



## Creative economy: A primer

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### Abstract

The concept of “creative economy” has gained worldwide traction and great interest in both academic and policy circle. Creative economy refers to the socio-economic potential of activities that trade with creativity, knowledge, and information. It is an economic system based on the fusion of economics, culture, science, and technology. It relies on individual’s use of their creative imagination to increase the economic value of an idea. It is one of the most dynamic sectors of the global economy. It creates opportunity for new policies and initiatives. This paper provides a primer on creative economy.

**Keywords:** creative economy, creative industry, creative city, creativity

### Introduction

The modern society has gone through four main eras of civilization: agricultural, industrial, informational, and creative. The “new economy” is characterized by many concepts such as knowledge economy, learning economy, innovation economy, innovative economy, e-economy, and creative economy. These concepts characterize a qualitative transition of the modern economy to future economy. Creative economy refers to the interrelations of creativity, knowledge, and innovation in a modern economic context. It is an economy which encompasses transactions of creative products, which are economic goods or services that result from creativity. It is closely linked to gaining competitive advantages in the economy. New ideas and knowledge based on creativity constantly supersede traditional economic resources. The creative economy is based substantially on social and personal values <sup>[1]</sup>. It is conceived to address the challenges of a post-industrial landscape and the fundamentally changing nature of work and employment relations.

Creative economy requires thinking differently and producing unique solutions to problems. Its initiatives are most effective when they foster creative “clusters” of related firms and industries from the technology, financial and cultural sectors. Although the concepts of “creativity” and “economy” are not new, what is new is the nature of the relationship between them. While oil was the primary fuel of the 20th century economy, creativity is the fuel of the 21st century. While the traditional economy does not change much, the creative economy is defined by new businesses and new ways of operating. Some are of the opinion that transforming the mainstream economy into a creative economy is a viable strategy.

### Concept of creative economy

The concept of the creative economy extends creativity to the whole of the economy. The creative economy encompasses a wide range of activities across 13 sectors: advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, leisure software, music, the performing arts, publishing, software, and TV/radio <sup>[2]</sup>. The

creative economy generates incomes and different jobs, promoting social inclusion and cultural diversity. The creative economy is the driving factor of economic growth and development. Economic growth stimulates investments in innovation that drive creativity and innovation, consequently resulting in further economic growth and job opportunity. The concept of creative economy was popularized by the British writer and economist John Howkins in 2001 when he applied the term to the arts, cultural goods and services, toys and games, and research and development in his book, “The Creative Economy: How People Make Money from Ideas”. The term increasingly refers to all economic activity that depends on an individual’s creativity for its economic value <sup>[3]</sup>.

Notable creative economic concepts were developed by economist Richard Florida. Richard Florida, together with co-workers, has also been deeply interested in measuring the creativity of individual geographical areas or cities <sup>[4]</sup>. With his “3T’s of economic development” (Technology, Talent, and Tolerance), Florida was one of the first who proposed quite unorthodox indices to evaluate creative economy. Technology is crucial in the age of the creative economy. Different sectors of creative economy are illustrated in Figure 1 <sup>[5]</sup>.

### Development of creative economy

The pursuit of creative economic strategies for the purpose of economic development can take a variety of ways. The following ideas are suggested for developing the creative sector in the economy <sup>[6]</sup>.

1. Realize the creative economy generates non-monetary value that contributes significantly to achieving inclusive and sustainable societal development.
2. Make culture a driver and enabler of economic, social, and environmental development processes.
3. Reveal opportunities through mapping local assets of the creative economy.
4. Investigate the connections between the informal and formal sectors of the creative economy as crucial for the establishment of adequate policy.
5. Analyze the critical success factors that contribute to

forging new pathways for local creative economy development.

6. Invest in sustainable creative enterprise development across the value chain.
7. Create new opportunities for cultural entrepreneurs in business administration and social networking.
8. Engage in international cooperation to facilitate productive mutual learning as well as the sharing of information and experiences.
9. Mainstream culture into local economic and social development programmes, make it number one, even when faced with competing priorities.

**Applications**

Creativity often takes place in business, economic, and social life. The concept of creative economy is a combination of creative class/community, creative city, and creative industries.

- *Creative Class*: The core of the creative economy is based on individual creativity, skill and talent. Thus, the development of the creative economy relies on the formation of the creative class, which includes scientists, engineers, professors, architects, designers, writers, journalists, artists, media people, innovators, entrepreneurs, athletes, and others. These are the people involved in innovative developments in various areas of the economic society. Their economic function is to create new ideas, new technology, or new product. The best and brightest creative talents create unique and highly profitable products and services. Together, artists, engineers, and creative businesses produce and distribute cultural goods and services that generate jobs, revenue, and quality of life. In the modern world, it is profitable and expedient to train own engineer, programmers, actors, and designers to form the creative class. There is a keen competition among nations for smart, creative, and educated people who can create and sell original creative products [7]. Technologies are also important in the environment of creative economy and creative society.
- *Creative City*: Creative city or region is an area where sharing of knowledge and experience takes place relatively freely. A creative city is a smart city in one which has been transformed by technologies. Cities and urban areas have always been places where creativity has flourished. Creative cities use their creative potential in several ways. Industrial cities have been focused on achieving economic benefits from mass production. Creative cities and regions share some key features [8]: (1) they enable and promote interaction and openness at all levels, (2) they promote innovative cluster interactions that might lead to unexpected synergies, and (3) they encourage creative universities and their partnerships with other innovative clusters.
- *Creative Industries*: The creative industries, also known as cultural industries, are at the crossroads of arts, culture, business, and technology. They appear in several fields including electronic book publishing, TV/radio production, urban development, and computer games. They also include advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, research and development, and software. They are the lifeblood of the creative economy. They are also considered an important source

of commercial and cultural value. They can offer an economic jump-start for recovering economies. The notion of creative industries is related to intellectual property since creative employees’ work results are the intellectual property. Through copyrights, patents, and trademarks, creative industries are using intellectual property to make profit [9]. Different creative industries and their interconnections are shown in Figure 2 [10].

**Benefits and challenges**

The creative economy has positive effects on economic and cultural development of a nation. It plays a strategic, crucial role to creating added value for the national and regional economy. The development of creative economy has become the engine of economic growth in many regions, particularly developed countries. The creative industries have been one of the most important contributors to the UK economy. In order to compete and succeed in the global businesses, creative economy policy has been adopted to improve the economy of Korea and Thailand.

Economics favors free markets, but intervention may be required in certain circumstances to curb monopoly power. The qualities of the creative economy then are getting difficult to singularize. Promoting the creative economy as the creativity of individual genius rather than collective activity has serious flaws. The concepts of what constitutes a creative economy, creative city, creative class, cultural industry, and cultural workforce have been debated. The boundaries of the creative economy continue to be fuzzy and are shifting all the time.

Measuring or quantifying intangibles such as ideas, creativity, design, brands, and style is challenging. Traditional measures like GDP, employment, wages, export, import, etc. are insufficient to characterize the creative economy. New parameters are needed for estimating creative capital and its productivity, and to characterize the creative economy. Some indexes such as patents, inventions, R&D publications, etc. have been suggested, but they are not quite reliable.

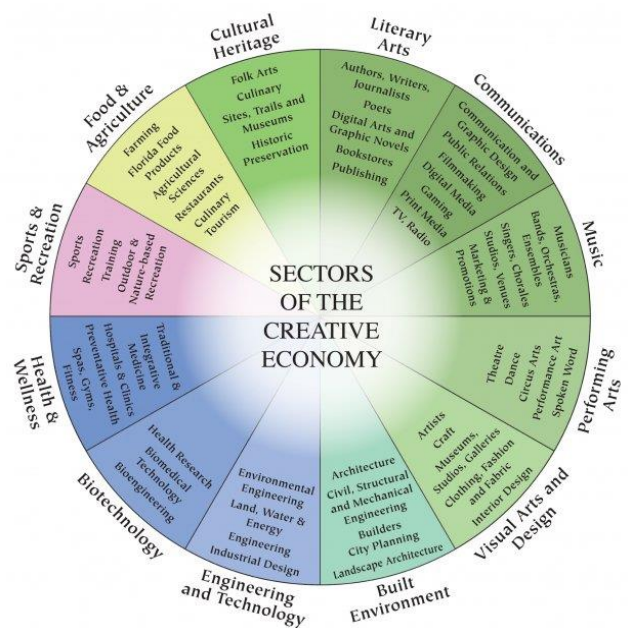


Fig 1: Different sectors of creative economy [5].



Fig 2: Creative industries and their interconnections [10].

**Conclusion**

The creative economy refers to the businesses and individuals involved in producing cultural, artistic, and design goods and services. It is a relatively recent economic phenomenon in the globalized environment. It is an evolving concept based on the dynamics of the creative individuals, creative occupations, creative cities, and creative industries. It has closely benefited from innovation in the field of technology [11]. It promises to make creative output crucial to the economy of the early 21st century and prosperity for the creative individual. It is becoming a powerful transformative force and a key driver of the national economy.

The creative economy has clearly captured scholars, governments, and policy makers. Universities have always played an important role in research, development, and technology generation. Some consider universities as an engine of innovation. Since the ability to generate ideas is the key competency of the creative economy, students should be trained to become idea generators. Students need arts education curriculum that locates creative economy at the center of the curriculum so that they can become creative thinkers [12].

Embracing creative solutions is no longer a dispensable luxury but an indispensable necessity. Today, creativity economy is regarded as one of the new stages of modern civilization.

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