr>
</tbody>
</table>

Source: [http://www.thecreativeindustries.co.uk/resources/infographics](http://www.thecreativeindustries.co.uk/resources/infographics), see also DCMS (2016).

### TABLE 10.4  Key findings from NESTA Report on UK and EU

**Creative economy employment in the EU and UK: a comparative analysis**

The creative industries employ 11.4 million people in the EU, accounting for 5 per cent of the EU workforce.

The country with the highest number of creative industry workers is Germany (which has the largest total workforce in the EU), followed by the UK and France.

The UK accounts for 14 per cent of the total EU workforce, but a fifth (21 per cent) of all creative industry jobs.

Employment in the UK’s creative industries grew three times faster in the UK than in the EU as a whole: 6.1 per cent per annum on average versus 1.8 per cent per annum.

Sweden has the highest proportion of its workforce employed in the creative industries (8.9 per cent), followed by Finland (8.2 per cent) and the UK (7.6 per cent).

In March the following year, NESTA produced a second report that compared the UK creative activities with those in the US and Canada. In *Creative Economy Employment in the US, Canada and the UK*, Nathan et al. define the creative economy as: ‘employment in the creative industries (both in creative jobs and in other roles), plus employment in creative jobs outside the creative industries’ (2016: 4). In their discussion of the main findings, they identify a close similarity between Canada, with 2.24 million creative economy jobs in 2011, and the UK, with 2.33 million. The report highlights how the US creative economy with over 14 million employees in 2013, is significantly larger than the UK where the comparable figure is 2.5 million (with direct employees in the creative industries standing at 10.6 million and 1.6 million respectively). In percentage of total workforce, there is greater similarity across the three with the Canadian creative economy standing at 12.9 per cent, the US 9.48 per cent and the UK 8.18 per cent in 2011 (ibid.: 20–1). The key findings from this report are summarized in tabular form in Table 10.5.

The report also spotlights how the share of creative specialists is lower in Canada (37.4 per cent) and the US (27.4 per cent) compared to the UK (where it comprises 52.3 per cent of all creative industries employment). A noticeable difference also arises in the main areas of creative activity, as the authors report (ibid.: 24):

In all three countries, the ICT, software and computer services group comprises the biggest slice of the creative industries. However, the UK’s creative industries are dominated by this group (over 33 per cent of all jobs) to an extent that appears not to be the case in either the

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**TABLE 10.5**  Key findings from NESTA Report on US, Canada and UK

<table>
<thead>
<tr>
<th>Employment in the creative economies of the US, Canada and the UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The US has the largest number of creative employees when compared to the UK and Canada, employing 14.2 million people.</td>
</tr>
<tr>
<td>2. Canada had the largest creative economy employment as a percentage of the workforce at 12.9 per cent.</td>
</tr>
<tr>
<td>3. Employment in the UK creative economy grew at 4.7 per cent per annum on average between 2011 and 2013, which is faster than the US (3.1 per cent). A comparison with Canadian growth over this period was not possible as the data is unavailable.</td>
</tr>
<tr>
<td>4. The largest centre of creative economy employment in the US in absolute terms is the New York-Newark-New Jersey Metro area, employing 1.2 million people (12.7 per cent of the workforce) in 2013.</td>
</tr>
<tr>
<td>5. The creative economy employment of this area in absolute and percentage terms is comparable to that of the Greater South-East of England (London, the South-East and Eastern regions). This employs 1.3 million people in the creative economy, 12.3 per cent of the workforce.</td>
</tr>
</tbody>
</table>

Source: NESTA (2016).
US (20.1 per cent) or Canada (19.46 per cent). More generally, the UK's creative industries have a distinctive employment shape, while the US and Canada have much more in common between them. For example, advertising and marketing (18.3 per cent in the US, 15.6 per cent in Canada) has employment share over twice the size of its UK counterparts (9.2 per cent). A similar picture emerges in architecture (13.8 per cent US, 18.1 per cent Canada, 5.8 per cent UK) … Conversely, for film and broadcast activity, the UK takes a bigger share of creative industries jobs (13.7 per cent) than in both Canada (7.5 per cent) and the US (9.4 per cent).

In comparing the geographical location of creative industries between the US and the UK, there is a far greater spread across the major cities in the US than in the UK, where activity is concentrated in London. In the US, New York has the greatest number of creative economy jobs, followed by places, such as Los Angeles, Washington DC, Chicago and San Francisco. Whilst London and the surrounding areas of Surrey and Hertfordshire dominate in the UK, a surprising finding was that creative activities in Bristol and its surrounds exceed those found in Greater Manchester (Nathan et al., 2016: 36). The report concludes by noting that (ibid.: 41):

> What … stands out is that the creative economy is substantially larger in a number of US cities than those in the UK, and this may help US localities enjoy stronger agglomeration economies. In terms of workforce share of creative economy employment, only London and parts of the UK’s Greater South East are comparable to the biggest US conurbations such as the New York, LA, San Francisco Bay Area, Washington DC and Austin metros.

In using data from both reports, we can identify and compare activities across industry subgroups in UK, Europe, US and Canada (see Tables 10.6, 10.7, 10.8, 10.9). A noticeable feature of these data are the similarities and differences across countries/regions in subsectoral composition. In all four tables, the ICT, software and computer services group is the largest employer as a percentage of creative employment, they range from 19.46 per cent in Canada to 25.28 per cent in the UK (as already noted, this subgroup dominates activities and employment in the UK's creative industries). In the European countries and the UK, advertising and marketing (UK 17.4%; EU 19.98%), and architecture (UK 20.53%; EU 19.68%) also rank highly in terms of the percentage of all creative industries employment with each remaining subgroup dropping off below 10 per cent. Whilst advertising and marketing (US 18.29%; Canada 15.63%) and architecture (US 13.8%; Canada 18.12%) remain important, in these countries other activities, such as publishing (US 13.65%; Canada 15.92%), and music, performing and visual arts (US 14.02%; Canada 13.47%) are noticeably higher.

In New Zealand, a website has been created called ‘WeCreate’ (http://wecreate.org.nz) to act at the hub for the creative sector. In September 2015, a report
TABLE 10.6  UK creative industries by subsector: 2011–13

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Industry employment</th>
<th>% of all employment</th>
<th>% of all creative industries employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and marketing</td>
<td>445,000</td>
<td>1.52</td>
<td>19.98</td>
</tr>
<tr>
<td>Architecture</td>
<td>437,000</td>
<td>1.49</td>
<td>19.68</td>
</tr>
<tr>
<td>Design activities</td>
<td>109,000</td>
<td>0.37</td>
<td>4.90</td>
</tr>
<tr>
<td>Film, TV, video, radio and photography</td>
<td>211,000</td>
<td>0.72</td>
<td>9.50</td>
</tr>
<tr>
<td>IT, software and computer services</td>
<td>562,000</td>
<td>1.92</td>
<td>25.28</td>
</tr>
<tr>
<td>Publishing</td>
<td>190,000</td>
<td>0.65</td>
<td>8.63</td>
</tr>
<tr>
<td>Museums, galleries and libraries</td>
<td>106,000</td>
<td>0.36</td>
<td>7.22</td>
</tr>
<tr>
<td>Music, performing and visual arts</td>
<td>161,000</td>
<td>0.55</td>
<td>4.81</td>
</tr>
<tr>
<td>Total</td>
<td>2,221,000</td>
<td>7.58</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Adapted from Nathan et al., 2015: 16.

TABLE 10.7  EU creative industries by subsector: 2011–13

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Industry employment</th>
<th>% of all employment</th>
<th>% of all creative industries employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and marketing</td>
<td>1,923,000</td>
<td>0.89</td>
<td>17.14</td>
</tr>
<tr>
<td>Architecture</td>
<td>2,302,000</td>
<td>1.07</td>
<td>20.53</td>
</tr>
<tr>
<td>Design activities</td>
<td>377,000</td>
<td>0.18</td>
<td>3.36</td>
</tr>
<tr>
<td>Film, TV, video, radio and photography</td>
<td>877,000</td>
<td>0.41</td>
<td>7.82</td>
</tr>
<tr>
<td>IT, software and computer services</td>
<td>3,022,000</td>
<td>1.40</td>
<td>26.93</td>
</tr>
<tr>
<td>Publishing</td>
<td>1,001,000</td>
<td>0.47</td>
<td>8.93</td>
</tr>
<tr>
<td>Museums, galleries and libraries</td>
<td>600,000</td>
<td>0.28</td>
<td>5.35</td>
</tr>
<tr>
<td>Music, performing and visual arts</td>
<td>1,115,000</td>
<td>0.52</td>
<td>9.94</td>
</tr>
<tr>
<td>Total</td>
<td>11,218,000</td>
<td>5.21</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Adapted from Nathan et al. (2015: 16).

was published entitled Employment and National GDP Impacts of Music, Book Publishing, Film and Television and Games in New Zealand, highlighting the economic contribution of New Zealand’s music, book publishing, film and television, and games industries. The report by PricewaterhouseCoopers (PwC) is not as comprehensive as the others we have examined, but it does present some figures on the direct and total impact of these industries on
TABLE 10.8  US creative industries by subsector: 2011–13

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Jobs</th>
<th>Creative jobs</th>
<th>% creative industries jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and marketing</td>
<td>1,880,000</td>
<td>322,000</td>
<td>18.29</td>
</tr>
<tr>
<td>Architecture</td>
<td>1,418,000</td>
<td>301,000</td>
<td>13.80</td>
</tr>
<tr>
<td>Design activities</td>
<td>320,000</td>
<td>228,000</td>
<td>3.12</td>
</tr>
<tr>
<td>Film, TV, video, radio and photography</td>
<td>963,000</td>
<td>276,000</td>
<td>9.37</td>
</tr>
<tr>
<td>IT, software and computer services</td>
<td>2,069,000</td>
<td>459,000</td>
<td>20.10</td>
</tr>
<tr>
<td>Publishing</td>
<td>1,402,000</td>
<td>381,000</td>
<td>13.65</td>
</tr>
<tr>
<td>Museums, galleries and libraries</td>
<td>596,000</td>
<td>129,000</td>
<td>5.80</td>
</tr>
<tr>
<td>Music, performing and visual arts</td>
<td>1,440,000</td>
<td>693,000</td>
<td>14.02</td>
</tr>
<tr>
<td>Crafts</td>
<td>190,000</td>
<td>27,000</td>
<td>1.85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Adapted from Nathan et al., 2016: 23.

TABLE 10.9  Canada creative industries by subsector: 2011–13

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Jobs</th>
<th>Creative jobs</th>
<th>% creative industries jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and marketing</td>
<td>233,000</td>
<td>57,000</td>
<td>15.63</td>
</tr>
<tr>
<td>Architecture</td>
<td>259,000</td>
<td>39,000</td>
<td>18.12</td>
</tr>
<tr>
<td>Design activities</td>
<td>56,000</td>
<td>42,000</td>
<td>3.90</td>
</tr>
<tr>
<td>Film, TV, video, radio and photography</td>
<td>108,000</td>
<td>59,000</td>
<td>7.54</td>
</tr>
<tr>
<td>IT, software and computer services</td>
<td>278,000</td>
<td>167,000</td>
<td>19.46</td>
</tr>
<tr>
<td>Publishing</td>
<td>227,000</td>
<td>75,000</td>
<td>15.92</td>
</tr>
<tr>
<td>Museums, galleries and libraries</td>
<td>32,000</td>
<td>5,000</td>
<td>2.22</td>
</tr>
<tr>
<td>Music, performing and visual arts</td>
<td>192,000</td>
<td>82,000</td>
<td>13.47</td>
</tr>
<tr>
<td>Crafts</td>
<td>53,000</td>
<td>8,000</td>
<td>3.73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Adapted from Nathan et al. (2016: 23).

Gross Domestic Product (GDP). In millions of NZ dollars, film and television has the highest direct impact at $1,303m (total impact of $2,829m), followed by the music industry at $213m (total $472m), the book publishing industry at $128m (total $372m), and the games industry at $98m (total $239m). There is an overall direct impact of $1,742m and total impact (including indirect contributions) of $3,848m to the New Zealand economy. In employment terms,
the creative industries sector directly employed 19,234 (Full Time Equivalents – FTÉs) in 2014, and after taking into account indirect and spill-over effects, accounted for over 41,000 (PwC, 2015: 4) and as stated:

These industries continue to play an important role in the New Zealand economy, supporting the employment of more than 41,000 people, including direct employees, suppliers to these industries or through the expenditure of employees in the general economy. Of course, in conjunction with other creative industries, music, books, film & television and games also play a broader role, particularly through the development of New Zealand’s creative talent which helps build national pride and identity. (Ibid.: 2)

In a UNESCO report published in December 2015 entitled, Cultural Times: The First Global Map of Cultural and Creative Industries (available at: www.world-creative.org), the Cultural and Creative Industries (CCI) sector is estimated to generate US$2,250 billion of revenues and 29.5 million jobs worldwide (2015: 8). In using these figures, Florida (2015) notes that:

The creative economy is highly concentrated in Asia, Europe, and North America. Asia-Pacific’s creative economy is the largest, generating $743 billion – or 33 percent of the global total for creative industries – and 12.7 million jobs (43 percent of the global total). Europe is second with $709 billion (32 percent) and 7.7 million jobs (26 percent). North America is third with $620 billion (27 percent) and 4.7 million jobs (16 percent). North America is the top consumer of digital content, as well as the largest contributor to global film and TV revenue, according to the report. Europe, on the other hand, is number one in advertising revenue, while Asia-Pacific is number one in gaming and architecture. These numbers drop off a bit when it comes to Latin America and the Caribbean, where the creative economy generates $124 billion (6 percent) and 1.9 million jobs (7 percent). Africa and the Middle East account for $58 billion in revenue (3 percent) and 2.4 million jobs (8 percent).

All these reports paint a similar picture, namely: (a) that the creative economy is one of the most rapidly growing sectors in the world economy; (b) that these developments are important in terms of maintaining and building cultural identity, heritage and pride, as well as making significant and growing financial contributions to state, regional and national economies; and (c) expansion in the various subcategories of creative industries is generating jobs that are growing as a percentage of all employment, especially where active governmental polities and support initiatives have been implemented. Taken as a whole, these trajectories may signal the emergence of a new creative epoch arising from the industrial era that dominated activities in the nineteenth and twentieth centuries (Hartely et al., 2015).
THE AGE OF CREATIVITY: ORGANIZATIONS, PEOPLE AND LOCATION

With increasingly competitive global markets, a nation’s economic advantage often depends on their capacity to change, innovate and be creative. Companies can achieve competitive advantage by serving the needs of unpredictable, sophisticated and demanding customers, competing against strong domestic and international rivals, and by recognizing new opportunities or markets. Within the creative economy, a common strategy for sustaining competitive advantage centres on the continuous identification and exploitation of new technologies and markets in the development and commercialization of innovative products and services. As we have already outlined, the value of creative organizations in the global economy is considerable, but what do these trends mean for people, organizations, cities, regions, class and social well-being in the development of communities and national economies. In this section, we examine the link between culture and creativity, some of the concerns and challenges that have been identified, and the debates around creative cities, class and regions.

THE INDUSTRIAL AND CREATIVE DIVIDE IN THE EXPERIENCE ECONOMY

From Caves’ (2002) early characterization of the inherently unknowable – ‘nobody knows’ – properties of creative endeavours, in which he argues that motivations extend beyond the purely economic to concerns of self-identity and engagement, there is an underlying conflict and tension between the growing emphasis that is being placed on wealth and income generation (the hard industrial economic and commercial side of creative organizations) and the cultural identity and social engagement with creative processes by creators, producers and consumers (the intrinsic motivation, self-worth and more intangible cultural aspects of creativity). As Caves explains: ‘The artist does not know and cannot pre-test whether her creative vision will prove equally compelling to others. Still worse, she cannot tell whether her conception has been successfully extracted from her inner vision and turned into an external creative product’ (2002: 5). However, the growing emphasis and concern with the industrial side of the equation (contribution to GDP and economic growth) is tending to downplay the more artistic, cultural and playful dimensions that are increasingly hidden under these commercial concerns. For Hartely and colleagues (2015), culture is critical to these developments and yet, it often remains hidden in truncated one-sided inquiries that focus on the commercial and economic aspects of creative industries, with less attention being given to the intangible creative elements that are often left to research investigation in the arts and humanities which represent a different scholarly tradition. In attempting to address this failing, they advocate the adoption of a multidisciplinary approach to break down existing disciplinary boundaries in a more balanced examination of the creative economy.
They argue that the ways in which technology is marketed and advertised, is very different to the way that people actually use technologies, thereby spotlighting the centrality of culture to, and interconnection with, technology, creativity and the economy. For them, culture ‘is the source of “newness” or implemented novelty; the arbiter of uptake, and the determinant of a company’s future. It is the domain of meaningfulness, identity and relationships, and these in turn determine the usefulness or otherwise of the latest app’ (2015: 14). They argue that attention needs to turn from simply looking at the outputs of what they term as ‘industrial creative clusters’, those firms and organizations engaged in the provision of what is now formally defined as creative goods and services (for example, advertising, architecture, computer and video games) towards the creative inputs provided by employees, designers, writers and performers that can transform ‘old-style services like transport into creative services like experienced-based tourism’ (ibid.: 71).

Townley and Beech (2010) also caution against quick acceptance of overzealous and uncritical progressive accounts of the new creative industries, which stand as the new panacea to solving all our regional and national economic and social problems. They note how many look on the creative industries as offering an obvious and simple solution to regenerating regions and upgrading cityscapes. These creative industries-based strategies for urban renewal are afforded high status and support in being seen to provide an uncomplicated pathway to stimulating social and economic activities that will improve the prosperity of these previously run-down areas. But, as Townley and Beech (2010: 5) point out: ‘Flagship buildings do not necessarily regenerate a surrounding area. There remain problems of employment and social inclusion.’ In taking a critical stance, McRobbie (2016) is also wary on the implications of some of the trends in creative work and employment practices for the life and well-being of the new creative worker. In her book *Be Creative: Making a Living in the New Culture Industries*, she draws on Foucault and argues that the incitement to be creative is all well and good, but that these new creative activities are often to be taken without the support of work-welfare regimes that emerged slowly through collective employee struggles over the terms and conditions of work in the twentieth century. Once these welfare-in-work regimes go (such as maternity leave, sick pay, pensions and so forth) it is hard, argues McRobbie, to see that they will return (2016: 13). She argues that the darker side to these developments in new forms of intensified and emotional work that is unprotected, is often ignored in an enthusiastic embrace of blinkered vision focussing on the progressive and positive implications for cultural and commercial developments. On this count, McRobbie notes that (ibid.: 189):

*Across the pages of this book an argument has been made that sees the extension of the ‘new economy’ into the spheres of culture and creativity where the seductions of passionate work have an even more natural or comfortable habitat … A new middle class of educated young persons is being ‘made up’ to withstand and prepare for a world of seemingly self-directed work often interrupted and relatively unprotected.*
For this precarious generation, in particular those who have grown up in Europe in the last two decades, the challenge will be to draw on their creative and political resources in order to invest new forms of social protection for themselves and others alongside them. In short, compassionate and socially re-inflected job creation must become an imperative of young people across Europe and the world in the years to come.

As we outlined in our discussion of Foxconn operations in China, especially with regard to the working conditions of employees manufacturing products associated with these new creative industries (see Chapter 6), there remain key questions and concerns that need to be discussed and addressed in a more balanced assessment of this new creative age. For example, can this new creative epoch be harnessed to better the social and economic lives of the many or will the wealth and income of the few continue to increase at the expense of a more shared and equitable distribution (see also the discussion at the end of Chapter 3). One debate that has emerged out of these trends centres on the notion of the emergence of a creative class and the concept of creative cities and regions, and this is where we turn our attention in the section that follows.

**CREATIVE CITIES, CLASS AND REGIONS: BOHEMIANS, TECH-GEeks AND BARISTAS**

In much of our discussion, the focus has been on organizations and the importance of organizations to regional development and economic prosperity. Creating the right business climate that supports and encourages firms to set up business through fiscal and structural policies has been the mantra of many commentators who have promoted the potential economic benefits that can be derived from the knowledge economy. However, a new point of view that is gaining both support and criticism has been put forward by Richard Florida (2002), who argues that there is an increasing need to develop cities and regions that attract talented people, nurture and support diversity and through encouraging open-minded dialogue and engagement, stimulate change, creativity and innovation. Scott (2006: 11) points out how the essential advice to city officials rests on encouraging developments that will ‘draw as many creative individuals as possible into their jurisdictions. This advice boils down, in turn, to the recommendation that cities with creative ambitions need to invest heavily in creating a high-quality urban environment rich in cultural amenities and conducive to diversity in local social life.’ In seeking to build and develop a creative city, a culture that nurtures and encourages the emergence of new ideas is central, as well as locations for meeting and mixing in the development and discussion of interests and novel concepts, with good infrastructural support that enables the coordination of resources in the scaling up of ideas into the production and delivery of new goods and services. As Hartley et al. state (2015: 77):
The creative city is a ‘medium’ (in the art sense) in which population-wide creativity is mixed and circulated. With broadly distributed digital creativity the extent and rate of experimentation and adaptation accelerates for the entire economic-cultural system, as does the potential for distributing solutions that can rapidly scale up from ‘garage’ start-ups to global applications (e.g., iTunes app store). This expanded and accelerated notion of creativity as a broad-based ‘innovation culture’ means that cities will need different policy settings compared with those that see the ‘creative industries’ merely as a sector of the economy.

As well as the growth in the creative economy (Hospers and Pen, 2008), there has been a growing interest in the spaces and places where creative entrepreneurship occurs and creative industries flourish (Landry, 2012). Attention has been given to the rise of a new type of creative class (Florida, 2012), the pull of creative cities (Florida, 2008; Landry, 2007) and the development of creative regions (Comunian et al., 2010). These notions of a new creative class, creative cities and creative regions are highly topical and engaging a wide range of debates among academics (Asheim and Hansen, 2009) and policy analysts (UNCTAD, 2012). Free-thinking nonconformists mixing with professionals, artists and techno-geeks in a culturally diverse, sexually tolerant and highly creative environment is one image that is being put forward of a new creative age in which the major creative cities – places such as Edinburgh, Osaka, Singapore and Melbourne – can further enhance their position for attracting talented people and improving regional prosperity. From this perspective, these new cities and regions are not being built solely on small high-earning elites, but rather, through the attraction of a diverse range of people, from different cultures and age groups, who are able to mingle and network in spaces (parks and streetscapes) and places (cafes, museums) and engage in real and virtual connections that enable people to think and talk creatively ‘outside of the box’. These cities and regions are stimulating what we refer to as interspatial creative engagement which extends beyond forms of communication (including non-verbal communication) to include affect and the visual, physical and virtual space that also vitalize and animate our thoughts and ideas.

These creative places (cities, regions, communities) also bring people together in chance meetings and, through wider engagement, can create a climate of vitality and animation in which the cross-fertilization of ideas and cultures becomes commonplace. The culture of creativity, innovation and change becomes a norm, lived every day and an important part of a new potential prosperity. For these reasons, increasing attention is being given to how to promote and encourage these developments within and across national boundaries. For example, whilst the United States is still considered to be the world’s leading creative economy (estimates of 40 per cent or more of the global total are often cited), there is a growing interest among governments worldwide in strategies to promote these developments in their home economies for example, considerable emphasis and investment have been provided by governments in places like Bangkok, Singapore and Scotland, (as illustrated earlier in outlining examples of strategy, in the Australian State of Victoria).
The city, as a place that can stimulate and encourage innovation and creative activities, is a central plank to governmental strategies for strengthening regional and national economies. In a classic article on competitive business, Porter (1990: 73–93) argued the importance of demand conditions (sophisticated customers), supporting industries (supply-chain networks), the nature and intensity of local competition (healthy rivalry, for example, as seen between IT companies working in Silicon Valley), as well as factor conditions. The factor conditions – in which we can include the attractiveness of a city or region to skilled educated employees as a place to live – refer to the quality, availability and costs of local inputs plus access to new funding initiatives (for example, government initiatives, presence and interest of venture capitalists). On this count, Hospers and Pen stress the importance of creative cities, noting that:

[It is] the city, with its vibrancy and range of pubs, cinemas and shopping centres that offers all the space required for (new ideas to flourish and take root). How can we explain otherwise that it is precisely innovative cities such as Stockholm, Barcelona, Munich, Toulouse, Dublin and Louvain that have blossomed in the world of the knowledge economy. (2008: 260).

The city and the image of the city is increasingly becoming a crucial factor influencing the decisions of companies and individuals on where is a preferable place to relocate and establish operations that would also be attractive to employees and other supporting structures and resources. As such, regional initiatives being developed to capture the public and business imagination and to differentiate themselves from bland developmental convergence and replication, which is a growing trend among many large western European cities. Creative cities must be seen to be vibrant and competitive in the global economy whilst also presenting features that are unique and idiosyncratic – that enable them to stand out in an attractive way. But this leaves open the important question: How can we develop innovative, vibrant and creative cities? On this question, Charles Landry (2007), in his book on The Art of City Making, argues that there is no simple best practice route or formulaic approach that can be adopted, rather, such change is a complex process in which it is important to ensure that economic growth is balanced with sustainable development. He rejects the dominate hype that creative economic cities will by themselves attract creative firms and this so-called emerging ‘creative class’ of people (Florida, 2012). For Landry (2007, 2012), it is about embedding a creative process that recognizes the importance of all (visitors, residents, school teachers and CEOs, artists and craft workers, venture capitalists and entrepreneurs) and not just a small elite group of highly skilled, well-paid employees who make little attempt to mix beyond their own groups and lifestyles. He argues for the need to stop what we might call the ‘mallonization’ of our shopping experience and the suburbanization of economic activity. In this, there is a place for local government in creating the conditions – planting the seeds for potential creative growth – as witnessed in the regeneration
of Manchester following the 1996 IRA bomb that caused extensive destruction in the city centre (it is one of the fastest growing municipalities outside of London). Factors that promote these developments generally emphasize diversity and variation in the places and spaces where people can walk, talk, eat, relax and interact (shops, parks, restaurants, cafes/pubs); in the range of people (students, migrants, entrepreneurs, artists, professionals, mixed sexual orientation and age); and in the diversity of activities pursued (which also supports a wide range of knowledge and skills). These enabling factors are all seen to contribute to the potential development and growth of creative cities. But as Hospers and Pen (2008: 269) point out:

In the European knowledge economy cities still hold the future. History suggests that cities are the place par excellence where knowledge, creativity and innovation reach full maturity. But at the same time, not every city has unquestionably good prospects in the knowledge economy. In our view, the cities that will win the inter-city knowledge race are the creative cities.

As well as creative cities, there has been a growing interest in the creation and development of creative regions. Silicon Valley is an obvious example, but there are also other newly developing regions, such as the Öresund Region in Scandinavia, the Shetland Islands in the UK and other places that are less central and more remote. On this count, Gibson (2012a), in his edited book Creativity in Peripheral Places: Redefining the Creative Industries, highlights the strong connection between culture and creativity redefining creativity as both an economic and cultural phenomenon that occurs not only in the large urban creative cities, such as New York, Paris and London, but also in suburban, rural and remote places. In drawing on a diverse range of examples from postcard design to Aboriginal hip-hop and rock sculpture, the book not only illustrates the breadth of creative activities but also questions the urban myth that large global cities are necessarily the bedrock for nurturing and generating these activities. Whilst creativity is alive and vibrant in cities, Gibson argues that this urban bias has inadvertently neglected wider developments in less central and more peripheral places (see also, Gibson et al., 2010). In contributions that explore creativity outside of these urban centres, the book usefully draws attention to the centripetal forces of dynamic cities that attract creative individuals and in particular, young people seeking to further their careers and job prospects. A number of case studies, including Warren and Evitt’s (2010) examination of Aboriginal hip-hop in Nowra and Torres Straight Islands, spotlight the risk of perennial peripherality in remote and rural areas as young creative people move to city locations. However, like some of the experiences of people moving from major cities in the UK to more remote places like the Shetland Islands, Verdich (2010) provides a counter-example in the case of Launceston in Tasmania which has attracted people by the promise of a quieter and less stressful life in a small town environment. There are also case examples that illustrate how remoteness can be integral to the creative
product or service on offer, such as in tourism (making the area unique and distinct) and as illustrated in the colloquial visual art industry in Broken Hill, Australia (see Anderson, 2012). Gibson (2012b) argues that these studies in more remote, peripheral and socio-economically disadvantaged geographical places draws attention to the centrality of people – in their individual and shared activities – to the creative economy. Finally, the Öresund Region provides an interesting example in combining two central locations through building a bridge that crosses the strait (the Sound) between Denmark and Sweden connecting the cities of Copenhagen (the Danish capital) and Malmö (Sweden’s third largest city). This area has developed a number of innovative activities through effective collaboration in, for example, health care (it is rated next to London and Paris in some areas of health care) and many international companies have chosen to establish their Scandinavian head offices in the region.

With over 3.8 million inhabitants (3,894,365 in 2015), it is estimated to generate about one-quarter of the combined GDP of Sweden and Denmark and, on 1 January 2016, the name of the region was changed to Greater Copenhagen and Skåne by the Öresund Committee.

In the tenth edition of his book on The Rise of the Creative Class, Florida (2012) sets out to show how attracting talented people is the key driving force behind the establishment of creative cities and regions. He suggests that strategies to attract and retain innovative people have created a battleground among European cities. Florida’s essential argument is that people no longer stay in a job for life but constantly switch jobs – which aligns with the earlier ‘portfolio worker’ argument put forward by Handy (1990: 183–210) – and that conventional notions of economic development are no longer valid. Put simply, people no longer purely go to where the jobs are (being only too aware that the job will last for only a short period of time before they may need to switch jobs) and as such, this new and growing well-educated and talented class of people are choosing where they live (Florida, 2008, 2012). Asheim and Hansen (2009: 426) refer to this trend as a shift in importance from business climate (those factors that encourage business to set up in particular locations) to people climate (those factors that influence people’s choice on where to live). These choices are based on a number of reasons, the most important being (according to Florida), their ability to freely express themselves and be creative both within and outside of work. Under this perspective, the place becomes critical and cities/regions, as places to live, need to attune themselves to the changing needs of this newly emerging creative class if they wish to gain the economic benefits that derive from a vibrant local creative economy. From this basic thesis, Florida (2004, 2008, 2012; Florida and Goodnight, 2005) has developed a number of sub-arguments and models. For example, his 3-T model proposes that cities in this new ‘creative age’ will succeed or fail on their ability to attract and retain creative workers through: Talent, Technology and Tolerance. He argues that there is a need to provide an environment that is both engaging and appealing in order to encourage talented people to locate into these areas and to ensure retention. Tolerance is necessary in accommodating a diverse range of people with different values and religious
beliefs as well as sexual orientation. One of his more controversial arguments centres on the claim that a thriving gay scene is a good predictor of whether or not a city will succeed (he has developed a Gay and Bohemian index for measuring cultural diversity). As he states in the opening preface to the tenth edition (2012: xi): ‘Creativity requires diversity: it is the great leveller, annihilating the social categories we have imposed on ourselves, from gender to race and sexual orientation. This is why the places that are the most open-minded gain the deepest economic advantages.’

The final T, the provision of technology and policies that promote and support investments in technology and technology-based companies (for example, in funding leading research universities and other innovative projects), is also highly important in the development and sustainability of creative cities. But, as Florida (2002: 249) emphasizes, they need to exist in combination with tolerance and talent. In promoting these developments, Florida puts forward six key principles (2012: 387–96):

1. Invest in developing the full human potential and creative capabilities of every single human being.
2. Make openness and diversity and inclusion a central part of the economic agenda.
3. Build an education system that spurs, not squelches, creativity.
4. Build a social safety net for the creative economy.
5. Strengthening cities: promote density, clustering, and concentration.
6. Do not focus on dumb growth but look to developing true prosperity.

The concentration of talented, innovative and productive people in cities and regions – what Florida (2008) refers to as the ‘clustering force’ – is seen as the main engine for creative economic growth. He recognizes that, whilst organizations are necessary they can often, through their structures, procedures and timelines, inadvertently stifle creativity, arguing that creativity flourishes best in an environment that is open-minded, diverse, nourishing of creativity and accepting of subversive forms through ‘an inescapably social process’ (2012: 22).

These models of economic development and Florida’s thesis on the creative class have been extensively criticized, whilst also gaining considerable publicity and interest among academics and policy advisers (see Asheim and Hansen, 2009: 428–9). For example, UNCTAD (2012) refers to Florida’s 3-T model and draws a comparison with the rise in ‘creative entrepreneurs’. These are seen as entrepreneurial people who are: ‘able to transform ideas into creative products or services’ and is used to represent a new attitude and way of thinking (UNCTAD, 2012: 11). In the case illustration below, Case 10.3, we provide an example of a nomadic creative entrepreneur who moves out from full-time employment in a large organization to flying solo by using technology, talent and social networks (social capital) to carve out a new way of working and living in the creative city of London.
CASE 10.3

ELEPHANT AND FLEA: ON BECOMING AN ENTREPRENEURIAL NOMAD

DAVID PREECE, PATRICK DAWSON, WILLIAM LEWIS AND BRENDA REMEDIOS

I don’t think I was thinking about being entrepreneurial in the sense of starting businesses. I wouldn’t have known really how to do that … my idea was more about making myself a product, making myself marketable and to be in a position where you were independent of other people and you had skills that you could sell so that you could work by yourself.

In 2001, Charles Handy published his book *The Elephant and the Flea*, in which he uses the metaphor of an elephant to refer to large established organizations that had traditionally provided the security of lifetime employment (reflecting on his early job experience with an established organization, namely: the Shell Royal Dutch Group). These organizations provided a stable and fairly predictable work environment from which one could plan the future trajectory for personal and family life. These types of organizations emerged in the 1950s, 1960s and 1970s, with the growth in commerce and the expansion of international markets. Large organizations with a large number of employees was the order of the day, with a range of companies, such as General Electric, IBM, General Motors, British Rail, Lloyds Bank, Woolworths Ltd and Shell, providing permanent full-time career positions. With the advent of the microelectronics revolution in the 1980s, and with the growing shift in employment from manufacturing to service industries (with a period of jobless growth being predicted to continue within the manufacturing sector), long-term employment options were undergoing fundamental change. During this period, Handy (1984), in his book *The Future of Work*, started to write about this movement from full, lifetime employment to the emergence and rise of the portfolio worker. This new type of worker would develop a range of skills over their lifetime and move from one organization to another. Handy (2001) highlights how by the turn of the century full-time employment in the UK had fallen by 40 per cent, how 67 per cent of British businesses had only one employee (owner) and how there had been a rise in micro-enterprises (employing fewer than five people). He also notes that these types of businesses make up around 89 per cent of all British businesses, stating that: ‘Putting it more starkly, only 11 per cent of business employed more than five people’ (ibid.: 5).

The case we are going to present provides an example of someone who has moved from a large elephant-like organization into a new world where they have developed their own business. Handy explains how often people will work within established organizations building up skills and knowledge, before going freelance for a while and then perhaps returning to more established organizations for short periods of time in the future. He outlines how:

It is … the elephants who get all the attention while most people actually work as fleas or for a flea organization. There are, as one example, more people working in ethnic restaurants in Britain today than in the steel, coal, shipbuilding and automobile companies put together. Those huge elephants of old have been superseded by flea organizations as the economy moves from manufacturing to services. It is a new world. (ibid.: 14)

Following some background information, we present the journey from elephant to flea of the creative entrepreneur as he develops new skills and networks in embarking on new business ventures.
MANAGING THE FORMATIVE TRANSITION: GOING FREELANCE

A number of years ago, after having graduated with a bachelor’s degree and a postgraduate diploma in employment relations, Preneur worked for a large corporate organization in the retailing sector. He held this position for 12 years, holding a variety of roles which culminated in him becoming a member of the board. Following a disagreement with other board members, Preneur left the company with an agreed entitlement. It was at this stage that he started to realize that the extent of his skills and his knowledge network (social capital) was limited. As he reflects:

You think you’ve been important in the business but you don’t have the contacts, you don’t have the network and you don’t really have the skills that are necessarily that transferable … [I needed to] build up a skills set which would make me independent and give me the ability to pick and choose what I wanted to do, and to pick and choose who I worked for, and be more in control of my own life.

After leaving the corporate world, he spent time developing a set of skills that enabled him to engage in retail management consultancy and build up a network of contacts. Throughout the 1990s, he strengthened his skills and social network, and, in the early 2000s, Preneur took up some consultancy work for a maternity company (CM) run by two women. Ironically, some of the biggest problems facing the company were due to their success and speed of growth, for example, the company had become quite large demanding a new set of skills and knowledge (such as warehousing, employee management and scheduling) that they did not possess. What the founders enjoyed doing was buying the product and the creative design work. After Preneur had helped them with the commercial side of the business, they invited him to join the company as a director (this also involved gaining some equity in the business). About a year later, they invited him to become managing director, with themselves acting as creative directors. In the event, he worked for CM until 2007, when the founders decided they would take some money out of the business and move onto other things. Essentially, they sold the business to another group who were backed by venture capitalists. This experience of working for CM had provided Preneur with considerable experience of managing and working in a small business. It had proven to be a key formative transition that had given him the confidence, knowledge and skills to offer his services to a number of companies in the sector thereafter:

I think that was a really important thing because in running that sort of business you learn all sorts of things, things that you would not otherwise have known, and that I think gave me the confidence to start thinking: ‘Actually, I could start a business and run a business. I know I now have that skill set and feel comfortable doing that.’ So, when we sold that business I really thought: ‘OK, that’s what I’d like to do.’ But, equally, I also had this achievement of building up enough contacts and experience in the industry, and so it was also fairly easy to go on and do a freelance consulting type role, to work for people on various projects.

‘SERENDIPITY WITH A PLAN’: THE EMERGENCE OF EMBRACE THE CHANGE

Over time, Preneur became increasingly interested in the possibility of establishing his own business. Now serendipity or ‘serendipity with a plan’ came in, as Preneur reflected on what he and his wife, Louise, wanted to do with their lives after CM was sold:  

(Continued)
I think it’s like a sort of serendipity within a plan, because what we wanted to do from the point at which CM was sold, or probably before that even, we have had a view of how we would like to live our lives, and … in simple terms … we want to be able to go and travel, to be able to go and do things, we didn’t want to be too restricted in how we did that, and, you know, I suppose were are not looking to be incredibly rich, we were not looking to make a fortune out of something. We were looking for something which will fund a lifestyle … we are not prepared to work 20 hours a day, 52 weeks a year on a business … Also, we were very interested in finding an opportunity to start a business without having to bust the bank in order to do it.

Preneur had an ex-colleague and friend whom he had known for a number of years. On many occasions, they had talked about the possibility of starting a business. Over lunch one day, Bill had mentioned some of the difficulties that his wife had experienced in trying to obtain products that would deal with symptoms, such as hot flushes, associated with the menopause. She had found some products in the Netherlands which she thought sounded great, but they were not available in the UK. As Preneur recounted:

Bill said, ‘What about this?’ – almost as a bit of a joke – ‘Well, my wife, you know, she is going through the menopause’ … so, I think there is serendipity in there, definitely, but it’s sort of serendipity in the context where you are looking out for something in the first place. It is not as if you have stumbled over it completely out of the blue.

After lunch, they agreed that they would do some research into the matter and see whether this was a market with a demand that was not being fulfilled in the UK. When they met up again, they agreed in principle to set up a new business. Another element of serendipity was that Bill already owned and ran a warehousing and customer service business and this could be used to store the menopause products, in addition to drawing on his existing knowledge and expertise. Louise is a merchandizing expert and they were able to contact a Web expert whom they both knew to discuss the ideas further. It did not take them long to agree that this was a good business opportunity and, in deciding to go ahead with the idea, they each put some money into the new business, which they called Embrace the Change.

**Setting up the new company**

An external company was employed to do some market research and the results proved very positive. This confirmed the business case but raised an investment issue, as none of them wished to risk the burden of a heavy loan that might ultimately put their homes in jeopardy if the business failed. Thinking over the problem, they tried to find a way to launch the business that would not require a significant financial outlay (especially around heavy infrastructural costs, such as office buildings and associated services). Whilst the warehousing and shipping part of the business was already in place in an embryonic way via Bill’s existing business, they had to decide how they were going to handle all the other parts of the business. They came to the conclusion that, given the sorts of technologies that were emerging and developing at the time (around 2008–09), they could do much of this work remotely utilizing open source software to keep the investment as low as possible. They hired a freelance computer specialist on a project basis to do the bulk of the development work and to build the company’s website on an open source platform. Preneur also developed and extended his own
skills in this area (specific examples being basic website design and HTML, modification of images, photoshop) by accessing material on the internet and then trying it out: ‘All this stuff is somewhere on the web, and if you want to do something you just have to find somebody who has done it before and who has written about it … For the purposes of what we need to do, I can write perfectly good HTML code, and it might not be the most elegant HTML, but it works.’

They had a serious concern in the early days that potential suppliers would not have confidence and trust in them, given that the company was new and had no offices per se. They were working with mobile phones and hotmail e-mail addresses, and were worried that if they simply phoned a supplier, some of which were in America and some in Europe, and said: ‘We want to stock this,’ they would reply, ‘Who the hell are you?’ However, they found that because they knew the right way to go about things that the lack of a formal structure and physical facilities was generally accepted as a perfectly normal way of doing business. This, no doubt, was helped by the professional approach and clear knowledge of the products they were negotiating over. As such, the lack of a company building did not prove to be problematic. When they needed to meet up as a group, they used a cafe at St Pancras Railway Station which had free wi-fi, and which installed power points as a result of their frequent visits so that they could keep their laptops charged up:

They were quite happy for us to sit there at this big oak table and conduct meetings and have our own internal board meetings. We became regulars there and that worked fine – a lot cheaper than renting an office, and people just accepted it, in fact they really enjoyed it, and I think that was a real indicator of how the world has changed, how you can set up a business like that – people just saw it as entirely reasonable.

CONSULTANCY AND TECHNOLOGY IN DEVELOPING EMBRACE THE CHANGE

Preneur and his partners did not wish to devote all their time and effort into developing and running Embrace the Change. In part, this was because they needed to have some money coming in to meet ongoing financial commitments and also because the business was not able to support the sort of income levels that they needed to support the lifestyle they were aiming for. To generate extra income, the partners acted as consultants to small retail companies, often working directly for the owner/MD on strategies of growth. This source of income enabled them to continue their efforts in developing Embrace the Change as a profitable business. They upgraded their underlying technology and looked to ways of promoting synergistic links across various client groups. For example, a lot of their products were also applicable to people with diabetes or undergoing chemotherapy, however such people are unlikely to visit a site that promotes menopausal products. In response, they used technology to exploit these other niches by drawing public attention to the applicability of their products to other health areas in widening their marketing strategy. As one partner commented:

So, all of a sudden, because you are in these niches, you can run a load of niches off a very similar product base, so you might have 70% of the product common across everything, and you’ve got 30% which is different, so that makes quite a difference … we have already got most of the product, we’ve got the infrastructure, so the cost of developing another site sitting on the same platform is very small.

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By this stage in its history, Embrace the Change had achieved a market-leading position, with a promising future targeting the 45–55 age-group. Nevertheless, Preneur and his partners still had to engage in other remunerative work. Although they could have chosen to secure further funding from the banks or venture capitalists, they decided that they did not want to feel beholden to others and were keen to maintain control and choice of the way they worked and lived. An important element of this lifestyle choice was to be able to travel the world whilst at the same time running the business:

What we wanted was to have a business we could run from anywhere in the world. So, if we wanted to go on holiday or if we wanted to travel, then you could run it from anywhere and last year we were in Turkey doing this walking thing … You literally stop off at places in Turkey and you log into the internet or use an iPhone or whatever, and you go, ‘Oh, yeah, we need to sort this out, and we need to sort that out.’ We would sit there for an hour and we would do a bit of stock ordering and we’d ring somebody up, and then we’d carry on walking through Turkey … It’s not about, ‘I want to work 60 hours a week, 80 hours a week, to get this business to work’ – I don’t want to do that. If I had to do that I wouldn’t do it. It’s about having something that enables you to live a flexible life.

The company’s technological infrastructure and extant global internet/satellite/wi-fi/telecommunications were absolutely central to the chosen mode of operation, but it is crucial to recognize that much of this had come about through the choices made by the key actors involved, choices, that is, within the constraints and opportunities offered by the technology:

Without the technology, you couldn’t have done what we have done … Technology enables you to do things a lot more easily and at a lot lower cost than in 1990. In fact you couldn’t have done it then. And I think you need to have a reasonably good level of computer literacy. I’m comfortable with technology … I suppose a lot of that is down to business experience, things you’ve been exposed to in the past … technology is absolutely crucial.

THE SPECTRE OF COMPETITION AND AMAZONIAN THREATS

The main competitor of Embrace the Change is Amazon, which is a very large player with considerable resources and a hardnosed strategy of undercutting competitors and dominating markets. Embrace the Change offers a particular bundle of menopausal and related products for particular groups of people, along with ‘user-friendly’ advice about how to use these products, their possible side-effects and so forth. Also they are reselling other organization’s branded products and Amazon (and other similar) companies also sell an extensive range of products in addition to being very price competitive:

People come to us and go, ‘Oh, that’s a nice thing, but I’ll just price check it against Amazon,’ it is a web-related thing as price comparisons are very easy on the web. There are some products which would actually be great products to sell, but we just cannot compete with Amazon, so there is no point in doing it. But [we can] build relationships with suppliers and compete with Amazon that way.
An example of this was a US company that sells herbal remedies. When they began to introduce their product into the UK, they approached Embrace the Change and asked if they could help find people who would test the product for them. Embrace the Change said: Yes, we can help you do that, we won’t charge you anything, that’s fine, but once you launch the product, we want you to give us some priority in terms of how you advertise – build us into your advertising. This they did by stating on their website that their chosen partner is Embrace the Change, which directed people through and increased business revenue.

In open discussions with Preneur, it became clear that there was an important rhythm and inter-connection between their work and non-work activities that at times blurred in their engagement and enthusiasm both for the work they were doing and the lifestyle they had attained. Central to this was the ability to network and form relationships based on trust and understanding. Preneur reflected on what he viewed as a type of nomadic working, moving from place to place in a technology-oriented world:

What has come out of us working in the way we work is [social] things have become much more important because they are part of that bonding process of meeting up with people and doing things with people … and so we have become true nomads. We get together and meet people and have ‘caravanserai’ in the ‘desert’ with particular groups of people and chat over things and then we all go away, but we sort of know that we will do the same thing again … One of the really important things is networking, you need to talk to people, you need to keep in touch with people, need to know what is going on, because that is where your inspiration comes from, [this] becomes much more important than it would be if you were just working in a company. It’s all about contacts, you need to know people who you can ring up and go: ‘I’m looking for somebody who can do this and I do not want to pay a fortune for it, do you know somebody who is really good at it?’ and they will go: ‘No, I don’t, but so and so might.’ It’s about taking those opportunities and building on them and deciding which you can use and which you can’t … you are responsible for your own marketing in a way and your own building your networks … [and], of course, you have got things like LinkedIn on the internet and those sorts of things, which are also fantastic networking tools, so that, again, the technology has made networking more of an accessible thing than it possibly was before.

Postscript: So, where did this all lead? After two years of building Embrace the Change, it became clear that price competition meant that it would be very difficult to grow the business in a profitable manner. This came to a head when the distributor of one of the key products changed and the new distributor took the decision not to supply Web businesses, specifically to avoid undercutting high street prices online. To all intents and purposes, this was the writing on the wall as far as Preneur, Louise and Brian (the website developer) were concerned. On the other hand, one side-effect was that all the learning and experience that had been acquired in starting up and running Embrace the Change has had a dramatic impact on the skills of the partners, to the extent that their consulting activities are booming. As a result, Bill (who had been providing the warehousing and customer service to the business) offered to buy out the other three partners to give him control of the Web platform; which he felt had value for his own business. This was completed in June 2013, and since this time, Preneur and Louise have focused entirely on consultancy, still loving a nomadic lifestyle, whilst Brian has moved on to become Head of eCommerce for a major UK retailer.

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QUESTIONS

1. Reflect and then note down the elements of this case that: (a) suggest that this is an example of a new form of creative entrepreneur; or (b) simply indicate the continuity of entrepreneurial activity in cities like London; or (c) suggest a mixture of the two. Explain your answer.
2. How far can we use Florida’s 3-T model of Technology, Tolerance and Talent to explain the emergence of forms of nomadic entrepreneurship?
3. Evaluate the extent to which Handy’s notion of the elephant and flea usefully captures the experience of Preneur, and then assess whether you consider this to be an increasing phenomenon of our time.

CONCLUSION

In this chapter, we have concentrated on the expansion and future anticipated growth of creative industries for the UK economy and the rest of the world. Historically, creative industries in the UK have been less important than in other developed nations. Countries such as the United States have long understood the value of new ideas and they have been quick to capitalize on the economic returns from turning ideas into commercial goods and services. However, in the last decade, with developments in technology and a more global networked society (for example, smartphone penetration increased by 70 per cent in Asia during 2013–14 and these phones along with tablets are driving developments in the gaming industry), the significance of the creative economy has become increasingly recognized in all regions of the world with noticeable activity in the Culture and Creative Industries (CCI) in the Asia Pacific (APAC) region, which is the world’s biggest CCI market, and in Europe, North America, Latin America, and Africa and the Middle East (UNESCO, 2015: 16–17). For example, the UK government has identified the importance of the creative industries, especially as a means for generating jobs and providing the engine for new economic growth. There is considerable research activity and investment around strategies for creating and sustaining an economically robust creative economy that continues to grow and offer the potential for future wealth generation. The world is changing and creativity and the rise of creative industries act as potential drivers for cultural and creative engagement that can create jobs and wealth that also secure cultural diversity and improve social inclusion, but they may also serve to increase the level of social isolation for those excluded from the urban centres and bring about an even more inequitable distribution of wealth and income in a new diversified and emerging creative economy. The UNESCO report published by Ernst and Young Global Limited in December 2015 takes a positive view of potential developments and future trends, noting that:
The world is young – 1.8 billion of the world’s population was between 10 and 24 years old in 2014, a record high – and global literacy has improved significantly. Strong economic growth and young populations are already combining to produce a surge of middle class consumers in many emerging markets. Nowhere is this trend stronger than in Asia and Africa: the rapid emergence of Asia’s middle class is adding a leisure center to the world’s manufacturing hub. Already, Asia counts 525 million middle class cultural consumers … Cities provide a concentration of people hungry for entertainment in many forms, and with diverse appetites. They provide a market for culture and allow cultural diversity to flourish – an effect increasingly displayed in China … Urbanization is accompanied by changing employment patterns and the acquisition of new skills: African urbanization is part of a shift from agriculture to manufacturing and services … Urbanization, coupled with the development of cultural activities, is also fueling the emergence of a new economic class in both developed and emerging countries – the ‘creative class’. This class … includes ‘super-creative’ scientists, artists, engineers, designers and novelists, as well as ‘creative professionals’ who work in a wide range of knowledge-based occupations. (UNESCO, 2015: 22–3)

But the speed, direction and consequences of this new age of creativity for people in society remain an open question in an unknowable future that will be shaped by culture, political process, power and the values and attitudes that underpin policy and strategy development in the present. As Søren Kierkegaard famously reflected: ‘Life can only be understood backwards; but it must be lived forwards.’

**RESOURCES, READINGS AND REFLECTIONS**

**CHAPTER REVIEW QUESTIONS**

The questions listed below relate to the chapter as a whole and can be used by individuals to further reflect on the material covered, as well as serving as a source for more open group discussion and debate:

1. Do you agree with the classification of creative sectors? Why or why not?
2. Do you think that there are other sectors that should be included? Use examples to illustrate your points.
3. Why is the creative economy important to the health of a nation’s economy and, in your opinion, what factors account for the increased policy attention given to these creative sectors?

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4. What is organizational ambidexterity? Why is it important to pursue both incremental and radical innovation?
5. What role does creativity play in innovation in contemporary cultural and economic life?
6. What do you feel are the key ingredients required to support and nurture the development of creative cities and regions?
7. Who are the creative class? Why is it important to encourage diversity and open-mindedness in our cities?
8. To what uses should ordinary people – those often viewed as merely consumers – put their expanding digital access to use in developing and experimenting with their own creative opportunities?
9. Will the new creative epoch benefit the few at the expense of the many, or are these developments likely to improve the economic and social well-being of people in society?

CHAPTER QUIZ

Answer the following small quiz. Read the following statements carefully and circle the correct answer:

STATEMENTS

1. Creativity plays a central role to economic competitiveness in advanced economies.  True  False
2. A creative organization is defined as: ‘Any business entity whose main source of income comes from the production of novel and appropriate ideas to tackle clients’ problems or opportunities identified.’  True  False
3. In December 2015, UNESCO estimated that the creative Cultural and creative industries (CCI) generated US$2,250 billion of revenues and 29.5 million jobs worldwide.  True  False
4. Figures released in 2015 indicated that the UK’s Creative Industries are worth £76.9 billion per year to the UK economy.  True  False
5. Mintel defines ‘designer fashion’ as encompassing four key sectors: couture, international designers, diffusion and high fashion.  True  False
6. North America’s creative economy is the largest, generating $743 billion – or 33 per cent of the global total for creative industries – and 12.7 million jobs.  True  False
7. The creative industries in the UK account for a higher share of workforce employment than in the EU as a whole.  True  False
8. The internet and new technology will have a direct effect on some of the creative industries identified in this chapter.  True  False
9. In the last decade, the UK government has identified the importance of the creative industries as a means of generating jobs and providing the engine for new economic growth.  
   True  False

   True  False

**ANSWERS**


**HANDS-ON EXERCISE**

Students are required to find a magazine or newspaper article about a creative city of their choice and discuss:

1. What are the key elements of their chosen creative city?
2. Is it important to have an arts district?
3. How does it attract and retain creative talent?
4. What did it do to create its reputation? (As a tourist destination and/or place to work/live)

**GROUP DISCUSSION**

Hartley and colleagues (2015) argue that far too much attention is placed on the economic and commercial side of creative industries with too little attention being given to the cultural and creative dimensions. In addition to the industry definition of creative subgroups (advertising, architecture and so forth) that dominate the presented facts and figures in formal documents and government reports, they suggest that we should also include three further defined areas, namely:

1. A business service definition: that refers to creative service inputs by designer, creative professional and other creative people who may add value to non-creative sectors, such as health or transport (creative services).
2. A cultural definition: referring to people in general (whether or not in employment) that individually, in groups or as part of a social network generate new ideas as creative citizens.
3. A location and people (complexity) definition: the sites and regions where different cultures and ideas mix and at times clash but where there is also a tolerance for diversity as encapsulated in Florida’s characterization of creative cities.

*(Continued)*
They feel that it is only through broadening our conceptualization and taking a more balanced approach that we can fully appreciate what is required in developing and nurturing a new creative age tied to developments in information and communication technologies (the internet) and the global networked society.

Divide the class into two groups. One should argue as convincingly as possible that current definitions of creative industries are appropriate to policy developments and public debate. The other should prepare their arguments against this. Each group should be prepared to defend their ideas against the other group’s arguments by using real-life examples. After these presentations, it may be interesting to have a more general discussion around future policy initiatives that might be developed for a nation, region or state with which you are familiar, and then to consider the implications of these for the creative class and other groups, as well as for overall developments of society in an expanding global creative economy.

RECOMMENDED READING


SOME USEFUL WEBSITES

The United Nations Educational, Scientific and Cultural Organization’s (UNESCO) report and key figures on Culture and Creative Industries (CCI) can be found at: www.worldcreative.org

National Institute of Economic and Social Research (NESTA) reports and figures can be found at: http://www.nesta.org.uk/publications/
The United Nations Creative Economy Reports 2008, 2010 and 2012 can all be downloaded at: www.unctad.org/creative-economy

The website for PDMA (Product Development and Management Association) provides lots of articles, book suggestions and information on product development at: www.pdma.org

IDSA’s (Industrial Designers Society of America) website provides lots of articles, book suggestions and information on people, companies and best practices on industrial design at: www.idsa.org

The DMI’s (Design Management Institute) website offers some interesting articles at: www.dmi.org

The Design Council’s website offers a variety of publications, reports, case studies, links and interviews around design, its process and its impact on business performance at: www.designcouncil.org.uk

The Department for Culture, Media and Sport website with several reports, publications and links related to the creative industries in the UK at: www.gov.uk/government/organisations/department-for-culture-media-sport

Professor Richard Florida’s website provides some useful articles, case studies and other information related to the creative industries, creative clusters and cities at: www.creativeclass.com/

On this website you can find information about strategies and techniques that one can use to create and lead an ambidextrous organization: http://change-logic.com/

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