

CREATIVE ENTREPRENEURSHIP IN EUROPE: A FRAMEWORK OF ANALYSIS

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Abstract—Creative Industries are those industries which combine the creation, production, and commercialization of creative elements. DCMS identified several “industrial” sectors, starting from advertising, architecture, art and antiques, and going to computer games, crafts, design, film and video, publishing, software, television and radio, all and each incorporating a different technology. Creative Industries are seen as a tool for innovation against poverty, having an important economic impact worldwide.

Creative entrepreneurship represents the practice of setting up a business in a creative industry. The creative entrepreneur is an investor in talent, either his/hers own or others.

The aim of this paper is twofold: to explore and identify the types of entrepreneurs in the Creative Industries and to explore the economic impact of the Creative Industries at EU level.

Keywords—Creative entrepreneurs, creative industries, entrepreneurship, innovation.

I. INTRODUCTION

CREATIVITY is universally perceived as a positive feeling, representing the ability to produce work that is both new and valuable. New refers to something unique, unusual, new point of view, varied, original, different from existing patterns and contributing with something to the field which was not there before. Valuable indicates the fact that the product meets a need or solves a problem, being useful, effective, and efficient; it serves a purpose and contributes to society. Who wants to be uncreative [1]?

“During the last decade a number of governments around the world have recognized the fact that creative industries are becoming increasingly important components of modern post-industrial knowledge-based economies and started to develop specific policies to promote them” [2].

Even nowadays a lot of work needs to be done to better measure the size and the significance of the creative industries sector for two main reasons: to get better agreed benchmarks as to what constitutes these sector, and also to because Standard Industrial Classification (SIC) data was designated for manufacturing-based economies rather than those where

services and knowledge-intensive industries predominate [3].

Creative industries target all that is produced by artistic and scientific creativity and has industrial potential, enters in the economic circuit, produces value, generates public income through taxes, creates jobs and profit, and was proved that helps to national and regional development.

Europe provides an important site for understanding policy debates surrounding creative industries development. The strong economic foundations in manufacturing industries of the European Union member states have been challenged since 1970s as production has been moved to other parts of the world through the formation of global production networks, leading to de-industrialization in particular cities, regions and nations, and rising unemployment in the EU as a whole [3].

Creative entrepreneurship is seen as a globally growing area. Creative entrepreneurship is the practice of setting up a business – or setting yourself up as self-employed – in one of the creative industries. The concentration of the creative entrepreneur differs from that of the typical business or social entrepreneur in that s/he is concerned first and foremost with the creation and exploitation of creative or intellectual capital. First and foremost, creative entrepreneurs are investors in talent, even their own and/or other people’s talent [4].

II. CREATIVE INDUSTRIES IN EUROPE

In recent years, there has been an increasing awareness of the importance of cultural and creative industries (CCIs) at EU level. Creative Industries is a relatively new concept, launched in the middle of ‘90ties, initially in Australia and especially developed in United Kingdom, with the contribution of the former British Minister of Culture, Chris Smith. The concept of “creative industry” refers to the following domains of which activities involve artistic or scientific creativity: architecture and urban regeneration, art and design, performing arts, film and video, photography, industrial innovation and artificial intelligence, mass-media (paper, audio or video), fashion and design, traditional crafts, monuments and cultural tourism, music, advertising,

software and interactive video games, printings and bookbinding, web design.

The definition of the creative sector starts from European Commission's approach which is encompassing. This approach highlights the economic impact of creativity. At European level, creativity is an innovation process that uses culture as input that influences numerous economic sectors.

The definition of creation/creativity differs in Europe and in USA. For the last one, it starts from the artistic creation core, and represents the production of new forms that are easily transferable and useful, widely. Intellectual property is the form through which their creations are protected and paid. "Creative Class" in USA includes artists, writers, poets, professors, researchers and engineers, actors, designers, architects, as well editors, important people in culture, analysts, opinion leaders [5].

Starting from the American researches done on this theme, in the majority of the documents related to creative industries in the world, „CORE CREATIVE" is first considered and then the definition of creative industries extends to all that is related to production and distribution.

In United Kingdom, the Department of Culture, Media and Sport (DCMS, 2003) defined the creative industries as 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 [6].

TABLE I
DCMS'S CREATIVE INDUSTRIES SECTORS IN UK

Advertising	Interactive leisure software
Architecture	(electronic games)
Arts and manufacturing	Music
Crafts	Performing arts Publishing
Design	Software and computer
Designer fashion	services
Film and video	Television and radio

Source: DCMS, 1998

Even though there is no official definition for cultural industries in Italy, what one can understand is that the term refers to those cultural services and goods that can be "technically reproduced" (Walter Benjamin) or "industrially produced and commercially sold" (Edgar Morin): recorded music and new media, books, the press, radio-television, cinema. On the other hand it is worthy to underline the fact that the term of creative industries (fashion, gastronomy, and advertising so on) has not been yet used in Italy as it is Anglo-Saxon world [7].

In Portugal, creative industries are growing in importance, but still need to face few obstacles. Although a formal definition for creative industries does not exist, the *Creative and Cultural Sector in Portugal* study, ordered by the Cultural Ministry (2009) has brought to public a new awareness of the subject [8].

Starting with 2000, in Austria, the increasing number of the researches in Creative Industries Area has shown that these industries have acquired importance in the cultural policy debate. Thus five reports on Creative Industries have appeared at national level. Different studies on the cities of Vienna, Linz and Graz et al., and for the provinces of Burgenland, Lower Austria, Upper Austria, Vorarlberg and Tyrol were also done, demonstrating the increasing importance of Creative Industries. The creative industries in Austria include all activities related to the architecture, the audiovisual field (film, video, television, radio), the fine arts and the art market, the performing and entertainment arts, graphic arts, fashion and design, literature, publishing and print media, multimedia, software games and the Internet, museums and libraries, the music industry and advertising [9].

III. CREATIVE ENTREPRENEURSHIP

There are different definitions of innovation and entrepreneurship in the management and economics literatures originating from different theoretical perspectives. Looking at the definitions of an entrepreneur, we can meet conceptions such as "employer/ business owner (ownership of means), the manager administration of a going concern and the innovator (who produces ideas) [10].

Also, an entrepreneur has been defined as creative and innovative individuals as employees as well as in a self-employed capacity (labeled intrapreneurs).

There is no consensus on how to define the entrepreneur in the economics literature. Cantillon saw entrepreneurs as having a key role in economic development, but he did not believe that entrepreneurs must be innovators [11]. But then, Joseph Schumpeter placed the entrepreneur at the center of the growth process [12] and saw entrepreneur as "someone special, an innovator, who brings something new to the process" and said "without innovations, no entrepreneurs" [13].

Entrepreneurs are also considered the agents of innovation and creative destruction [11]. Yet, Schumpeter explained innovation in terms of the role of entrepreneurs as individual inventors, not as instituted processes or organizational capability [12].

Studying entrepreneurship in the creative industries is still new and in development. Much of the current work focuses on seeking to apply general studies about entrepreneurship in small firms or in connection with the general accounts of economies, based on innovation, and looking to develop targeted sectorial policies, to turn to account / to exploit and develop entrepreneurial potential of cultural and creative industries, especially in terms of skills and capabilities gaps in entrepreneurship, and barriers and regulatory duties/responsibilities in the creative industries [14].

Entrepreneurship seeks to perceive opportunities and bring them to reality, in order to capture a part of the value created. While this conventional plays in the markets, there are still four areas outside entrepreneurship producer: consumer, cultural, social and political. Each of this intersects Creative Industries [14].

Wikipedia defines an entrepreneur in creative industries being a person that uses hers/his creativity, ideas, passion to realize economic activities, most often as an individual. This person does not entirely differentiate of the stereotype entrepreneur, as the principles governing such a business and the instruments used for its realization are the same. What differs is only our conception of those who run such businesses (creative business).

Péter Barta, the CEO of Post-Privatization Foundation Romania, talking about entrepreneurship and creative industries highlights the fact that “it's very handy to think that having an artist spirit exclude entrepreneurial spirit. It's handy for we imagine artists as some bohemian character, rather than anchored in the daily realities, preoccupied, unable to thrive in the whirl of capitalism. The cliché is anchored in reality, and most times, they even find it difficult or even impossible, to transform in business the things they make with passion. Except, lately, are becoming more open to learn how to do this” [15].

Beautiful business can bloom in any area of creative industries (dance, music, design, crafts, etc.), in compliance with the basic rules of business initiatives. Whatever the type of business, creative or non-creative, it must answer a series of questions:

- 1) *What is the need to which the business must answer?*
- 2) *What is the proposition proposed by a person as an entrepreneur in the creative industries?*
- 3) *How will s/he communicate with clients, which are the used channels to find out the offer?*

Perceivable/reasonable approaches to creativity relate to an important task of entrepreneurs: generating novel and useful ideas for business ventures. For this, knowledge has an important role, as it can either enhance or inhibit creativity.

With respect to properties that distinguish creative activities from the other sectors of economy, Caves listed seven such basic economic properties [4]:

- 1) *Demand is uncertain,*
- 2) *Creative workers care about their product,*
- 3) *Some creative products require diverse skills,*
- 4) *Differentiated products,*
- 5) *Vertically differentiated skills,*
- 6) *Time is of the essence,*
- 7) *Durable products and durable rents.*

Although the entrepreneurs in creative industries have a different structure, they will use their creativity to also

develop their own business or they can always choose a business partner to complete them (business manager), thing can be classified as a creative solutions. What it is very important is to start on the road in a team to complete each other and to understand and respect each individual values, as the business manager often conflicts with the creative one, which tends to remove from core business. The reason of the conflict: the creative will seek to be as original as possible, to always offer new products and services, while the business manager will seek to be as efficient as possible.

There are two reasons that highlight the fact that entrepreneurship is a key concept for creative industries.

The first reason refers to the fact that there is an innate curious similarity between artist and entrepreneur. Both of them are interested in novelty creation, especially to the fundamental uncertainty about the value conjunctures. The artist and the entrepreneur are agents that bring change to both systems: the cultural and the economic. Both of them are subject to differential success and failure perspective, which is why are often highly self-motivated and risk tolerance. Sometimes, all the above aspects are combined in just one person, and as example we have the entrepreneurial vision of Steve Jobs, the late CEO of Apple [14].

Artists and entrepreneurs often act on the identification of opportunities and sources of value or quality, being able to make connections that others are not. Both are often motivated by complex desires (recognition, status, self-actualization, lifestyle and material rewards). Even more, they both can be characterized by the same personalities and socio-demographic profiles: “outsiders” most of the time, very independent, over the medium intelligence and imagination, high ambiguity tolerance, risk-loving, unusual degree of persistence. What I personally like, is being sad that entrepreneurs have a useful lens through which to study the artistic behavior and vice-versa [14].

The second reason that highlights the fact that entrepreneurship is a key concept in creative industries refers to the fact that the industrial structure of creative and cultural industries tends to have larger number of micro-businesses, with 0-2 employees, and also to be substantially composed of SMEs. Big businesses are less than 1% of all businesses in the creative industries (though they contribute about 40% of the creative industries outcome) [14].

The NESTA Model of Creative Industries must be seen not as a set of creative activities regarding the individual talent, but as a tool useful in analyzing the creative industries as industrial sectors [16].

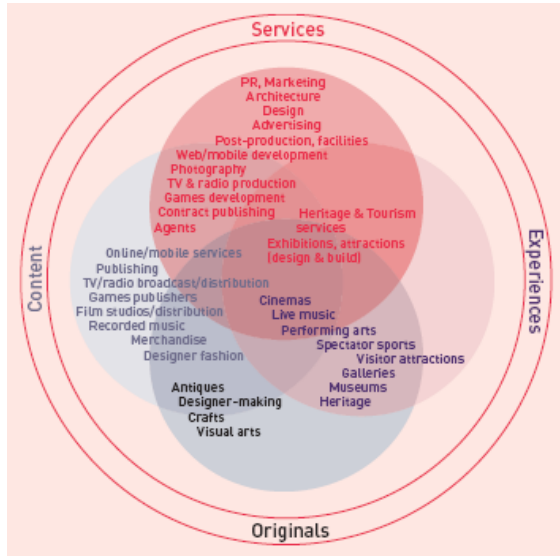


Fig. 1. Refined NESTA Model of Creative Industries

Also, we can very well consider the above model to classify different types of creative entrepreneurs that can be found on markets, namely:

- 1) *Creative service providers entrepreneurs*
- 2) *Creative content producers entrepreneurs*
- 3) *Creative experience providers entrepreneurs.*
- 4) *Creative originals producers entrepreneurs.*

Analyzing the characteristics of creative entrepreneurs, we can conclude the fact that each of the four types of creative entrepreneurs can exist as a distinct group, or can be linked to another group. A very good example is the relationship between creative content producers entrepreneurs and creative experience providers entrepreneurs: a film studio is producing/recording a movie, and then the movie is projected in cinemas.

TABLE II
 TYPES AND CHARACTERISTICS OF CREATIVE ENTREPRENEURS

Creative Entrepreneurs	Creative Domains	Main Characteristics
Creative service providers entrepreneurs	Advertising agencies, Design consultancies, Architecture practice, New Media Agencies	Provide creative services for clients Direct interaction with user's demand Earn revenues Exchange of their time for Intellectual Property products Highly influenced by technology and digitization Mostly project-based Mostly private or self-financing
Creative content producers entrepreneurs	Film, television and theatre production companies Computer and game development studios, Music Labels Books and magazine publishers Fashion designers	Producers of Intellectual Products Develop creative projects Mostly project-by-project based Upfront capital investment Highly influenced by digitization, mostly for "creation" and user-interaction Mix of self-financed and subsidized sectors (audiovisual and games, books) Experience threats of piracy from digital market and peer to peer exchange
Creative experience providers entrepreneurs	Theatre, opera and dance production companies Live music organizers and promoters Live spectators sport Festivals Cultural institutions Tourist promotions	Sell the right for consumers (no initial ownership of work) Frequently pay for other's copyright Mostly on contract basis Digitization is mostly for dissemination and as communication tools
Creative originals producers entrepreneurs	Visual arts Crafts Designer-makers Antiques	Mostly subsidized and concerned by the cultural value of their work Not mass-produced, but usually one-off or in-limited products and services Mostly on contract basis Artisan-based rather than industrialized

The main problems that an entrepreneur in Creative Industries must face refer to both the challenge of building and sustaining his/hers business from creative activities, and the challenge faced by a small business in general. Also, existing in an environment characterized by quick technological and social change, extreme competition, and transient relationship with customers, creative entrepreneurs might be forced to require assistance from other stakeholders to gain the skills

required to manage and grow in this dynamic environment [17].

IV. THE ECONOMICAL IMPACT OF CREATIVE INDUSTRIES AT EUROPEAN UNION LEVEL

Creativity plays an important role in human resource management as artists and creative professionals can think laterally. Moreover new jobs requiring new skills created in the post-crisis economy should be supported

by labor mobility to ensure that people are employed wherever their skills are needed.

According to Charles Landry, creative economy represents a platform for the development of both economy and city, having three main domains [18]:

- 1) *The media and entertainment industries*
- 2) *The arts and cultural heritage* and
- 3) *Creative business-to-business services*

Statistics have shown that 84% of companies from creative industries are small companies, with fewer than 10 people and just 2% of companies are large, with 100 people and more [19].

The Creative Industries in Europe make a significant contribution to the European Union economy. They are creating about 3% of EU GDP, which corresponds to an annual market value of €500 billion, and employs about 6 million people.

In 2011 DCMS has drawn a list of “creative” occupations, from the Standard Industrial Classification (SIC), in order to cover all occupations that UK taxpayers are likely to engage in. According to this list [19]:

- 1) *15% are creative employees in the Creative Industries,*
- 2) *23% support employees in the Creative Industries,*
- 3) *17% are creative self-employed in the Creative Industries,*
- 4) *5% support self-employed in the Creative Industries,*
- 5) *29% are employees doing creative jobs in other industries, and*
- 6) *11% are self-employed people doing creative jobs in other industries.*

Creative industries play a crucial role in fostering/promoting innovation, especially for devices and networks. The European Union records the second highest TV viewing figures globally, and produces more films than any other region in the world. Thus, the proposed “Creative Europe” program from July 2011 was created to help preserve cultural heritage while increasing the circulation of creative works inside and outside the European Union. The program has played a consequential role in stimulating cross border co-operation, promoting peer learning, and making creative industries sectors more professional [20].

Therefore, EU plans to develop clusters, financing instruments as well as foresight activities to support this sector. The European Commission wishes to assist European creators and audiovisual enterprises to develop new markets through the use of digital technology, and asks how policy-making can best help achieve this. A more entrepreneurial culture will have to take hold with a more positive attitude towards risk-taking, and the capacity to innovate anticipating future trends.

TABLE III
CONTRIBUTION OF THE EUROPEAN CULTURAL & CREATIVE SECTOR
TO THE EUROPEAN AND NATIONAL ECONOMIES

Country	Turnover 2003, all sectors included (€ million)	Value added to national GDP (all sectors included)
United Kingdom	132,682	3.00%
Germany	126,060	2.50%
Italy	84,359	2.30%
France	79,424	3.40%
Spain	61,333	2.30%
Netherlands	33,372	2.70%
Belgium	22,174	2.60%
Sweden	18,155	2.40%
Norway	14,841	3.20%
Austria	14,603	1.80%
Total 10 countries	587,003	
Total EU 25	636,146	

Source: Eurostat and AMADEUS, 2003

The countries found in this statistical analysis include 10 out of the EU25 Member States. From Table III, we chose for our analysis the first and the fourth ranked countries, Great Britain, namely France. Our purpose is to make a comparison on the contribution of cultural and creative industries in these two countries for their economic development.

The first thing that is easily apparent from these data refers to the fact that only the top 10 countries account for a percentage of 92,30% of all the 25 EU countries.

TABLE IV
CONTRIBUTION OF FRANCE AND UK CREATIVE & CULTURAL
INDUSTRIES TO THEIR NATIONAL ECONOMIES (2003)

Creative and Cultural Industries	Contribution to FRANCE		Contribution to UK	
	€ million	GVA (%)	£ million	GVA (%)
Advertising	11,858*	0.80	5,000	0.70
Architecture	2,524*	0.20	4,000	0.50
Video, film and photography	5,155*	0.40	2,200	0.30
Music & the visual & performing arts	3,425*	0.20	3,700	0.50
Publishing/ written media	11,283*	0.80	14,950*	2.10
of which: printing	4,851*	0.30	6,350	0.90
Radio and TV (broadcasting)	4,878*	0.30	6,200	0.90
Art and antiques trade	413*	0.00	500	0.10
Design (including designer fashion)	363*	0.00	5,630	0.70
Crafts	Na	na	na	na
Total	39,899*	2.80	42,180*	5.80
Total economy (GVA)	1,434,81	100.00	732,395	100.00

Source: Gordon and Beilby-Orrin, *International Measurement of the Economic and Social Importance of Culture*, OECD (2007). * = OECD estimate.

France data are OECD estimates, derived from National Institute for Statistics and Economic Studies (INSEE) turnover data, supplied by the French Ministry of Culture and Communications, by applying value added to turnover ratios taken from INSEE and OECD data. Total GVA has been taken from INSEE national accounts data [21].

UK data are DCMS estimates, based on United Kingdom Office for National Statistics data taken from the DCMS *Creative Industries Economic Estimates Statistical Bulletin*, October 2005 [21].

The data arising from the table shows that the UK recorded the largest share in *Publishing / written media*, while France in *Advertising*, very nearly followed by *Publishing / Media Written* with a share of 0.80% of GVA. *Design* (including fashion) has the lowest contribution to the economy of France. In UK, the lowest share is given to the *Art and antiques trade*.

As a conclusion, we can note the fact that *Creative service providers entrepreneurs* and *Creative content producers entrepreneurs* influenced the most the national economies of both Great Britain and France, and that the differences are obvious from one country to the other. For example, if the creative content producers from Publishing/written media sector offered in 2003 a 2.10% GVA, in France, in the same year, they influenced the French economy with a GVA of only 0.80%. As for *Creative experience providers entrepreneurs* they can be found in third place in both countries as contribution to economy at national level, leaving for the last place the *Creative originals producers entrepreneurs*, more precisely the ones from *Art and antiques trade* sector.

V. CONCLUSION

The economic contribution of the Creative Industries is measured from both perspectives: value added to Gross Domestic Product (GDP) and number of employees.

The growing economic impact of Creative Industries has become more and more obvious in the past few years, at the EU level. If in UK the term of Creative Industries, the potential of these industries for job creation and economic development is well known for more than ten years, in countries such as Romania, defining Creative Industries is something relatively new.

The analyzed data highlights the fact that businesses run by *creative content producers entrepreneurs* and *creative service providers entrepreneurs* have a greater impact and potential for economic growth than *creative experience providers entrepreneurs* and *creative original producers entrepreneurs*. This is due to the fact that the former two create/produce and occasionally own IP that can be reproduced with the purpose to economic growth, while the latter two usually offer fewer opportunities for national economic growth, known as artisan-based rather than industrialized.

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