

The Identification and Operation of Creative Industry Enterprises in the Context of Economic Security in the Region

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Abstract

The problem of creativity has become the object of the research of numerous disciplines of science for some time. The world economy has become more and more competitive and productive, the economic success has been dependent in a greater degree on human creativity, inventiveness and skills. The most significant determinant of the economic success lies far on the scale of values: it is a creative activity based on conceptualizing and designing goods or services. The quality of creative thinking is getting more important than working costs.

The aim of the research was to determine the impact of cultural and creative industry (CCI) companies operating in Zielona Góra on the development of the city. The authors conducted the analysis with the survey method, the analysis of statistical data, literature and strategic documents. As a result of the survey carried out among creative businesses in Zielona Góra the needs of entrepreneurs were identified, with a particular reference to the importance of training support in terms of, among others, acquiring skills of business running and marketing as well as the need to get assistance of the city authorities. The basis for creative industry is creativity, skills and talent of people employed in the sector. Its development is often related to the development of knowledge-based economy and the knowledge society.

Moreover, as an effect of the research process of CCI companies in Zielona Góra the authors could also prove the increase of activities of the municipality (e.g. implementation of Urban Creative Poles project measures), which brought in joint cooperation in the form of Incubator of Creativity and contributed to the improvement of local security condition in the socio-economic area.

Keywords: CCI company, economic development, local security

JEL Classification: Z1 Cultural Economics

1 Introduction

In Poland the interest in creative industry emerged at the beginning of the XXI century, while in other countries of the European Union, especially in Western Europe, the studies on creative sector started much earlier. Joint projects of the European Union member states contribute to the increase of the awareness of inhabitants in the field of the essential role of creative industry in the economy.

With the growing interest of the creative sector there have been difficulties with a precise definition what is a creative activity and what business operators should be included in the group of creative ones. The aim of the paper is the attempt to define the branches of the creative industry as well as the indication of its role in the economy. Moreover, the authors have presented the results of the research conducted among creative enterprises operated in Zielona Góra, which attempted to identify the entities of the branches in study and their needs.

2 Creative Industry – an Attempt to Define

The term *creative industry* has been appeared in the literature more often. The level of the development of creative industry and its importance to the potential of the economic development is the effect of the occurrence of many factors, such as multiculturalism, human and intellectual capital, the presence of R+D sector, the demand for products/services, or the economic environment (including the proximity of other creative companies). Creative industry, on the other hand, influences the development of other sectors of the economy and enhances the attractiveness of a particular area. Creative sectors attract high-quality human capital, affecting the development an attractive living space for inhabitants and business. The specificity of the creative activity is the openness to innovation, representing the diversity of the proposed offer (Analiza potrzeb i rozwoju przemysłów kreatywnych – raport końcowy, 2009).

Tab. 1 Definitions of creativity for different science disciplines

Creativity	A common trait of human nature that can be found in every human being.
	It is a miracle of connecting child, limitless energy with something opposite and hostile – a sense of order resulting from the disciplined adult intelligence.
	Personality traits, beliefs, values and motivations as well as interests typical of creative individuals.
	This is an output beyond what is common and obvious.
	It is a leap into the unknown, where there are no designated trails/tracks, and where one has never returned to serve us as a guide.
	Experience leading to spirituality.
	The result of intellectual, emotional maturity, the workshop of activity, knowledge.
	Presentation of before learned content in a new system, which is based on knowledge, experience, openness, originality, sensitivity and ability to reconcile opposing values.
	Challenging and restructuring of the possessed knowledge, which allows a new insight into the nature of a particular matter.
	Creative act or products of such an action more than an inner attitude or predisposition, „doing something ordinary in an extraordinary way”.
	The ability to create something new, original, bringing new solutions, ingenuity.
	The process of developing and expressing novel ideas to meet the needs or solve problems.
	Human activity that brings results objectively or/and subjectively new and valuable in all areas of life, especially in science, culture and art.
	The ability to generate or implement something new: a new way to solve a problem, new method or device, new form or design or work of art.
	The ability to find new solutions, generate new ideas or invent new products.
	The ability to associate things that seemingly have no connection with each other, and thus to invent new solutions, ideas and products.
The ability to think creatively, combine different ideas in an original and unique way, accept new assumptions, see things from a new perspective, propose ideas, do something new or the same but in a better way as well as unusually associate different ideas and opinions.	

Source: own study based on M. Brzeziński, Organizacja kreatywna, Wydawnictwo Naukowe PWN, Warszawa 2009, p. 14 – 15.

In attempt to answer the question – *what is creative industry?* – at first it is necessary to define creativity itself. The problem of creativity has become the object of the research for many disciplines of science for some time. Creativity can be perceived and understood in many ways (Brzeziński 2009, p. 13). Table 1 presents definitions of creativity for different fields of science. The best-known popularizer of creativity and its role in a social and economic development is Richard Florida. In his opinion, the greatest impact on the contemporary economy will have a creative class, which, in contrast to the class of the employees of service sector, is not as large and easy to identify (Florida 2002 p. 10). It is assumed that the activity of a creative nature is carried out within creative industry. This industry is defined, as it is creativity, in numerous ways (Grochowski 2010, p. 2).

The term *creative industry* or used interchangeably *creative sector* comes from English. Creativity in terms of art refers to the ability to create something new. David Throsby defined it as an imagination deriving from the existing, new and combined ideas, assessment that regulates and controls the imagination and the taste described as an inner feeling. In economy creativity is determined by innovation connected with it. In Schumpeter's theory creativity is understood in the framework of innovation, as a dynamic process within economy, possible to explain rationally. Schumpeter, however, does not define the notion of creativity as creating new things in art, but as originality in expressing, which is achieved with the development of education, investments, work on the structures of enterprises and personnel management (Economy of Culture in Europe 2006, p. 41). Creative industry provides products and services that are widely combined with the cultural, artistic or usually entertainment value. They include books, publications in magazines, visual arts (painting, sculpture), theatre plays (theatre, opera, concerts, dance), recordings, cinema and television films, fashion, toys and computer games (Analiza potrzeb i rozwoju przemysłów kreatywnych – raport końcowy, 2009). The definition adopted by UNCTAD¹ states that: creative industries are „the cycles of creation, production and distribution of goods and services, which use creativity and intellectual capital as the main effort. They form a set of knowledge-based activities, focused but not restricted to art, potentially generating revenues from trade and intellectual property rights. They include tangible and intangible products, artistic services with creative content, economic value and marketing goals” (Creative Economy Report 2008, p. 13). However, creative industry has been defined the most widely by WIPO² (, according to which creative industries are all industries whose activities include creation, production, manufacture, presentation, broadcasting, exhibition, distribution and sales of copyrighted goods (Etmanowicz, Trzebeński, Martela 2012, p. 16).

3 Classification of Branches Related to the Creative Industry

According to a general classification it is possible to distinguish the following branches related to creative industry: advertising, film and video, architecture, music, art and antiques market, performing arts, computer and video games, publishing market, crafts, software, design, radio and television, fashion design.

¹ UNCTAD – United Nation Conference on Trade and Development, as it defines, promotes “the integration of developing countries to the world economy”. It aims to integrate creative economy with wider developmental objectives. UNCTAD provides a forum for intergovernmental discussions and also conducts research and analyses as well as provides technical support in the field of development for governments in the whole world.

² WIPO - World Intellectual Property Organisation

Tab. 2 Classification of activities within creative industry

Name of activity	Creative industries	Copyright industries	Cultural industries	Digital content
Criterion of identification	Defined by the nature of investment work (creative entities)	Defined by the nature of created resources and work results	Defined by the public nature of function and sources of founding	Defined by the combination of modern technology with creative business
Types of activities	Advertising Architecture Design Software Electronic games Film and television Music Publishing Fine arts	Commercial art Film and video Musical works Publishing Recording Software and data processing systems	Museums and galleries Visual arts Arts and crafts Art education Radio and television Cinematography Libraries	Film and video Photography Electronic games Recording Obtaining, processing and storage of information

Source: J. Hartley, *Creative industries*, Blackwell, Malden 2005, after: T. Stryjakiewicz, K. Stachowiak, *Sektor kreatywny w poznańskim obszarze metropolitarnym*, Bogucki Wydawnictwo Naukowe, Poznań 2010, p. 21.

A detailed classification of creative sector branches was presented by John Hartley, who distinguished four main types of areas for creative industry: creative activities, activities related to copyrights, cultural activities and activities related to digital processing. The criteria of identification and kinds of activities are described in table 2.

It is possible to distinguish the following characteristics for creative industry branches:

- there is strong uncertainty as for demand because there is no knowledge of consumer reaction to the product before it is launched,
- employees pay attention to originality, technical issues, harmony etc. of goods and services therefore are willing to work for lower wages in more interesting and attractive places,
- in relatively complex projects (e.g. in film industry) production requires a variety of skills and competencies. Each of the competencies must be present in at least minimal amount during the process – to make the final result valuable,
- products differ in quality and uniqueness, each product is a unique combination of component parts or skills leading to the creation of infinite possible outcomes,
- skills are varied vertically, artists are ranked according to their skills, talent, involvement in the process of product development. Small differences in skills and talent can affect big differences in achieving (financial) success,
- during the coordination of complex projects with the participation of varied skills time is the key factor,
- some creative products have durability aspects related to the copyrights, they allow creators or performers to benefit in the long-term (Koszarek 2011, p. 13-14).

4 The Importance of Creative Industry for the Economy

The world economy has become more and more competitive and productive, the economic success depends in a greater degree on the creativity, ingenuity and capacity of a human being. The successful goods and services differ from the weak ones in terms of a good *design* today – both of products and processes – and good marketing. Promoting/spreading the technology of production and skills means that the production of goods is practically entirely

the function of the work cost (factories and even the whole sectors can be just moved where the work cost is the lowest and the work supply the highest). The most important factor of the economic success lies far on the scale of values: it is a creative activity based on conceptualizing and designing a good or service. The quality of a creative thinking is a more significant than the work cost. In other words, keeping the production with the quality comparable to the quality of a large-scale production is relatively easy, and thus – not too valuable. However, achieving a creative thinking of a high quality is relatively difficult, and therefore valuable (Newbiggin 2010, p. 18). Despite the financial and economic crisis, which caused a 12-percent decrease of the world trade in 2008, the export of goods of a creative nature went up in that time, reaching the level of almost 600 billion dollars. It means an average annual growth of 14% in recent years. Statistical data confirm the big importance of creative industry in the contemporary economy. In Europe, 6,5 million people are employed in creative industry, 40 million work in the creative sector in the USA, whereas in Poland – 2,5% and in Great Britain 8% of GNP is generated by creative branches (Winiarczyk 2011).

Tab. 3 Employment in creative sector in selected cities of the European Union

Cities	Employment in creative industries (%)	Employment in knowledge intensive industries (%)	Employment in creative knowledge sector (%)
Amsterdam	8	18	26
Barcelona	12	10	22
Birmingham	6	19	25
Budapest	13	16	29
Dublin	11	10	21
Helsinki	7	17	24
Leipzig	9	16	25
Milan	14	17	31
Munich	8	21	29
Poznań	7	11	18
Riga	6	23	29
Sofia	8	19	27
Toulouse	6	16	22

Source: ACRE reports 2.1-2.13 after: T. Stryjakiewicz, K. Stachowiak, Sektor kreatywny w poznańskim obszarze metropolitarnym, Bogucki Wydawnictwo Naukowe, Poznań 2010, p. 21

Analyzing the creative sector in the metropolitan cities in Europe the highest share of people employed in the creative activities present the metropolitan regions of Milan, Munich and the capital cities of post-communist countries of the Central and Eastern Europe: Budapest, Sofia and Riga. Such a high position of the latter ones results from the greater than in majority of the Western Europe countries concentration of the analyzed activities (e.g. radio and television, publishing, research and development units, higher education, some services for business) in the metropolitan centres. This concentration under the command system often followed in a controlled manner, not on the way of an evolutionary development (Stryjakiewicz, Stachowiak 2010, p. 28). The data on the employment in the creative sector is presented in table 3.

The development of the Polish creative industry between 2001 and 2011 exceeded the average of the European Union. The biggest number of people is employed in publishing houses and by film and television producers. The revenues of creative companies, i.e. books, press, record firms, film and television producers and game producers, increased in the last decade by 50% (from 2,8 billion euro to 4,2 billion euro, in 2006 the revenues reached 3,6 billion euro). The income consists of consumer spending and advertising revenues. In that time, the entire EU increased its income in this branch by 20% (to 198,9 billion euro). The revenues of online

media in 2003 amounted to 0,018 euro per hour, and in 2011 as much as 0,043 euro per hour. In Poland in 2010 the greatest number of people was employed in film and television branch (27.000) and publishing (26.000), and the smallest number in record companies (2.000). In all European Union states the majority of people find the work position in press publishing (590.000) (<http://www.treco.pl/aktualnosci/szczegoly/id/5972/przemysl-kreatywny-dobrze-zarabia>).

The studies on the condition of creative sector in Poland show that regardless of a region or city, the sector has similar problems. In order to improve its condition, it requires the internal integration, further specialization, increasing the business competences of artists, enhancing the marketing of creative goods and the necessity to support creative entities by local government authorities in form of dedicated programmes (Sektor kreatywny w województwach pomorskim i kujawsko-pomorskim. Raport z badań 2012, p. 28).

5 The Companies of Creative Sector in the City of Zielona Góra – Joint Actions

In order to enhance economic and social cohesion of the city, raise the level of local security, and at the same time stimulate new industries, the city of Zielona Góra began in 2011 the implementation of the project called Development and Promotion of Creative Industry Potential in medium-sized cities of the Baltic Sea Region, the abbreviated name of Urban Creative Poles. This international initiative was co-financed by the INTERREG IVC Baltic Sea Region Programme for the years 2007 - 2013, and its implementation focused on five European cities: Cottbus (Germany), Linköping (Sweden), Klaipeda (Lithuania), Tartu (Estonia) and Zielona Góra (Poland). The aim of this initiative was the development of the creative industries sector through a variety of activities, ranging from identifying areas of creative industry, making joint efforts to promote them by twin cities, and ending with the implementation of local models of functioning and development of the creative industry, embedded in international networks (Weidner S., Urban Creative Poles, Joint Action Plan, Cottbus and Tartu, 2012, p. 5). In addition, the objective of the project was to promote entrepreneurship and competitiveness in the creative industry towns cooperating to contribute to their increased visibility as a result of marketing efforts and international cooperation.

In July 2013 the University of Zielona Góra with cooperation of the Municipality of Zielona Góra organized three workshops dedicated to the companies of creative industry as a part of Urban Creative Poles project. As the workshops' part there were conducted empirical research among entrepreneurs, whose aim was to find out the companies' needs and expectations towards the city authorities.

The results of the workshops were prepared on the basis of the questionnaires filled in by the participants during and after the conducted seminars. Altogether the authors collected 28 completed questionnaires. The workshops referred to the three areas of creative industries: IT Technology, Visual Advertising, Media and Photography.

The participants in majority represented the branches for which the workshops were run: 21% work in advertising, 5% in visual and performing arts, 13% in radio and TV, 5% in software or web-design, 10% in book and press, the biggest group (42%) in other fields. The coaching and mentoring program was dedicated to the companies that had already started their activity in the area of creative industries (1-3 years). According to the statistics, 39% of the

participants were the companies that started their business in the last three years, 33% began more than three years ago and 28% were the start-ups (less than one year).

The participants declared the need to improve their business skills in the following areas: customer relations (25%), marketing (20%), partner cooperation (18%), sales techniques (16%), networking (8%), local/international market (8%) and pricing (4%). Moreover, the respondents mentioned the same business skills when asked about further coaching needs. The entrepreneurs admitted that the following factors are important to achieve in their company's development: find new clients (41%), find partners for new/different projects (27%), acquire new jobs (16%) or enlarge the business (5%).

As for the satisfaction with participating in coaching/mentoring program, the participants assessed highly the program itself (84%), the framework and the logic of the training (76%), deliverables and practical exercises (80%), the possibility to use the obtained knowledge at everyday work (84%), competence of the trainer (96%), the trainer's competence in carrying on the training (92%) and the trainer's ability to communicate with the audience (84%). The aspect not satisfying for the entrepreneurs was the frequency of meetings.

When asked about the contribution of the coaching/mentoring program for the improvement of different aspects, the participants evaluated positively and very positively the following issues: their own professional development (77%), entrepreneurial skills (87%), improvement of local networks (73%), improvement of regional networks (70%). To a lesser extent the workshops contributed to the improvement of international networks (53%).

The identification of entrepreneurs' needs turned out to be crucial for the authorities of Zielona Góra and resulted in a joint initiative – Incubator for Creative Industry Businesses, founded in 2013, which houses four companies. The activities of these companies have a direct impact on the activities of artists in the city of Zielona Góra. They can sell their products or services to significantly improve their social situation and thus affect the socio-economic security in the region.

The Centre of Coaching and Mentoring (Incubator) bears responsible for the organization of training and workshops for entrepreneurs from creative industry. Its organizational structure includes positions responsible for the organization of workshops, cooperation with entrepreneurs, galleries or associations and a position responsible for cooperation with experts, coaches or mentors. Full responsibility should be in hands of the Centre Manager.

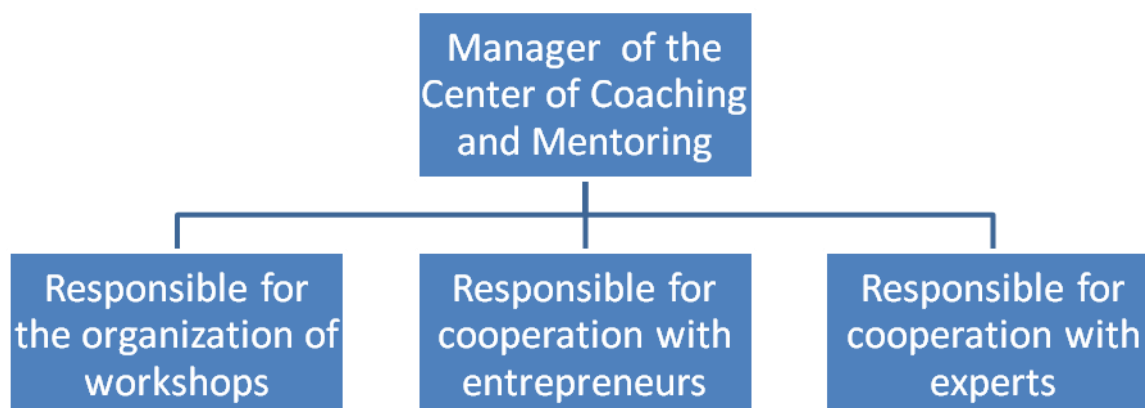


Fig. 1 The structure of Incubator for Creative Industry Businesses in Zielona Góra.

Source: own elaboration.

The optimization of the functioning of the Centre requires a structure which guarantees appropriate sequence of actions, so that all units could achieve their goals. The Centre of Coaching and Mentoring cooperates closely with stakeholders and experts. The cooperation is based on two institutions: the Municipality of Zielona Góra and the university of Zielona Góra.

Furthermore, there is a need to develop cooperation among the entrepreneurs who are members of various organizations or associations. These include:

- the Academic Incubator of Entrepreneurship;
- the Lubuskie Association of Employers;
- Zielona Góra Cultural Centre;
- the Lubuskie Theatre;
- the Museum of the Lubuskie Region;
- Zielona Góra Concert Hall;
- C.K. Norwid Regional Library;
- BWA Art Gallery;
- associations, foundations;
- other (galleries, schools).

The Coaching and Mentoring Centre offers significant support to new and innovative entrepreneurs from creative industry. In order to guarantee professional service, the Centre requires appropriate potential in respect of management and technology. This requires strategic alliance with various institutions both in Poland and abroad. Cooperation within the Urban Creative Poles project is a good example.

5 Conclusion

The basis of the creative sector operation is creativity, skills and talent of people employed in it. Its development is often related to the development of the knowledge-based economy and the knowledge society. The people working in creative industry are innovative in thinking and action.

Creative industry differs in terms of needs from other industries, it consists of companies whose creations are characterized by a high degree of originality of content and a significant contribution to talent, skills and creative artists, often the final result of such an activity are products or services hard to value. Creative industry generates value by producing intellectual property rights and using cultural property when creating non-cultural products (design, graphic design, advertising).

The situation of the cultural and creative industries in the access to funds to finance their activities, development, maintenance of competitiveness and internationalization is much more difficult than in other sectors due to the intangible and often unique nature of many of the assets of the sector, the lack of investment readiness of entities operating in them and insufficient willingness of financial institutions to invest. Although the problem of access to finance is faced by all SMEs, but it is worth noting that in this industry a special role is attributed to micro and small enterprises. In the computer game industry 90% of businesses are centered around the creation of added value generated by small teams. The situation is similar in other industries such as film, music and design.

The municipal authorities, within developmental activities, should take care of creating conditions for the development of creative capital and its proper implementation in order to enhance the base of the economic development of the city. The impact of creative capital on the development of this base is indicated in many research, although a precise measurement of the impact is not always possible. Creative capital is mobile capital. It focuses in cities that attract with attractive living conditions and opportunities to meet ambitions and career plans (Grochowski 2010, p. 2). The most important issues that the city authorities should pay attention to, acting for the development of creative industry, are the following: integration and international networking, financing or co financing of joint projects, mentoring and supporting development, location and urban development – creative spaces, advertising campaigns affecting the growth of the demand for creative products.

The incubator of creative industry companies in Zielona Gora, described in the paper, as an institution of the business environment, supports creative people in the business market. The incubator provides assistance to companies from the creative industry in the most difficult moment of activity, i.e. at the start and during the first years of operation. Incubated companies can initiate and develop the business using the preferential conditions for the operation. Entrepreneurs in the creative industry can enjoy all kinds of spaces, a powerful platform for electronic services and consultants and trainers.

It can be concluded that creative sector is the engine for the world economy. Its undoubtedly high and significant value is highlighted by its more and more increasing share in generating GDP and the size of employment in the sector.

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