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**A process centred perspective of the creative industries: an  
analytical model for management**

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## **Abstract**

This dissertation adopts a process-centred perspective of understanding the economic model of the creative industries, so as to explore how can one build an analytical model that can be useful for improving management practices in those industries.

The point of departure to address the research question was to review the debate around the definition of creative industries; then followed a discussion on the development of a framework for the understanding of the creative industries process-centred perspective; finally an assessment of the creative industries' economic model from the management perspective was done via a value-chain analysis, in order to discuss the implications of the process-centred perspective for management and for public policy design.

The research developed allowed the proposal of an analytical model that revealed the importance of operationalizing the understanding of value-creation through creativity in management practices. It also emphasized the challenge in balancing open-ended processes with the firm's commercial purposes, by managing intangible aspects of the creative process and the engagement of the creative workers into the creative process.

The analytical model developed may be helpful for managers insofar as it offers a disaggregation of the companies' activities by focusing on the assessment of how the creative process can recursively occur in the company as a production process. Moreover it may help on the identification of the core-activities and the assessment of the main components of those activities.

The research done intends to contribute to the understanding of how the creative industries work and to the development of good management practices in the sector. Thus, it also suggests that it would be interesting to develop research on a theoretical revision of the components of the creative industries' economic model and on a proper comparative analysis of the model delivered at an inter-sector, an inter-temporal and at a subsector level. By advancing an analytical model for creative industries that is focused on its usefulness for management, it indicates areas of interest for empirical research.

**Keywords: creative industries, management, creativity, creative process**

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## 1. Introduction

For the last decades the concept of creativity has been increasingly occupying a central role in political, cultural, economics and business debates (Araya & Peters, 2010; Bilton & Leary, 2010; Flew & Cunningham, 2010; KEA European Affairs, 2009; Schiuma, 2011). In the intersection of political and cultural economics, business and creativity is a “range of activities” known as “creative industries”. The official and theoretical definition of the creative industries has been in debate, at least, since 1998, when there was “the decision of the then newly elected British Labour government of Tony Blair to establish a Creative Industries Task Force (CITF), as a central activity of its new Department of Culture, Media and Sport (DCMS)” (Flew & Cunningham, 2010). As a result of this decision, the CITF stated an official definition for this sector that was in the “central plank of the United Kingdom’s ‘post-industrial’ economy” (Flew & Cunningham, 2010) and provided a new political perspective on the cultural sector, by shifting the terminology from cultural to creative industries as a rebranding of the cultural sector, and specifically the cultural industries (Cunningham, 2002; Flew & Cunningham, 2010; Flew, 2012; Garnham, 2005; Hesmondhalgh, 2002; Jeffcutt & Pratt, 2002; O’Connor, 2000, 2007). The ‘*Creative Industries Mapping Document*’ (DCMS, 1998) was the first attempt to defining, mapping and measuring the creative industries in a public policy context. This pioneer experience of discussing the economic relevance and distinction of the creative industries of the UK’s Government has had an influence in introducing this debate in the political context all over the world. In fact, the DCMS definition of creative industries has been used as reference by several countries and cities, as a tendency for modernization (O’Connor, 2007). The Portuguese case is not an exception: the DCMS definition is referred in such relevant documents such as the Portuguese Government ‘Technological Plan’ (UCPT, 2005), a study for the Ministry of Economy from Augusto Mateus (Mateus, 2010), and the ‘Macroeconomic Study’ from Fundação Serralves (2008), that intended to foster the development of the Creative Industries cluster in the north of the country.

The concept of ‘creative industries’ is historically linked to the concept of ‘cultural industries’, as some authors argument that it is a rebranding of the cultural sector. This terminological clutter provokes that both terms are often referred as synonymous, complementary concepts, or even completely different concepts. Despite the relevance of the debate on ‘cultural industries versus creative industries’, namely regarding issues of terminology and scope, what should be emphasized is how the definition of creative industries established by the DCMS called for a new analytical perspective: the DCMS definition brought a new light into the analysis of a real economic phenomenon – the so called creative industries – that could be analysed apart of the traditional cultural economics (Throsby, 2001) approach: These industries, that are usually assumed as creative industries, don't seem to have any substantial “market failure” issue (O’Connor, 2009), which was considered a central argument of the traditional cultural economics theory on the regulation of cultural markets (Galloway & Dunlop, 2007, p. 26). Towse (2003) also noted that these activities (the creative industries) could not fit into the criteria of ‘cultural industries’, as they do not employ industrial scale productions methods. These industries are economic and market-oriented activities

with business models that incorporate, somehow, creativity at its core. Hence, the 'creative industries' definitions could be seen as more than a merely rebranding of the cultural industries.

In the beginning of 2013, NESTA - the National Endowment for Science Technology and the Arts, as innovation hub based in the UK - released a new study on the classification and mapping methodology for the UK's creative industries called '*A Dynamic Mapping of the UK's Creative Industries*' (Bakhshi, Freeman, et al., 2013). The methodology presented in this document was called the 'creativity-intensities' and had a crucial focus on the role of the creative workers on the creative process. Hence, it points to an understanding of the creative industries based on how creativity happens, and how relevant it is to these business activities. Later that year, the DCMS started a public consultancy to review the classification and mapping of the creative industries based on the 'creativity-intensities' methodology.

Classical economic theory classifies productive activities as 'labour-intensive' or 'capital-intensive', according to the intensity in the use of their resources. Considering the existence of an intangible productive factor called 'creativity' as the basis of the concept of creative industry, it might be considered that these activities can be defined as creativity-intensive. Assuming creativity as the primordial resource of the creative industries, a fundamental to the creation of value in this kind of business, it is necessary that organizations have management models that allow them to foster, manage and recursively use creativity in their production process.

The topic of the fostering and management of creativity in organizations in the creative industries has been identified on the research priorities of the sector (Sapsed, Mateos-Garcia, et al., 2008). The idea that the creative industries are business activities based on creativity can help managers to identify the specific features of their production processes and resources, and thus contribute to better management practices of the sector. This triggered my interest on studying how management can understand the specific features of these industries, based on the understanding of the creative process. The central question of this research work was: **'how can I, by assuming a process-centred perspective, build an analytical model that can be useful to improve management practices in the creative industries?'** Thus, the present work intends to be a reflection on how can creative industries be analysed, from the management's point of view, conducting the research process with the following questions:

- **How are creative industries defined nowadays and what are the central ideas and building blocks of those definitions?**
- **How does creativity happen within the creative industries?**
- **How can we assume a perspective on the definition of the creative industries that can be useful for management purposes?**
- **What are the key features of the creative industries' economic model that are relevant for management purposes?**
- **How can management in these industries analyse and act on these features?**

My motivation to research this topic came, mostly, from my curiosity to explore how unique are the creative industries, and how do they create value. In my professional experience as a corporate finance consultant I've been working with several industries, and I have realized that the

most important element to consider when analysing a business, and valuating it, is to understand where the value creation resides, and what are the resources needed. In the analysis of creative businesses I have felt a lack of understanding of how creativity is incorporated in the business model, and what are the resources in need. Thus, I recognized that, even for management, it would be useful to understand the specificities of creative industries and the use of creativity on a business model. In addition, I was highly impressed by the book 'Group Genius' (Sawyer, 2007), and the Business Harvard Review article 'How Pixar fosters collective creativity' (Catmull, 2008), which are studies that highlighted the challenges faced by managers in these industries to continuously deal with the specificities of creativity, in order to use and promote it in their business activity.

For the development of this dissertation I developed the method based on a literature review. Hart (1998) states that the main purpose of a research work, such as a dissertation, is to contribute to our 'understanding of the world' through the dissemination of knowledge, thus the literature review is pointed as crucial to the success of a research work as it connects the topic of research with extant knowledge. In the context of a research work for a master's postgraduate dissertation the literature review is mostly seen as a 'work of synthesis' of the findings and knowledge available through prior research on a subject (Knopf, 2006). Knopf (2006) also states that the literature review can be "an end in and of itself". Thus, I assumed the investigation process, through the literature review, not only as a learning activity, but also as a development and revealing process of new hypotheses of investigation. In order to develop the basis of my argument - that it is possible to understand a creative industries' perspective that is useful for management - I intended to provide answers to the research questions pointed above, unfolding the argument in an iterative way, within an hermeneutic approach for the analysis and interpretation of the selected literature on the definitions of creative industries, the issue of, creativity in an organizational context; and creativity management.

During the research process I realized that there are different definitions of creative industries, and that the way in which these industries are conceived has implications in the way in which they are analysed and managed. Thus, I felt the need to review the definitions of creative industries so as to provide a basis for their analysis and management. This is the focus of the next chapter.

Then, in the third chapter I will explore the origins of the concept of creative industries, and explore the main building blocks of the several definitions reviewed. The fourth chapter explores the most recent trends on the definition and classification of the creative industries. My overall intention is to provide a clear view on the debate about a process centred perspective of the creative industries that I assume useful for management purposes.

In the fifth chapter I develop an analytical model for the creative industries that is based on the process perspective. I assume creativity as a central concept of this analysis and I focus on the understanding of the creative process as the production process of the creative industries. For this analysis I assume an input-process-output model for the assessment of the key features of the creative process.

In the last chapter before concluding I analyse what are the implications for management of assuming a process-based economic model. I present a value-chain analysis of creative industries so as to understand how relevant are some activities for the creative process, and what the challenges of managing them in this context are.

I conclude with the possible contributions that the work done may have for management, and also with the main limitations found during the research process. A few suggestions for further research are also pointed out.

## 2. Assessing definitions of “creative industries”

### 2.1. A review of the concept of ‘creative industry’

The UK’s government, via the DCMS study *‘Creative Industries Mapping Document’* (DCMS, 1998), presented the first official definition of creative industries. The document set a list of 13 sub-sectors that constitute the creative sector, and stated that creative industries were “those activities that have their origin in individual creativity, skill and talent and which have potential for wealth and job creation through the general exploitation of intellectual property”. This definition was in the “central plank of the United Kingdom’s ‘post-industrial’ economy” (Flew & Cunningham, 2010) and allegedly it attempted to represent a new political perspective on the cultural sector (O’Connor, 2007).

However, this interest in ‘creative industries’ was not new. In 1995, while exploring the concept of a “creative city” and the idea of how creativity would “provide the basis for urban economic revival” of British cities, Landry and Bianchini clearly stated the theoretical basis and contextualization of the creative industries: “Whereas the dominant industries of the nineteenth and twentieth centuries depended on materials and industry, science and technology, the industries of the twenty first century will depend increasingly on the generation of knowledge through creativity and innovation matched with rigorous systems of control” (Landry & Bianchini, 1995). This statement relates a new economic and industrial landscape to the emergence of a “post-industrial economy”, where the “driving force in capitalist development was no longer physical capital, but human capital in the form of scientific knowledge” (Garnham, 2005, p. 21). This put forth the idea of “generation of knowledge through creativity and innovation” as the defining DNA of the 21<sup>st</sup> century industries. The relation between the knowledge economy and the creative industries has been widely discussed within the review of the definition of the creative sector (Araya & Peters, 2010; Galloway & Dunlop, 2006, 2007; Roodhouse, 2006; Work Foundation, 2007). There is a view on the sector that claims that creative industries are best defined as based on the so-called ‘knowledge economy’ (Howkins, 2001), where creativity is essential to the knowledge economy as “both currency and language” (Bilton & Leary, 2010). So, even without naming it and before any official definition, Landry and Bianchini were, somehow, defining the basis of the creative industries’ theoretical concept.

Since the first official definition of the DCMS in 1998, the debate on the definition of the creative industries has involved some interesting criticisms, developments and alternative views on the models to define and measure the creative industries. But it has also revealed that there is still a need to understand what makes an industry ‘creative’. This debate delivered different perspectives on several characteristics of the activities considered as creative industries, and it might offer different perspectives on how creativity is incorporated into the creative industries.

In order to understand the main aspects of this debate I did a literature review on the definition of ‘creative industries’. This review led me to select a set of documents that I used as a compilation of main definitions and critiques. The review of definitions took as starting point a selection of articles and reports on the topics of “definition of creative industries”. The selected

works were: “A Critique of Definitions of the Cultural and Creative Industries in Public Policy” (Galloway & Dunlop, 2007); “From cultural to creative industries” (Garnham, 2005); “From Cultural to Creative Industries: Theory, Industry, and Policy Implications” (Cunningham, 2002); “Origins of Creative Industries Policy” (Flew, 2012); “Creative Industries after the First Decade of Debate” (Flew & Cunningham, 2010); “The cultural and creative industries: a review of the literature A report for Creative Partnerships” (O’Connor, 2007); “Creative Industries: a new direction?” (O’Connor, 2009); “The Creative Industries: Definitions, Quantification and Practice” (Roodhouse, 2006). These documents contain interpretations of the official creative industries definition or proposed alternative definitions. Most of these documents are official reports for political purposes and well-referenced academic papers about the debate of the concepts of ‘creative industries’ and ‘cultural industries’. Table n.1 summarizes the list of main official and proposed definitions and the theoretical models for the concepts of ‘creative industries’ and ‘cultural industries’ collected from that review. Although it is my view that ‘cultural industries’ and ‘creative industries’ are two different concepts, with divergent characteristics, I decided to include the concept of ‘cultural industries’ in the review, because both concepts are often used as synonymous. Later on I will present my argument about these two concepts.

The analysis of the main characteristics of the definitions reviewed and presented in chronological order on table n° 1 departs from the DCMS definition, since I assume that the DCMS definition intended to circumscribe an economic reality that – with the exception of Garnham (1987) – hadn’t been defined till then as an integrated economic sector. With this assumption, of using the DCMS as a starting point, my intention was to exclude previous and extended considerations of the ‘cultural industries’ definitions that are more related to the debate on the cultural relevance of dissemination of art than to discussion of defining an economic sector based on how the DCMS analysed and defined.

**Table n° 1: The concepts of ‘creative industries’ and ‘cultural industries’**

Reference	Expression	Definition
(Garnham, 1987)	Cultural Industries	“‘Cultural Industries’ refers to those institutions (...) which employ the characteristic modes of production and organization of industrial corporations to produce and disseminate <b>symbols</b> in the form of <b>cultural goods</b> and services generally, although not exclusively, as commodities (...). In all these cultural processes, we characteristically find at some point the use of <b>capital-intensive, technological</b> means of <b>mass production</b> and/or distribution, highly developed divisions of labour and hierarchical modes of managerial organization.”
(DCMS, 1998)	Creative Industries	[creative industries are] “those activities that have their origin in <b>individual creativity</b> , skill and talent and which have <b>potential for wealth and Job creation</b> through the general exploitation of <b>intellectual property</b> ”
(Scottish Enterprise, 1999 in Galloway & Dunlop, 2007, p. 28)	Creative Industries	“creative industries are those in which <b>creativity</b> fundamentally is the <b>enterprise.</b> ”

(O'Connor, 2000)	Cultural Industries	“those activities which deal primarily in <b>symbolic goods</b> – goods whose primary economic value is derived from their <b>cultural value</b> ... This definition, then, includes what have been called the ‘classical’ cultural industries – broadcast media, film, publishing, recorded music, design, architecture, new media – and the ‘traditional arts’ – visual art, crafts, theatre, music theatre, concerts and performance, literature, museums and galleries – all those activities that have been eligible for <b>public funding</b> as ‘art’”
(Caves, 2000 in Cunningham, 2002)	Creative Industries	[creative industries are characterized by the properties:] “Nobody knows/demand is uncertain Art for arts sake/ <b>Creative workers</b> care about their product Motley crew/some products require diverse skills Infinite variety/differentiated products A list/B list/vertically differentiated skills Time flies/time is of the essence Ars longa/durable products and <b>durable rents</b> ” <sup>1</sup>
(Throsby, 2001)	Cultural Industries	[Cultural industries combine three characteristics.] They are: - that the activities concerned involve some form of <b>creativity</b> in their <b>production</b> ; - that they are concerned with the generation and communication of <b>symbolic meaning</b> , and - that their output embodies, at least potentially, some form of <b>intellectual property</b> .”
(Hesmondhalgh, 2002)	Cultural Industries	“the core cultural industries deal with the <b>industrial production</b> and <b>circulation of texts</b> [the production of social meaning] and are centrally reliant on the work of <b>symbol</b> creators”
(Jeffcutt & Pratt, 2002)	Cultural Industries	“The cultural industries span a diverse range of activities (arts, genres, crafts, specialisms, and domains of endeavor) all of which have <b>creativity at their core</b> (...). This produces a terrain with a very mixed economy of forms – from micro-businesses, through micro-enterprises to trans-national organizations – encompassing the range from sole artists to global media corporations”.
(Bilton & Leary, 2010)	Creative Industries	“‘Creative industries’ produce <b>‘symbolic goods’</b> (ideas, experiences, images) where value is primarily dependent upon the play of <b>symbolic meanings</b> . Their value is dependent upon the end user (viewer, audience, reader, consumer) decoding and finding value within these meanings; the value of “symbolic goods” is therefore dependent on the user’s perceptions as much as on the creation of original content, and that value may or may not translate into a financial return.”

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<sup>1</sup> Richard Caves presented a range of criteria for properties that characterized the creative industries in his book “Creative Industries: Contracts between Art and Commerce”. The definition presented was summarized by Cunningham in the article “From Cultural to Creative Industries: Theory, Industry, and Policy Implications” (Cunningham, 2002, p. 7).

(Towse, 2003)	Cultural Industries	[cultural industries as those that] “ <b>mass-produce</b> goods and services with sufficient <b>artistic content</b> to be considered <b>creatively</b> and <b>culturally significant</b> . The essential features are <b>industrial-scale production</b> combined with <b>cultural content</b> ”
(DCMS, 2004)	Creative Industries	“A broad definition of the Creative Industries is those goods and services in the creative sector: Advertising, architecture, art and antiques, crafts, design, designer fashion, film and video, interactive leisure software, television and radio, performing arts, music and software and computer services which feature <b>original creativity</b> and generate <b>intellectual property</b> with a <b>potential for wealth</b> and job creation.”
(Hartley, 2005)	Creative Industries	“The idea of the creative industries seeks to describe the conceptual and practical convergence of the creative arts ( <b>individual talent</b> ) with Cultural Industries ( <b>mass scale</b> ), in the context of <b>new media technologies (ICTs)</b> within a new <b>knowledge economy</b> , for the use of newly <b>interactive citizen-consumers</b> ”.
(Howkins, 2005)	Creative Industries	“In my view it is best to restrict the term ‘creative industry’ to an industry where <b>brain work</b> is preponderant and where the outcome is <b>intellectual property</b> . This definition does not pretend to include all industries where creativity takes place. Creativity can take place anywhere. But it does include industries where <b>brainwork is the determining motif</b> . It seems more reasonable than including, say, <b>copyright but not patents</b> ; or advertising but not marketing.”
(UNESCO, 2006) <sup>2</sup>	Creative Industries	“The term ‘creative industries’ encompasses a broader range of activities which include the cultural industries plus all cultural or artistic production, whether live or produced as an individual unit. The creative industries are those in which the product or service contains a substantial element of <b>artistic or creative endeavor</b> and include activities such as architecture and advertising.”
(UNESCO, 2006)	Cultural Industries	“The term cultural industries refers to industries which combine the <b>creation, production and commercialization</b> of <b>creative contents</b> which are intangible and cultural in nature. The contents are typically protected by <b>copyright</b> and they can take the form of a good or a service. Cultural industries generally include printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design.”
(NESTA, 2006)	Creative Industries	“At a general level, the ‘creative industries’ is the collective term for those <b>businesses</b> in the economy which focus on <b>creating and exploiting symbolic cultural products</b> (such as the arts, films and interactive games), or on providing business-to-business <b>symbolic or information services</b> in areas such as architecture, advertising and marketing and design, as well as web, multimedia and software development.”

<sup>2</sup> According to O’Connor (2007) this definition is based on Throsby (2001) concentric model. The model is also described in KEA’s report “*The Economy of Culture in Europe*” (2006) and in the report “*Staying ahead the economic performance of the UK’s creative industries*” from Work Foundation (2007) where it’s also presented a visual model for the creative economy.



(KEA European Affairs, 2006)  (Work Foundation, 2007)	Cultural Industries	[Those with the following characteristics]: “- Industrial activities aimed at <b>massive reproduction</b> . - Outputs are based on <b>copyright</b> .” <sup>3</sup>
(KEA European Affairs, 2006)  (Work Foundation, 2007) <sup>4</sup>	Creative Industries	[Those with the following characteristics]: “- Activities are <b>not necessarily industrial</b> , and may be prototypes. - Although outputs are based on <b>copyright</b> , they may include <b>other intellectual property</b> inputs (trademark for instance). - The use of <b>creativity</b> (creative skills and creative people originating in the arts field and in the field of cultural industries) is essential to the performances of these non-cultural sectors.” <sup>5</sup>
(UNCTAD, 2008)	Creative Industries	“«Creative industries» can be defined as the <b>cycles of creation, production and distribution</b> of goods and services that use <b>creativity</b> and <b>intellectual capital</b> as primary inputs. They comprise a set of <b>knowledge-based</b> activities that produce tangible goods and intangible intellectual or artistic services with <b>creative content</b> , economic value and <b>market objectives</b> .”
(Potts, Cunningham, et al., 2008)	Creative Industries	“The set of agents in a <b>market</b> characterized by adoption of <b>novel ideas</b> within <b>social networks</b> for production and consumption.”
(Bakhshi, Freeman, et al., 2013)	Creative Industries	[The creative industries] “are defined in summary by: 1. A common type of input or resource (the <b>creative workforce</b> ). 2. Common features of the output (emphasis on <b>content</b> , product <b>differentiation</b> , <b>shorter</b> , often smaller, <b>production</b> runs, preponderance of cultural or <b>culture-related outputs</b> , sale to discretionary markets, exploitation of both <b>traditional IP and first-mover advantage</b> ). 3. Common processes of production ( <b>pre-market selection</b> , <b>uncertainty-management</b> contracts, just-in-time <b>short-run production methods</b> , ‘ <b>open innovation</b> ’ with an emphasis on <b>collaborative</b> contracts, geographical clustering at the micro level, and so on).”
(Bakhshi, Hargreaves, et al., 2013)	Creative Industries	“those sectors which specialise in the use of <b>creative talent</b> for <b>commercial purposes</b> .”

The table above was arranged in a chronological disposition in order to better understand and identify the traces of evolution on the definitions of creative industries. The chronological setting seems to indicate an evolution on the concept of creative industries, aimed at better defining each characteristic presented in the original DCMS definition. In each approach to the definition it is possible to identify a focus on the preferential definitional element of the creative industries:

<sup>3</sup> Work Foundation (2007) stated as main characteristics for cultural industries: “Activities involve mass reproduction of expressive outputs. Outputs are based on copyright”

<sup>4</sup> As it happens in UNESCO (2006) this definition is also based on Throsby (2001) concentric model and it is described similarly in KEA’s report “*The Economy of Culture in Europe*” (2006) and in the report “*Staying ahead the economic performance of the UK’s creative industries*” from Work Foundation (2007).

<sup>5</sup> Work Foundation (2007) also stated as main characteristics for cultural industries: “The use of expressive value is essential to the performance of these sectors”

for instance Howkins (2001, 2005) focuses on the intellectual property; Hartley (2005) on the production methods; and O'Connor (2000) on the symbolic meaning. Despite of departing from the DCMS (1998) definition, I decided to include the definition made by Garnham (1987) because it was my interpretation that the definition stated could capture some of the main characteristics of the creative industries.

By analysing the constitutive elements of each definition, which are highlighted in bold in the table above, I identified the following main aspects involved in the definition of the creative industries: the use of creativity, and how it is understood; the relationship between creative and cultural industries, or how far can it be understood as the same reality or not; the symbolic value of the output, and the generation of symbols; the economic wealth generation through Intellectual Property Rights (IPR); and the production methods with the use of specific technology.

The next sections will analyse the main arguments of the debate about what makes an industry creative. First, while assuming the DCMS definition as the pillar of subsequent ones, I will explore its main criticisms and supportive arguments. Then the most recent advances on the renewed classifying methods of the creative industries made by DCMS will be discussed, as well as some alternative attempts to redefine the sector.

## **2.2. The DCMS definition of 'creative industry': main aspects and criticisms**

The concept of creative industries has gained a global relevance since the DMCS definition in 1998 was out into public domain. Since then the debate on the DCMS definition has provided interesting contributions that may unveil the main common characteristics of the definitions (Flew & Cunningham, 2010). In this section I will describe the origins of the DCMS definition and review the main elements of the definitions of creative industries previously referred to, so as to clarify which are the central characteristics of the concept of the creative industries.

After the New Labour was elected in the UK in 1997, the new DCMS established the Creative Industries Task Force (CITF) in order to reformulate the policy discourse approach to the cultural sector, and specifically to those activities in the cultural sector that have evident contribution to wealth creation and economic performance. These activities were put in the centre of the UK's post-industrial economy, and the approach assumed went beyond the traditional discourses of subsidized arts (Flew & Cunningham, 2010). In the Creative Industries Mapping Document (DCMS, 1998) the creative industries were defined as follows:

*“those activities that have their origin in individual creativity, skill and talent and which have potential for wealth and Job creation through the general exploitation of intellectual property”*

Additionally, the document set a list of 13 sub-sectors that constituted the creative sector, thus establishing the starting point for mapping and measuring the creative economy (Higgs & Cunningham, 2008). This list included: (i) Advertising, (ii) Architecture, (iii) Art & Antiques Market, (iv) Crafts, (v) Design, (vi) Designer Fashion, (vii) Film & Video, (viii) Interactive Leisure Software, (ix) Music, (x) Performing Arts, (xi) Publishing, (xii) Software & Computer Services and (xiii) Television & Radio. As such, and for the purpose of mapping and measuring the economic

relevance of these activities, the sector was defined in terms of the characteristics of its **outputs**. It was the first time that the term “creative industries” was used in a political context, and with an intended economic relevance.

Nevertheless most European governments and the US have revealed some resisting in simply adopt the definitions and classification provided by the British government, with the allegation that the DCMS formulation in other countries would imply comparative weakness in terms of cultural policies (Flew & Cunningham, 2010), the DCMS definitions is commonly referred in political context as the basis of the assessment of the creative sector. In fact, the “Creative Industries Mapping Document itself became a lead export, as governments and cities in Europe (...), in Latin America and particularly in the Far East saw a new idea for the dynamic association of culture, economics and a new wave of modernisation”(O’Connor, 2007, p. 41). In sum, the UK’s Creative Industries definition and mapping strategy became a reference for policy discourse all over the world.

Having the creative industries officially described as those based on ‘individual creativity’ with economic potential, in an official definition of the sector, provoked a significant debate around the concept and scope of the creative industries. First, because it revealed itself as insufficient to clarify the distinctiveness and importance of the creative industries and second, because it represented a significant shift for the UK’s cultural policy – from subsidised arts to a post-industrial economic context – and stimulated the questioning of the economic relevance of the so-called ‘cultural industries’. In any case, what one may elicit from table n°1 above is that there are a few elements that seem to be pervasive across different definitions of cultural or creative industries: creativity, as well as a kind of a ‘rebranding’ of cultural industries along the time frame; the relevance of the knowledge economy, the information society and of intellectual property rights; symbolic meaning; and methods and processes that are characteristic of the sector under analysis.

### **2.2.1.Creativity**

For the last years creativity has become a very popular and fashionable term in public policy and business contemporary discourses (Bilton & Leary, 2010; Jeffcutt & Pratt, 2002). Hence, this incorporation of the concept – which is *per se* difficult to define - in such wide range of discourses led the term creativity to some kind of ‘meaning void’, incapable to be useful as a defining concept. As it has expressively been stated: “The term creativity has become so all-embracing as to lose any clearly defined meaning and value” (Bilton & Leary, 2010, p. 49). In the debate on defining the creative industries many kinds of creativity have been referred, such as artistic, scientific, economic, cultural and technological (KEA European Affairs, 2006, 2009; UNCTAD, 2008). So, actually, as Bilton and Leary (2010) stated: “every industry would surely lay claim to some measure of individual creativity, skill and talent”. This brings forth the ‘everything is creative’ argument, which represents a problem for public policy, as it highlights the difficulty of delimitating the scope of the definition for more effective policy intervention and development (Flew, 2012; Galloway & Dunlop, 2007).

Hence, one of the main problems of the DCMS definition of the ‘creative industries’ is that the defining concept ‘creativity’ is a poorly defined concept and DCMS never made it clear what

the word ‘creativity’ means (Bakhshi, Freeman, et al., 2013). It has been assumed in several studies (KEA European Affairs, 2006, 2009; UNESCO, 2005, 2013) that the term ‘creativity’, in the context of the ‘creative industries’, is referring to ‘cultural creativity’, as a specific type of creativity, that produces artistic and cultural outputs. This idea of ‘cultural creativity’ as a defining concept of the creative industries is, in my opinion, on the centre of the “terminological clutter” (Galloway & Dunlop, 2007) between ‘creative industries’ and ‘cultural industries’, because it suggests that the purpose of creativity is to produce relevant outcomes only for cultural wealth and does not relate the potential of the outcomes of creativity in terms of economic wealth.

### **2.2.2. Cultural industries rebranding**

The term “cultural industries”, coined by Adorno and Horkheimer<sup>6</sup>, has been used to refer to a range of activities that, according to Hesmondhalgh “deal with the industrial production and circulation of texts”, which the author defines as “the production of social meaning” (2002, p. 16). It seems that the author used the term “cultural industries” to define the same reality of “creative industries” using the terms as synonyms.

In fact, many authors argue that the DCMS conception of ‘creative industries’ and of ‘creative sector’ might be considered as a merely re-branding, for policy discourse, of the cultural sector and the “cultural industries” (Flew & Cunningham, 2010; Flew, 2002, 2012; Garnham, 2005; Jeffcutt & Pratt, 2002; O’Connor, 2007, 2009; Pratt, 2005). The shift of the terminology is often seen, in historical context, as a policy positioning of the creative industries as contributors “to wealth creation and economic performance”, and “way beyond the traditional discourses of subsidized arts” (Flew & Cunningham, 2010, p. 113). As O’Connor (2007) noted, in his review of the ‘creative industries’ literature, this re-branding has permitted to uncouple the creative industries from the cultural and artistic sector that claimed to be not about economics at all, but still maintaining some of the benefits of cultural policies; by focusing these activities in the exploitation of the IPR they become, in the policy discourse, part of the ‘new economy’ that is driven by digital technologies and the ‘knowledge economy’ suiting with the economic policy agenda of the UK’s New Labour.

Nevertheless, this shift in terminology was not a well-accepted idea. Roodhouse (2006) argues that “there is a conceptual confusion, at sector and sub sectorial level” that came from a “contorted and tortuous” definitional historical discourse of arts, culture and creative industries, mainly in the UK’s cultural policy. For Garnham, - perceived by Flew and Cunningham as “one of the more trenchant critics in creative industries theory and policy discourse” (Flew & Cunningham, 2010, p. 116) – it “serves a specific rhetorical purpose within policy discourse” and “disguises the very real contradictions and empirical weaknesses of the theoretical analysis it mobilises” (Garnham, 2005). Although the recognized importance and effects on leveraging the cultural sector and the reformulated approach of the public policy discourse on culture, arts and creativity, it has

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<sup>6</sup> According to Hesmondhalgh (2002) the first use of the term can be found in the chapter “The Culture Industry: Enlightenment as Mass Deception”, of the book *Dialectic of Enlightenment* (1944)

been argued, by some authors (Flew & Cunningham, 2010; Garnham, 2005; Hesmondhalgh & Pratt, 2005; O'Connor, 2007), that shifting the term “cultural” into “creative” introduced more problems on what Andy Pratt (2005) called the “breadth question”: the clarification of the specificity and distinctiveness of the creative industries that can differentiate them from other sectors. Hence, these criticisms also led to discussions on what activities should be or not included. While Graham (2005) criticized the inclusion of software and computer gaming as it inflates the creative sector size, Hesmondhalgh (2002) questioned the exclusion of sectors with cultural relevance such as heritage, tourism, entertainment and sports.

In terms of definitional issues, this so called re-branding of the cultural sector is seen more as an “extension of the cultural industries definition to incorporate the copyright industries” (Potts, Cunningham, et al., 2008, p. 1) than as a conception of an autonomous economic reality. In fact, one of the main criticisms made to the DCMS definition of the creative industries is that it reveals a lack of clarity as to the “specificity” and “distinctiveness” of these activities (O'Connor, 2007, p. 44). Pratt (2005) claimed that the defining term “creative” is not specific enough to distinguish the creative industries from the scientific activities. But it also claimed that this definition ignores the distinctive aspect of the production of symbolic texts due to the lack of cultural dimension on the definition of creative industries (Hesmondhalgh & Pratt, 2005; O'Connor, 2007).

### **2.2.3.Symbolic meaning**

Bilton and Leary (2010, p. 50) criticized the DCMS definition because, as they stated, it “does not really explain what is distinctive about the ‘creative’ industries”. As they argued, every industry can claim to be creative, and have potential for IPR exploitation. They also criticized the subsectors list, proposed on the Mapping Document, as it fails to define “clear boundaries or distinctive characteristics” of the creative industries. For the authors, the creative industries “produce ‘symbolic goods’ (ideas, experiences, images) where value is primarily dependent upon the play of symbolic meanings.” This idea of the ‘symbolic meaning’ as one of the distinctive characteristics of the output of the creative industries, and its non inclusion on the official definition, has been pointed out as one of the main failures of the DCMS’s definition of creative industries (Galloway & Dunlop, 2006), and it has been referred as a defining concept in many alternative definitions of cultural and creative industries as it can be observed in table n°1, where the definitions of O'Connor (2000) and Bilton & Leary (2010) clearly state that these industries produce symbolic goods. Some authors and institutions also refer to the importance of the “content” (or “creative content”) of goods and services (Bakhshi, Freeman, et al., 2013; Towse, 2003; UNCTAD, 2008; UNESCO, 2006) that might be as well interpreted as “symbolic meaning”. For the current analysis it is assumed that these definitions (‘content’ and ‘symbolic meaning’) are referring to the same concept.

In his book *Economics and Culture*, Throsby (2001) deconstructed the terms of cultural industries and proposed a way to define what makes them “cultural”. In this study he stated that those activities “are concerned with the generation and communication of symbolic meaning” (Throsby, 2001, p. 4). For Throsby and others (such as O'Connor (2000) and Hesmondhalgh (2002)), the “generation, or communication of symbolic meaning is the defining concept of culture

and economic value of good is derived from, or reflects, their cultural value”(Galloway & Dunlop, 2007, p. 4).

Bilton and Leary have a complementary idea of the ‘symbolic meaning’, introducing the concept of ‘use value’ arguing that “the value of ‘symbolic goods’ is therefore dependent on the user’s perceptions as much as on the creation of original content, and that value may or may not translate into a financial return” (Bilton & Leary, 2010, p. 50).

However, as Bilton and Leary also admitted, the concept of ‘symbolic goods’ may not be sufficient for defining the uniqueness of the creative industries, since ““manufacturers’ are able to focus their core business on symbolic production through branding and advertising. As Hesmondhalgh and Pratt (2005) also noted, symbolic meaning has also been used as an argument to point out that it is useless to talk about cultural industries “by arguing that all industries are cultural industries, because all industries are involved in the production of goods and services which become part of the web of meanings and symbols we know as culture”.

#### **2.2.4. Knowledge economy, information society and intellectual property**

The DCMS’s definition considered “intellectual property” as the defining characteristic of the output – the products of the creative industries must have an intangible value that makes the product unique, and that allows the people who produce them to exercise both economic and moral rights over these products (Galloway & Dunlop, 2006). The “intellectual property” on the creative industries’ output has been one of the most debated characteristic of the definition of the creative and cultural industries (Galloway & Dunlop, 2006). Towse, for example, argues that copyright is the “basis for defining the cultural industries” and “viewed as the organising principle for the creative industries” (Towse, 2003). The use of this criterion as the defining one of the creative industries by the DCMS could be understood as a way to capture the economic value of the creative goods.

The main criticism about the use of the ‘intellectual property principle’ to define the output of the creative industries is that intellectual property comes from “many types of creative activity, including science, engineering and academia” and by defining the industry in this way one fails to identify “the distinctive aspects of the cultural sector” (Galloway & Dunlop, 2006). Howkins presented a more inclusive concept for creative industries and “creative economy” by assuming the definition of creative industry as corresponding to “an industry where brain work is preponderant and where the outcome is intellectual property”, but since “creativity can take place anywhere” it should only “include industries where brain work is the determining motif” (2001). This definition assumes the creative industries as part of the knowledge economy. Despite the disclaimer on “everything is creative” – as creativity was not a completely inclusive definition for the creative industries – Howkins’ definition would suite the policy agenda as a supportive link between cultural (and art) policy with the economic policy agenda in a “new economy driven by digital technologies and closely related to the information and knowledge economy” (O’Connor, 2007), and thus, justifying the enforce of policy regulation on intellectual property rights (IPR).

Garnham (2005) criticized the “knowledge economy” and “information society” approach of the creative industries definition. He considered that the shift [from cultural to creative industries] was opportunistic, suggesting that the approach of bringing the arguments and assumptions of knowledge economy and information society was an attempt to introduce (or reinforce) the profitability of cultural goods by exploitation of the IPR (Cunningham, 2002; Flew & Cunningham, 2010; Garnham, 2005; O’Connor, 2007). He claimed that this shift did not come out of the blue, but “it was motivated by a historically specific political context” that intended to shift tensions across the cultural field – “whether the arts should be associated to the economic discourses focused on wealth creation” (Flew, 2012, p. 17) –, and represented a contemporary neo-liberalism policy program for culture and arts (Flew & Cunningham, 2010; Flew, 2012; Hesmondhalgh & Pratt, 2005; O’Connor, 2012). In short, he argued that it stated a change on how the public funds are justified not in “terms of art policy, but in terms of information society policy” so the “pay-off is not widened access or higher quality within the United Kingdom, but jobs and export earnings in a competitive global economy” (Garnham, 2005, p. 28).

### **2.2.5. Production methods and process**

Production methods are crucial for an understanding of the ‘cultural industries’. Hesmondhalgh (2002) characterized those industries as a combination of symbolic meaning and industrial production – or mass-scale production – and these concepts of ‘industrial production’ and ‘mass-scale production’ have been present in many definitions of the ‘cultural industries’ in table 1 (Garnham, 1987; Hartley, 2005; Hesmondhalgh, 2002; KEA European Affairs, 2006; Towse, 2003; Work Foundation, 2007). Garnham (1987) referred that cultural industries were those institutions that employ characteristically organizational and production methods of traditional industry to produce or disseminate cultural goods, for that he employs the expression “capital-intensive” as characteristic of industrial methods. A similar expression has been used by Cunningham (2002, 2005) to classify the creative industries, but where ‘capital’ is replaced by ‘creativity’. He referred to the ‘creative enterprises’ as becoming more relevant in the new economy and as being specialized in creative inputs that are increasingly more important for the services sector. As he stated: “in the same way that enterprises in general have had to become information intensive, so they are becoming more ‘creativity intensive’” (Cunningham, 2002).

In the DCMS definition there was no reference to specific production methods or mass-scale production, although the idea of the potential for wealth creation through exploitation of the intellectual property could recall to the mass-scale production methods, since the IPR could be seen as the form of protection when ‘symbolic good’ is disseminated in mass-scale. Although, if we consider the argument that the implicit policy agenda of UK’s government intended to link the ‘creative industries’ to the ‘new media technologies’ and the ‘information economy’ (O’Connor, 2007) it is understandable that the use of the Information and Communication Technologies (ICT) in the production and dissemination within these industries may be seen as a specific characteristic of the Creative Industries. The new media technologies and the knowledge economy are pointed

by Hartley (2005) in his characterization and definition of creative industries, as the context where and how they operate.

The report *Dynamic Mapping of the UK's Creative Industries* (Bakhshi, Freeman, et al., 2013) elicited several critiques to the DCMS definition, and suggested several clues for an alternative official definition. As the document refers “the creative industries” may be thought of as an industry, in the normal economic sense of the word, which has a characteristic input, a characteristic output and a characteristic process of production”, so it is expected that these activities share “common processes of production” (Bakhshi, Freeman, et al., 2013, p. 23). The report also calls attention to the importance of the combination of ICT and content activities for the creative industries, although they are not seen in the context specific production methods of the creative industries.

### **2.2.6. Solving the breadth question**

Many authors, as described above, criticized the DCMS definition on what Pratt (2005) described as the ‘breadth question’. “The DCMS definition was seen by critics as being simultaneously too broad and too narrow” (Flew, 2012) because, despite the fact that the DCMS document pointed out specific activities as subsectors of the ‘creative industries’, the terms used and the ‘terminological clutter’ with the idea of ‘cultural industries’ provoked several doubts about the criteria of inclusion and/or exclusion of some activities.

In the years following the DCMS definition, one finds relevant contributions on clarifying the distinctions of the concepts of cultural industries, creative industries, copyright industries, and on answering the “breadth question” by defining inclusive and exclusive criteria of the activities to be considered. Contributions such as the “concentric model” of the cultural and creative activities based on the work of Throsby (2001) and later adopted by KEA (2006) and Work Foundation (2007), or the “symbolic-texts model”, as referred in the UNCTAD report (2008), typically by defining the cultural industries through the ‘symbolic meaning’ of the outputs (Hesmondhalgh, 2002), have provided some proposals regarding relevant inclusive and exclusive criteria for the cultural and creative industries. UNESCO (2006) attempted to distinguish the definitions of creative industries and cultural industries by providing some principles (as “mass production” and the “core” creativity) to clarify the two concepts. Additionally, there has been a proposed model for the classification of the creative industries from WIPO, which is called the ‘WIPO copyright model’. This model was based on the idea that the creative industries are better defined as those that create economic wealth through the exploitation of intellectual property rights (IPR). Later, in order to bring some consensus on what activities global policy makers should consider as creative industries for a more efficient public policy, UNCTAD’s document Creative Economy Report (2008) presented a definition of the creative industries based on the concept of ‘cycles of creation’, bringing together contributions of the DCMS model, the symbolic -texts model, the concentric circles model, and the WIPO copyright model, so as to present a more inclusive classification for the creative industries constituted by nine subgroups of activities with similar characteristics, comprised in four main groups: heritage, arts, media and functional creation.



**Table n° 2: Classification systems for the creative industries derived from different models<sup>7</sup>**

1. UK DCMS model	2. Symbolic texts model	3. Concentric circles model	4. WIPO copyright model	5. UNCTAD creative industries
Advertising	<b>Core cultural industries</b>	<b>Core creative arts</b>	<b>Core copyright industries</b>	<b>Heritage</b>
Architecture	Advertising	Literature	Advertising	Cultural Sites
Art and antiques market	Film	Music	Collecting societies	Traditional Cultural expressions
Crafts	Internet	Performing arts	Film and video	
Design	Music	Visual arts	Music	<b>Arts</b>
Fashion	Publishing		Performing arts	Visual Arts
Film and video	Television and radio	<b>Other core cultural industries</b>	Publishing	Performing Arts
Music	Video and computer games	Film	Software	
Performing arts		Museums and libraries	Television and radio	<b>Media</b>
Publishing	<b>Peripheral cultural industries</b>		Visual and graphic art	Publishing and printed media
Software	Creative arts	<b>Wider cultural industries</b>		Audiovisuals
Television and radio		Heritage services	<b>Interdependent copyright industries</b>	
Video and computer games	<b>Borderline cultural industries</b>	Publishing	Blank recording material	<b>Functional Creations</b>
	Consumer electronics	Sound recording	Consumer electronics	Design
	Fashion	Television and radio	Musical instruments	New Media
	Software	Video and computer games	Paper	Creative Services
	Sport		Photocopiers, photographic equipment	
		<b>Related industries</b>		
		Advertising	<b>Partial copyright industries</b>	
		Architecture	Architecture	
		Design	Clothing, footwear	
		Fashion	Design	
			Fashion	
			Household goods	
			Toys	

Table n° 2, above, is a synthesized representation of the classification systems referred in the previous paragraph. Notwithstanding the relevance of this definitional debate, “the impact of this continuous boundary redefinition through national government machinery and by political parties for the arts, creativity and culture works against cohesion, interaction and connectivity” on the creative sector (Roodhouse, 2006). Despite all criticism, the DCMS definition still is the reference definition, and the debate around its problems brought to light the most relevant contributions and attempts of creating a unifying concept and clarifying definitions for creativity-based commercial activities with potential generation and exploitation of intellectual property. The criticisms on the DCMS definition exposed the lack of an explicit method to apply the DCMS classification system, as it revealed a problem of inconsistency: “although it does reflect an underlying economic reality, it does not fully capture that reality” (Bakhshi, Freeman, et al., 2013, p. 6). Despite the attempts made, the ‘breadth question’ remains unsolved, and my argument here is that there is a lack of a theoretical solid definition based on what the ‘creative industries’ really do, what is it that they are for, and what makes the ‘creative industries’ uniquely creative.

This led me to question whether the DCMS definition can be improved in order to overcome the inconsistency problems, or whether there is a need for a different and new definition. In the next section I will present and assess the most recent and relevant contributions regarding the

<sup>7</sup> Source: Creative Economy Report 2008 (UNCTAD, 2008, p. 13): ‘Classification systems for the creative industries derived from different models’ (adapted).

review of the DCMS definition, and I will add some of the most recent proposals for a new definition of the creative industries that came from the need to improve the classification of the sector, in order to better capture its value and relevance.

### **2.3. A need for a new definition?**

Since the first attempt of measuring the creative sector by the DCMS in 1998, the problems of the definition have revealed limitations that may have an impact on cross-sectorial and cross-economy comparisons. Higgs and Cunningham (2008) pointed the key limitations for mapping and classifying the creative industries under the DCMS template on the industry activity-based segment definition, the inconsistencies in measure, frequency and time periods on the data source and classifications and the highly aggregated source data. In order to solve some of the cross-temporal comparisons problems the DCMS commenced to release reports, since 2002, in time series for each segment, using the same metrics and the same source. Despite of the DCMS (2004) effort made in the DCMS Evidence Toolkit (DET) to increase the consistency in metrics by detailing the industry activities on the industry value-chain for each segment, and introducing the occupation codes (SOC) on the metrics, it still reveals comparability limitations, as pointed by Higgs and Cunningham (2008), such as the activity-based segment definition, and the data source in terms of the lack of reliability on the occupation statistics and the use of them, with the industry codes (SIC), to capture the creative sector value. While the debate of the definition of creative industries proceeded in a text discussion, as it was reviewed in the last section, the mapping and measuring methodologies revealed practical problems and suffered several changes in order to better capture the reality of creative industries in terms of value and economic relevance. In this section I will review some of the most relevant changes and how they brought to the fore a need for a new definition.

In April 2013, the DCMS started a public consultation with the main purpose of updating the DCMS Creative Industries classification (DCMS, 2013a). Although it has been clarified that the scope of what was considered as a creative industry would not be altered<sup>8</sup>, the review put forth some ideas that are, in some way, definitional issues of what can be considered as a creative industry. Hence, it should be at least admitted that a review of the classifying methodology could redefine the scope of the creative industries.

In the centre of this consultation is the idea of ‘creative intensity’, which is assumed as “the proportion of people doing creative jobs within each industry”, and it is the main classifying concept of an industry as a creative industry. In the basis of the DCMS’s consultation proposal (2013a) it is possible to find the previous attempts of changing the methodologies of measuring the creative industries and the creative economy. This debate on the measurement frameworks and quantitative technics has been going on since the first mapping document of DCMS in 1998 (Higgs,

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<sup>8</sup> A clarification note in the consultation states that: “The consultation is not intended to pass judgment on which industries are creative and which are not”(DCMS, 2013a)

Cunningham, et al., 2008, p. 16). One of most relevant contributions to the DCMS new proposal (DCMS, 2013a, p. 5) is the document ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) produced by NESTA and ‘ARC Centre of Excellence for Creative Industries and Innovation’ (CCI).

The researchers from NESTA, in the UK, and CCI, in Australia, have been delivering innovative approaches in treating the definitional issues of the creative industries and disseminating relevant concepts for mapping/classifying, measuring and understanding the creative industries, such as the relevant concepts for new definitional proposals: ‘creative trident’, ‘creative workforce’, ‘creative intensity’, ‘creative occupation’ and ‘social network markets’.

### **2.3.1. Creative workforce and the creative trident**

In 2008, NESTA’s report “*Beyond the Creative Industries*” highlighted a methodology developed by CCI in Australia in 2005 – a refreshed and improved approach for mapping the Creative Economy in the UK that the authors called the ‘Creative Trident’ methodology. This methodology intends to be a tool to measure the creative economy based on the idea that creative activity may be defined as three situations of employment: “Workers within a creative profession within a Creative sector – the specialist mode; Workers in a non-creative profession within a creative sector – support mode; workers in a creative occupation outside the creative industries – embedded mode” (Higgs, Cunningham, et al., 2008, p. 27). This methodology was an attempt to create a more dynamic method for the creative economy than that proposed by the DCMS (DCMS, 2004); in fact, this report points out some of the limitations on the DCMS approach, such as the fact that the DCMS mapping approach held a static view on creative industries, which was considered outdated given the technological progress and changes in market and industry boundaries. Using the ‘employment modes’ as the referential on this mapping technic, the ‘creative trident’ concept reveals a new perspective of looking at the creative sector based on the so-called ‘creative workforce’ which is defined as: “the group of people employed in the Creative Trident (i.e. in specialist, support and embedded modes) across all selected creative occupations and creative industries” (Higgs, Cunningham, et al., 2008, p. 20).

By taking the same question that lead to the concept of the ‘creative trident’ – “how many creative people work inside the creative industries?” – as it is emphasized by Freeman (2013), – the researchers involved came out with the calculation of the proportion of creative workers working within the creative industries, and in such way they came out with the concept of ‘creative intensity’.

### **2.3.2. “Creative intensity” method**

The methodology of ‘creative intensity’ was first introduced by Freeman in a report of the Greater London Authority (GLA) on London’s Creative Sector (Freeman, 2004). This report focused on a measure for the relevance of creative workers in the industry, by measuring the proportion of creative workforce within an industry. Freeman (2004) obtained results that revealed – as it was later stated - that the ‘creative intensity’ was “systematically higher in the creative industries than elsewhere” (Bakhshi, Freeman, et al., 2013, p. 9). But it was only in January 2013

that the ‘creative intensity’ idea was presented in the report of NESTA and CCI – called ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) – as a definitional concept for the creative industries that would serve the purpose of mapping it. In this document the ‘creative intensity’ method is defined “as the proportion of workers in any given creative industry that are engaged in a creative occupation” (Bakhshi, Freeman, et al., 2013, p. 8).

The document ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) exposes why the 1998 DCMS definition and classification of creative industries is inconsistent: “it excludes industries with the same features as the great majority of those it includes, and includes others that do not share these general features, without a clear rationale for doing so” (Bakhshi, Freeman, et al., 2013, p. 6). In fact, it is considered that the ‘deeper problem’ of this lack of method on the DCMS classification of creative industries, is that “the concept of creativity itself was never defined” and because of that “there is no agreed objective basis to judge what it is, or is not, creative” (Bakhshi, Freeman, et al., 2013, p. 6). From this consideration, the purpose of this report is stated as to “address the shortcomings of the DCMS classification based on a rigorous, analytic method which understands the creative industries as an integrated economic whole” (Bakhshi, Freeman, et al., 2013, p. 7). In its conclusions, the report asserts that the analysis “confirms empirically that the creative industries – as originally conceived of by DCMS – are economically distinct, and are distinguished by a markedly higher tendency to employ creative workers” which lead the authors to conclude that the ‘creative intensity’ “is a significant discriminator of industry creativity” (Bakhshi, Freeman, et al., 2013, p. 20).

### **2.3.3. Creative occupations**

NESTA’s report ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) offers a conceptual basis to define the ‘creative occupations’ in order to support the ‘creative intensity’ methodology. Clearly conscious of the lack of theoretical support of an economic model for the creative industries as defined by the DCMS, the authors develop arguments not only for the approach on measuring creativity, but also an economic model for the creative industries as a whole. The creative industries can be thought of as industries with a “characteristic input, a characteristic output and a characteristic process of production” (Bakhshi, Freeman, et al., 2013, p. 23), and ‘the creative workforce’ is assumed as the input and the link between these aspects, because it is the resource for the uniqueness of the ‘creative process’ – as a non-repetitive and non-mechanized process of production. As the report asserts: “the creative worker has a concept of what ‘kind’ of effect is desired, but is not told how to produce that effect in the same way that, say, an assembly line worker or even skilled technician is instructed. (...) This confers a unique and important quality on the creative worker within the creative process, namely that it is difficult to mechanise the creative process and hence to substitute machines or devices for the humans, reversing a trend that has dominated much of history” (Bakhshi, Freeman, et al., 2013, p. 22). From this idea that the creative worker is a decisive resource for the creative business comes the rationale that what they do is what it is called ‘creative occupations’.

One central question that I found in the report '*A Dynamic Mapping of the UK's Creative Industries*' (Bakhshi, Freeman, et al., 2013) is the following: "what makes creative occupations 'creative'?" The report also delivers a definition of 'creative occupation' as "a role within the creative process that brings cognitive skills to bear to bring about differentiation to yield either novel, or significantly enhanced products whose final form is not fully specified in advance" (Bakhshi, Freeman, et al., 2013, p. 24).

By putting the key concept of the definition for the creative industries on the 'creative occupations', and in the "understanding of the resource [the creative workforce] which makes them [the creative industries] what they are", the researchers of NESTA and CCI (Bakhshi, Freeman, et al., 2013) intended to focus the definitional concept of the mapping and classifying method on "what the creative industries actually do".

#### **2.3.4.DCMS and the creative-intensity approach**

The inclusion of the creative-intensity method on the proposal of DCMS (2013a) represents a complementary approach on the original DCMS classification of the creative industries, which was essentially focused on the characteristics of the creative products, such as the potential for wealth creation through the exploitation of their IPR.

By using the 'creative intensity' approach on the measuring methodology, DCMS intends to assume the 'creative workforce' as an input of these industries: when in a significant number, creative jobs are accurate indicators that a certain industry is a candidate to be considered as a creative industry. As stated in the proposal, an industry should be considered a creative one if at least 30% of its workforce corresponds to 'creative occupations'. In sum, it adds to the output-based definitional approach – the 'creative products' – a link to their specific input – the 'creative workforce' – through the introduction of the concept-measuring component of the 'creative occupation'.

The reasons indicated by the DCMS to change the policy approach and classification of the creative industries are related to the criticisms pointed in the previous section, mainly those highlighting that the classification methodology doesn't show a clear rationale for including some activities and excluding others, thus allowing distinct interpretations and approaches. One of the output-based approaches that is criticized by CCI and NESTA is the definitional scope presented by WIPO – in a study made by Siwek (2004) – "which confines itself to intellectual property outputs, excluding other forms of capitalising on differentiated output" (Bakhshi, Freeman, et al., 2013, p. 24). Other source of inconsistency pointed out is the use of the Standard Industry Codes (SIC) for mapping and measuring the sector (DCMS, 2013a): indeed, the official DCMS classification is based on the national statistics, as the Standard Industry Codes (SIC) and the Standard Occupation Codes (SOC), which turned out to be insufficient and limitative for an accurate measure of the creative industries. In fact, SIC and SOC codes present few relevant classifications for the creative industries (Higgs, Cunningham, et al., 2008).

In the clarification made in May 2013<sup>9</sup>, after some concerns that became public about the crafts sector being dropped from the creative industry definitional scope, the DCMS intended to assure that “the purpose of this consultation is not to redefine the creative industries” and that “the definition of the creative industries will remain the same (...)” (DCMS, 2013b). This makes the proposal certainly questionable: first, because the “creative intensity” approach is changing the classification and mapping methodology from a method based on the output (industry codes) to an approach that also takes into consideration the ‘creative workforce’ as the input (occupational codes), there may be a significant change in the way the ‘creative industries’ are defined; second, because the proposal points to a more dynamic mapping methodology, that “produces a classification that does not over-react to small fluctuations in the underlying data, but can respond to structural economic changes” (Bakhshi, Freeman, et al., 2013, p. 4), which means that by facing ‘structural economic changes’ the methodology can respond in an adaptive way, such as, for example, including industries previously excluded. In fact, in the *‘Dynamic Mapping of the UK’s Creative Industries’* it is referred that this proposed classification “suggests that the DCMS inappropriately excludes a large (and growing) software-related segment of the creative industries” (Bakhshi, Freeman, et al., 2013, p. 3). The implication of this, as suggested by the authors, is an understated measure of the creative sector.

This new classifying approach, as it can be read on the proposal, is intended to be focused on the idea that ‘creative industries’ are industries “where the creative activity happens” (DCMS, 2013a, p. 4). It reveals a shift on definitional issues from ‘input-output’ to ‘input-process-output’ approach, as stated in the *‘Dynamic Mapping of the UK’s Creative Industries’*: “The defining feature of the creative industries (...) lies in their use of the workforce within a specific process to produce the outputs in which these industries specialise” (Bakhshi, Freeman, et al., 2013, p. 23).

But, if I consider that the creative industries can be thought of as industries with a “characteristic input, a characteristic output and a characteristic process of production” (Bakhshi, Freeman, et al., 2013, p. 23), where the common input is the ‘creative workforce’, the common output are the ‘creative outputs’, then what is the characteristic or common process of production in the creative industries?

According to the ‘creative-intensity’ method, as it can be understood in the DCMS (2013a) approach, the ‘creative occupations’ are the measure for finding the creative activity, and so the common process of production. And, by definition, a ‘creative occupation’ is assumed to be “a role within the creative process” (Bakhshi, Freeman, et al., 2013, p. 24). This has led me to the following question about the economic model of the creative industries: may I assume that the ‘creative process’ is the process of transformation of an input to an output, in a creative industry? This hypothesis seems to be embraced by the *‘Dynamic Mapping of the UK’s Creative Industries’* report, as it explores, in a non-exhaustive way, some characteristics of the ‘creative process’ as related to the ‘creative occupations’ (Bakhshi, Freeman, et al., 2013, pp. 23, 24). It is my view that what the

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<sup>9</sup> See in the website of the consultancy (DCMS, 2013b).

authors had in mind, as the theoretical basis of that report and its methodology, was that “what the creative industries actually do” is the ‘creative process’ itself. Although, for the intents of this report, and with the specific purpose of measuring the creative industries by referring to the original DCMS (1998) classification, the definitional criterion is established in the role of the resource (input) – the creative workforce – has on the ‘creative process’ that is established by the defining concept of ‘creative occupations’. Thus, despite of the classifying and measuring reference point being the input of these industries, the focus on their role within the creative activity – through the concept of creative occupations – is a clear statement that what makes an industry creative is the use of creative workforce in creative occupations. My interpretation is that this approach of ‘creative intensity’ is pointing to another theoretical aspect for the nuclear characteristics of these industries: the creative process.

### **2.3.5.Social network markets**

For the last years there has been exhaustive research on mapping and measuring the creative industries, producing some interesting results as the ‘creative trident’ (Higgs & Cunningham, 2008) and ‘creative intensity’ methodologies (Bakhshi, Freeman, et al., 2013), and also discussing the definition and scope of the creative industries (Flew & Cunningham, 2010). The conception of the creative industries was mostly interpreted as an “extension of the cultural industries definition to incorporate the copyright industries” (Potts, Cunningham, et al., 2008), and in a perspective of finding common characteristics based on an economic model for the industry (input-process-output). But in 2008 the researchers of CCI proposed a new definition for the creative industries, that has a disruptive view on the concept: they argued for “a market based interpretation of the creative industries” (Potts, Cunningham, et al., 2008).

The researchers of CCI argued, in the paper ‘*Social network markets: a new definition of the creative industries*’ (Potts, Cunningham, et al., 2008), that these industries are more focused on originating and commercializing novelty as the perspective of an emergent market economy: the creative industries operate in “markets for novelty” (Jeffcutt & Pratt, 2002, p. 228; Potts, Cunningham, et al., 2008, p. 3) – markets “where the ‘use value’ is novelty itself” (Caves, 2000; Potts, Cunningham, et al., 2008, p. 6), “rather than any cultural content” (O’Connor, 2009, p. 397). The ‘social network’ is “defined as a connected group of individual agents who make production and consumption decisions based on the actions (signals) of other agents on the social network” (Potts, Cunningham, et al., 2008, p. 7), as an economic choice behaviour defined as ‘open-system processes’. The researchers of CCI noted that “the industries based on the markets in which the open-system process is routine are, recursively, defined as creative industries” (Potts, Cunningham, et al., 2008, p. 7).

Thus, the social network market model makes the link between the creative industries as novelty oriented enterprises and their economic choice system – open-system process –, as they argue that the “decisions to both produce and consume [in the creative industries] are largely determined by the choice of others in a social network”(Potts, Cunningham, et al., 2008, p. 4). So,

they present the following definition for the creative industries: “The set of agents in a market characterized by adoption of novel ideas within social networks for production and consumption.”

The central idea of this approach to the creative industries definition is that they cannot be analysed in the light of the arts and cultural economics. While the two models for the arts and cultural industries – “arts welfare” and “cultural industries” (O’Connor, 2009) – are concerned with market failure on art production, and with the standardization and democratization of culture, the social network market based definition reinterprets the creative industries “as part of the innovation system of an economy rather than just another industrial sector”, and “links directly into the analysis of the entrepreneurial process and the formation of new markets and organizations” (Potts, Cunningham, et al., 2008, p. 10,13). As such, it may be seen as a “process of innovation and experimental endeavour” in an evolutionary perspective of economy, similar to the Schumpeterian idea of “Creative Destruction” (Schumpeter, 1942), that is connected “directly to analytic models of social process of the adoption and diffusion (or evolution) of new ideas on social networks” , as the researchers of CCI argued (Potts, Cunningham, et al., 2008, p. 13). The adoption of this definition implies a clear separation between the cultural policy agenda (more concerned with market failure) and the creative industries: in fact, it suggests that the policy agenda for the creative industries should be more close to innovation policies as the definition offers an understanding of the creative industries into the evolutionary economics perspective. Thus, the classification, measure and economic relevance would also be significantly affected.

O’Connor (2009) made a review of this proposal and synthesized the report in three claims: “art falls outside creative industries”; “creative industries move beyond cultural policy paradigm toward that of innovation systems”; “social network markets represents the central defining characteristic of the creative industries”. The two main arguments that support these claims for this new definition of the creative industries are: first, that the creative industries policy is more concerned actually on an “economy-wide innovation system” that breaks down with the previous art and cultural industries policy; second, that the notion of social network markets provides a more dynamic definition and one adaptable to change, which also represents a break on classifying activities moving from a producer-centred model to a model focused on markets and consumption (O’Connor, 2009, p. 388).

In his review of this social network markets based definition, O’Connor (2009) argues that it can only be pure ideology, because he considers that the understanding of the creative industries apart from ‘industry’ structures, labour markets and government regulations is not viable. This consideration is based on the difficulty to analyse, in this new economic context, the boundaries between co-creation, altruism and labour. He pointed to the need for research in this area, as he argued that “these creative practices that tread the lines between paid and unpaid, ‘altruism’ and (future) commercial gain (‘shadow economies’) are certainly emerging in new contexts, and transforming business practices in many ways that need investigation” (O’Connor, 2009, p. 398). About the attempt of separating the creative industries from arts and cultural policy O’Connor (2009) also argues that it is ill-founded, because the “creative production is very much structured around practices concerned with ‘intrinsic value’”(O’Connor, 2009, p. 400). In my opinion this



makes clear that all the definitional concepts for creative industries are, for the scientific community, mixed-up with those for cultural industries and arts: any attempt to review the definition of the creative industries has to provide a previous clear distinction for the arts and cultural industries. So, my argument is that it is not possible to define creative industries without defining also, at least, cultural industries.

Despite all criticisms, the definitional model proposed, based on social network markets, introduces the idea of activities that are focused on the need to continuously seek to originate novelty. It may also be analysed as an add-on on the output-input based definitional models since it explores the process of the decision of production and consumption. In fact, this definition brings some light to the importance of the creative process on the theoretical definition of the creative industries, as a collaborative process that occurs in the market. It also points to the characteristic of novelty of the output as a result of intended processes, which in an enterprise, with commercial activity, has to be assumed as a recurring process, that the company needs to engage. The establishment of systematic recurring processes are a subject of management, what brings me the question of ‘how is the process of originating novelty is managed?’

### **2.3.6. Final comments**

The recent position taken by the DCMS (2013a), by opening a public consultation for the classification of the creative industries but not for the revision of the theoretical framework of its concept, definition and scope, seems to ignore the last fifteen years of research and debate involving the creative industries definitional concept. In fact, the proposal of the document ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) concludes that the ‘creative-intensity’ method approach can make it possible to provide more accurate and clearer numbers for the creative sector and also that it is capable to react to structural changes and provide measures on the evolution of the sector; but it will certainly fail to contribute to the clarification of what the creative industries are, what they do, and how they do it, because of its lack of theoretical support. The debate around mapping and definitional models of the creative industries has emphasized the need for a new definition that can be generally accepted and strong enough to capture the actual context, and also remain valid throughout context changes, thus, more capable to provide better measurement and comparison. As Freeman stated in an article for labkultur.tv<sup>10</sup>: “A truly robust definition has to adapt to change. It therefore has to capture the essential, abstract elements of an underlying, changing reality. The DCMS definition captured the reality as it was at the turn of the millennium, but didn’t provide the analytic understanding to update its classification, as reality moved on” (Freeman, 2013).

This need for a new definition was made clear by the ‘*Manifesto for the creative economy*’ published by NESTA (Bakhshi, Hargreaves, et al., 2013), and based on the findings of the investigation of

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<sup>10</sup> See Freeman (2013)

the last years supported by this organization. As it can be read on proposal 1 of the Manifesto: “The Government should adopt our proposed new definitions of the creative industries and the wider creative economy. These are simple, robust and recognise the central role of digital technologies”. By reviewing the debate on creative industries definitional and mapping models, the authors provided a simpler notion that is centred on the fundamental definitional concepts, supported by an economic model of the creative industries, empirical data and the operationalization of the concept of creativity for definitional propose. So, they define creative industries (Bakhshi, Hargreaves, et al., 2013, p. 34) as: “those sectors which specialise in the use of creative talent for commercial purposes”. But though the Manifesto presents a theoretical basis for the presented definition, the question remains if it is enough to capture the characteristics of the creative sector.

For the most recent years the debate around the definition of the creative industries has been revealing the need for a more consistent definition than the original DCMS (1998) definition for the sector. There have been several attempts to propose upgrades (or alternatives) to the official definition that have delivered significant contributions to clarifying the definition for a more accurate public policy, such as the contributions of UNCTAD (2008), NESTA (2013; 2006) and CCI (2013; 2008). Nonetheless, the ‘breadth question’ (Pratt, 2005) of the creative industries - what is the scope of the definition - remains unsolved.

The consciousness of this unsolved question is at the origins of the attempt of the DCMS (2013a) to review the creative industries classification. But, in my view, the ‘*Manifesto for the creative economy*’ (Bakhshi, Hargreaves, et al., 2013) that has been made public in the same month of the DCMS consultancy proposal (April 2013) did not come out of blue: this Manifesto, despite having the same classifying method – the ‘creative intensity’ – claims for a full change of the definition that came from a theoretical revision. My argument is that one of the main keys to claim for a legitimacy of a review of the theoretical definition of the creative industries is to understand ‘how creativity happens within the creative industries’.

This argument is supported by my interpretation about how the evolution of the debate around the creative industries, its definitional criteria and measuring methodologies, have been delivering relevant concepts and ideas to improve the understanding of what is a creative industry: The debate started with the DCMS industry-based classification that reflected on ‘what the creative industries do’, and thus it has delivered relevant concepts on an output-based analysis such as the symbolic meaning, the intellectual property and the dialectic of the cultural re-branding argument and the economic wealth and commercial purposes; The concerns on the consistency of measuring the creative sector have provided relevant analysis to improve the methodologies of mapping the creative industries by capturing what makes them economically different, and thus delivering the methodologies that take into account not only the industry classification but also the intensity of creative workers engaged in the creative process. In my view it reveals a tendency in recent works, specially the concepts behind the creative-intensity methodology such as the concept of ‘creative occupations’ and their role on the creative process, and to interpret the creative industries based on how they use creativity, which I understand as the process-based approach to the creative

industries. The debate around the creative industries definitions has in fact delivered interesting concepts that may be relevant for public policy purposes, but there is still a wide discussion on what can be classified as creative industries. In terms of the management of the creative industries it is important to understand what aspects should be given more attention when operating in these industries.

**2.3.7. Summary**

My first approach to analysing and managing the creative industries was to understand how could we define a creative industry. I took as a starting point the DCMS (1998) definition, studied the criticisms raised by several authors and reviewed the improvements proposed for the classification and measurement methods. In the course of my investigation I realized that there are many different definitions for the creative industries and cultural industries, and that both concepts are commonly used as synonymous. The definitions are based and highlight different definitional elements that constitute their ‘building blocks’. It is my view that the evolution path referred above, and synthesized in figure n° 1, points to an understanding of the creative industries based on the process that can provide patterns on the characteristics that are more relevant in terms of the management.

**Figure n° 1: Schematic representation of the creative industries’ debate evolution**

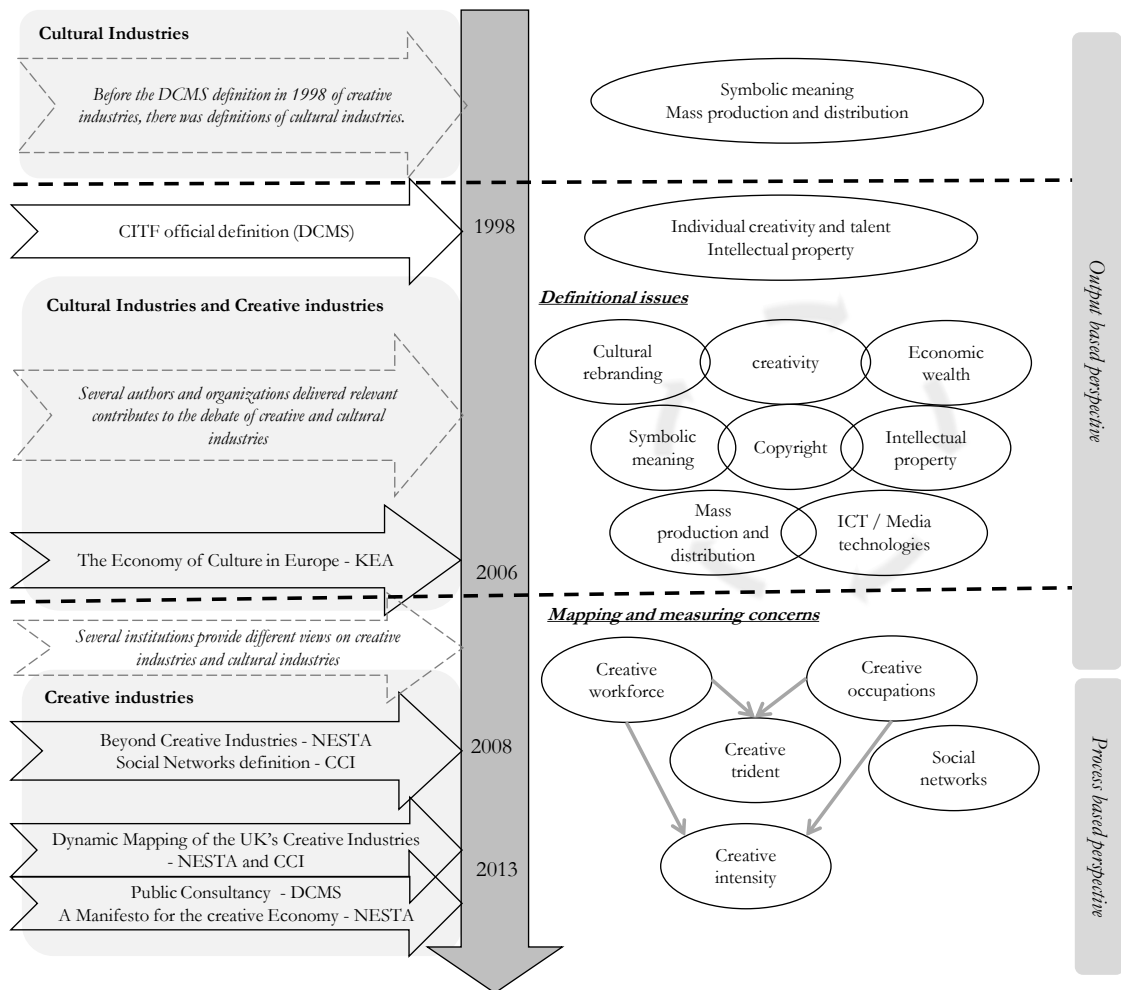


Figure n° 1 represents a synthesized representation of my interpretation of the creative industries' debate evolution explored in this section. By analysing the evolution of the conceptual debate I understood that there are some elements that are recursively used and thus reveal a pattern (e.g. symbolic meaning, creativity, intellectual property), so they might be important for the understanding of the creative industries. I could also perceive a path on the evolution of the debate which led me to apprehend that there are some recent perspectives, such as the 'creative intensity' approach and the 'social network markets' definition, that are based on an understanding of the creative industries that is based on how these industries work, hence emphasising the importance of the creative process. By incorporating the process analysis, and not only an output characteristics view, these perspectives tend to offer a more dynamic understanding of creative industries, thus offering a more consistent basis to capture the reality for the creative industries in the actual context, which is turbulent and dynamic. It is my view that a process-based perspective of the creative industries is more useful for management purposes, as managers administer an activity that is dynamic, that recursively uses creativity in the business model, in an environment that is also vibrant.

My original motivation on this research was to develop something useful for the management of the creative industries. A process-based perspective of the creative industries thus seems to be in tune with this motivation. It is my view that, in order to improve and develop managerial practices in a specific industry, it is necessary to have a clear understanding of the specificities of the industry. **Thus, how can I, by using this process-based perspective, offer something that can be useful to improve management practices of the creative industries?** In the next chapter I will take this interpretation of the evolution of the definitional debate that points to a process centred interpretation in order to propose an analytical model for the creative industries that can be useful for management purposes.

### **3. Advancing and discussing an analytical framework of the creative industries' economic model**

#### **3.1. Origins of the proposed approach**

The previous chapter introduced and explored the debate on the notion and scope of the creative industries, and advanced the view that creative industries should be analysed, mapped, and measured from a process-based perspective, so as to be useful for managers within these industries. The chapter ended with the following puzzle: How can I, by using this process-based perspective, offer something that can be useful to improve management practices of the creative industries?

In this chapter I will propose an analytical framework for the creative industries' economic model that incorporates the process-based perspective of the creative industries. For the specific understanding of the sector, this model is built, by using an Input-Process-Output (IPO) model approach, so as to determine what are the relevant aspects of the input, the process and the output of the creative industries. The document '*A Dynamic Mapping of the UK's Creative Industries*' (Bakhshi, Freeman, et al., 2013) points to the idea of an economic model for the creative industries that is based on the idea of the general 'production process' of an industrial activity – with “a characteristic input, a characteristic output and a characteristic process of production” – then applied to the creative industries. Building on this idea of the IPO model analysis I will attempt to draw the creative industries' economic model.

In the next section I will analyse the keywords of the several definitions of the creative industries, in the light of the IPO model, and then will fit them into a common economic model to determine 'what makes an industry creative'.

##### **3.1.1. Main keywords and the IPO model**

Table n° 1 above presented the main definitions of the 'creative industries' that were used along the last decades. By taking the keywords of these definitions of the creative industries<sup>11</sup> I attempted to analyse them as characteristics of the input, the output or the process, in the light of the IPO model. The aim was to understand, according to the evolution of the conceptual debate, which are the most relevant keywords of previous definitions and how can they suit into an analytical framework based on a process-based perspective of the creative industries.

It must be stated upfront that there is an accepted idea that 'cultural industries' and 'creative industries' are the same reality, as it was discussed in the previous chapter. But my point is that, when looking to the economic model of these industries, it is possible to elicit differences between the two concepts. I assume that creative industries and cultural industries are two different concepts

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<sup>11</sup> For this purpose I assume that sometimes 'cultural industries' is a different term to refer to the same reality as the creative industries, thus I analyzed the features of both concepts: 'cultural industries' and 'creative industries'.

that have implicit two different economic models. It is my interpretation that the cultural industries are more related with a market failure economic perspective, while the creative industries are market-oriented activities with commercial purposes, that don't have to deal with substantial market failure (O'Connor, 2009). Thus, I will analyse the keywords in order to suit them into an economic model of the creative industries, but assuming these specificities of cultural and creative industries.

Table n° 3 presents synthetized representation of the keywords analysis, in the light of the IPO model.

**Table n° 3: Keywords and the IPO model**

Reference	Expression	INPUT	PROCESS	OUTPUT
(Garnham, 1987)	Cultural Industries		1)'characteristic modes of production and organization of industrial corporations' 2)'mass production and/or distribution'	1)'disseminate symbols' 2)'cultural goods'
(DCMS, 1998)	Creative Industries	1)'individual creativity, skill and talent'		1) 'intellectual property'
(Scottish Enterprise, 1999 in Galloway & Dunlop, 2007, p. 28)	Creative Industries		1)'creativity fundamentally is the enterprise'	
(O'Connor, 2000)	Cultural Industries			1) 'symbolic goods'
(Caves, 2000 in Cunningham, 2002)	Creative Industries		1) 'vertically differentiated skills'	1) 'differentiated products' 2) 'durable products and durable rents' 3) 'demand is uncertain'
(Throsby, 2001)	Cultural Industries	1) 'creativity in their production'	1) 'creativity in their production'	1) 'symbolic meaning' 2) 'intellectual property'
(Hesmondhalgh, 2002)	Cultural Industries		1) 'industrial production'	1) 'circulation of texts' [social meaning]
(Jeffcutt & Pratt, 2002)	Cultural Industries		1) 'creativity at their core'	
(Bilton & Leary, 2010)	Creative Industries			1) 'symbolic goods'
(Towse, 2003)	Cultural Industries		1) 'industrial scale production'	1) 'cultural content'
(DCMS, 2004)	Creative Industries	1)'feature original creativity'		1) 'intellectual property'
(Hartley, 2005)	Creative Industries	1) 'individual talent'	1) 'mass scale' 2) 'media technologies (ICTs)'	1) 'new knowledge economy' [intellectual property]
(Howkins, 2005)	Creative Industries		1) 'brainwork is the determining motif'	1) 'intellectual property'
(UNESCO, 2006)	Creative Industries			1) 'artistic or creative endeavor'

(UNESCO, 2006)	Cultural Industries			1) 'creative contents' 2) 'intangible and cultural at nature' 3) 'copyright'
(NESTA, 2006)	Creative Industries			1) 'symbolic cultural products'
(KEA European Affairs, 2006)	Cultural Industries		1) 'massive reproduction'	1) 'copyright'
(Work Foundation, 2007)				
(KEA European Affairs, 2006)	Creative Industries		1) 'not necessarily industrial' 2) 'use of creativity is essential' 3) 'non-cultural sectors'	1) 'copyright' [and other IPR]
(Work Foundation, 2007)				
(UNCTAD, 2008)	Creative Industries	1) 'creativity' 2) 'intellectual capital'	1) 'cycles of creation, production and distribution' 2) 'knowledge-based activities'	1) 'creative content' 2) 'economic value' 3) 'market objective'
(Potts, Cunningham, et al., 2008)	Creative Industries		1) 'novel ideas' 2) 'social networks'	1) 'novel ideas' 2) 'social networks'
(Bakhshi, Freeman, et al., 2013)	Creative Industries	1) 'creative workforce'	1) 'open innovation' 2) 'just-in-time short run' 3) 'emphasis on collaborative contracts' 4) 'geographical clustering'	1) 'emphasis in content' 2) 'product differentiation' 3) 'culture-related outputs' 4) 'discretionary markets' 5) 'IPR and first-mover advantage'
(Bakhshi, Hargreaves, et al., 2013)	Creative Industries	1) 'creative talent'	1) 'use of creative talent'	1) 'commercial purposes'

The analysis makes it clear that there is different emphasis on the elements of the definitions delivered in the last fifteen years. Looking at table n° 3 above, there's no clear pattern of what might be considered the key features in terms of input, process and output analysis of the creative industries' economic model, but there are some elements that are recurrent as input, process, or output, thus they might be relevant for the economic model of the creative industries.

The analysis of the **input** elements has been focused on the **workforce**, or **human-capital**, and its characteristics. The word 'talent' is one of the most referred characteristics that can be assumed as a key feature for input. Also, the adjective '**creative**' (or the word 'creativity') is frequently used to define the **workforce**. In fact, despite of the DCMS definition referring 'individual creativity, skill and talent', these characteristics always attempt to define a range of **specific skills** of the workforce of these industries, which could overall be described as: **artistic skills** (drawing, painting, etc.); **technical skills** (manufacturing, crafts, etc.); **social skills** (adaptive to multicultural environment, team work, etc.), **organizational skills** (leadership, sense of

organization, etc.) or **computing skills** (programming, word processing, etc.)<sup>12</sup>. From this analysis it could be assumed that the creative industries are activities whose main resources are the specific skills of their workforce.

The analysis of the **process** characteristics led me to conclude that it was a subject that has not been clearly explored. In fact, the ‘cultural industries’ definitions have focused more on the analysis of the **production methods**, as ‘industrial-scale’, than the definitions of the ‘creative industries’. Nevertheless, Hartley (2005) assumes that the ‘**mass-scale**’ facilitated by the use of the **media technologies (ICT)** are determinant for the **production process** of the creative industries. This lack of focus on this process feature by many authors is, in my opinion, derived from the difficulty on the definition of **creativity** (Bakhshi, Hargreaves, et al., 2013; Galloway & Dunlop, 2007), and the **creative process**. Nonetheless, some of the most recent proposals on the definition of the creative industries – such as ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) and the ‘*Manifesto for the creative economy*’ (Bakhshi, Hargreaves, et al., 2013) – have delivered interesting analysis of the characteristics of the creative process as it is the **production process** of these activities. The focus on the ‘**creative occupations**’ as a **role of the creative workers in the creative process** supports this argument. My interpretation on the ‘**use of creativity**’, ‘**use of creative talent**’, or even ‘**brainwork**’ (Howkins, 2001) is that it implies an action that takes place in the economic model of these activities. Hence, that action of using creativity is something that is more than having resources with specific characteristics; it is result of the **managed production process** in these activities. Another characteristic that can be connected to the action of the management is the ‘**vertically differentiated skills**’ referred by Caves (2000), hence the combination of those differentiated skills is assumed as a characteristic of the creative production process.

The analysis of the **output** revealed some of the most common features of the creative industries definitions. One of the most common aspects of the output referred in several definitions is the ‘**symbolic meaning**’, ‘**symbolic content**’ or ‘**creative content**’. This characteristic has been explored by Bilton and Leary (2010) as it means that the value of these products is understood as “dependent on the user’s perceptions as much as on the creation of original content”. This concept, as the authors argued, is different from the functional value. In fact, they assume that the creative industries are primarily focused on the creation of ‘**symbolic goods**’, and despite of having functional value, the value perception of the user is almost entirely defined by its symbolic content.

Other common feature of the output is the capacity of exploitation of ‘**intellectual property rights**’ as **commercial approach to the market**. The IPR exploitation is commonly understood as the way of rewarding the creative effort of producing an **original output**: who produces the **original output** can obtain a first mover advantage by protecting the IPR, and consequently get

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<sup>12</sup> Skills systematized according to the Europass “personal skills and competences” framework. See europa-pages.com (2011)



economic return from that protection. This is a feature that was included in the DCMS (1998) definition and reinforced by other authors (Hartley, 2005; Howkins, 2001; KEA European Affairs, 2006). But some of the most recent works (such as the ‘*A Dynamic Mapping of the UK’s Creative Industries*’) have been assuming that it is not necessarily a common feature of the output. It is, as I interpret, a first-mover advantage strategy to approach the market. In my view, the ‘intellectual property rights’ exploitation is one of many ways for a creative industry to approach the market. What confers the first-mover advantage (and the possibility of IPR protection or other market approach) is the originality of the content. As noted in ‘*A Dynamic Mapping of the UK’s Creative Industries*’, alternative non-IPR methods of capture revenues from the first-mover advantage, which put more emphasis on customer loyalty than in the management of the IPR, are increasing<sup>13</sup> in creative industries. It can be observed in the industry of *multiplayers online games* that rely their first mover advantage on creating a social network that engage the players not only on the gaming but on the social network continued interactions, creating economies of scale based on size of the network, thus creating barriers to entry for competitors. The alternative non-IPR methods are also obvious on fashion and music industries, where the first-mover advantage strategies are based on differentiation that confers to the company the status based on **distinctiveness** and **novelty** (Bakhshi, Freeman, et al., 2013). It brings back me the concept of ‘**novelty**’ (Potts, Cunningham, et al., 2008) of the output as a defining characteristic. Hence, the concept of ‘**novelty**’ is a characteristic of the output as it is interpreted in the context of the social networks market that confers value to the output. One of the most relevant feature is the ‘**commercial purpose**’ of the output: It is clear that the creative industries are activities that are developed for commercial purposes and market objectives. All of the characteristics of the output referred above can be interpreted as business approaches to the market. Even if it can be assumed that the creative industries are focused on the production of symbolic goods, they are still a commercial approach to the market, where the differentiation comes out of the symbolic meaning of the products.

My interpretation is that ‘**creativity**’ is the most relevant and defining concept of the creative industries. Thus, the capacity of managing creativity, fostering it, and use it for commercial purposes is at the core of the creative business. The definition by Scottish Enterprise synthesises this view by referring that creative industries are those activities where ‘creativity fundamentally is the enterprise’ (1999). The ‘**creativity**’ aspect of the creative industries has been always assumed as a defining concept, although the understanding of the incorporation of creativity into these activities was neither clear nor consensual. The official definition (DCMS, 1998) has referred creativity as an **individual skill** of the workforce of this industries where the potential for economic wealth derives from. Other definitions would point into the characteristics of the output as the **result of the creativity**, so it could have ‘**symbolic meaning**’ (Bilton & Leary, 2010;

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<sup>13</sup> This idea that the IPR are not a characteristic of the output may be connected to a *non-exclusive appropriation tendency* of the creators of original content in the actual context of the digital forms of distribution and dissemination, based on the internet, of creative contents. This tendency is observable on the growth of more permissive IPR licences – with “some rights reserved” – associated to *copyleft* movement, such as the *Creative Commons* that oppose the idea of “all rights reserved” from the *copyright* system.

Hesmondhalgh, 2002; Towse, 2003; UNCTAD, 2008; UNESCO, 2006), ‘**intellectual property**’ (Hartley, 2005; Howkins, 2001; KEA European Affairs, 2006) or be a ‘**novelty**’ (Potts, Cunningham, et al., 2008). The reports ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) and ‘*Manifesto for the creative economy*’ (Bakhshi, Hargreaves, et al., 2013) have made relevant considerations that **creativity happens in the creative industries as the creative process**. However, even though creativity is assumed as having the central role in the creative industries, there is no common understanding of what it is in the context of the creative industries, and how can it be considered in its economic model.

Therefore, in the next section I will explore the understanding of creativity in order to incorporate it into a process-based perspective of the creative industries’ economic model.

### **3.2. Understanding creativity as the key feature of the creative industries’ economic model**

In the previous section I have pointed out how there is a lack of definition of creativity, something that the document ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) notices, though it fails to offer a definition that might solve this problem. Nevertheless, the report attempts to operationalize creativity for measurement purposes, using the concepts of ‘**creative occupations**’ and ‘**creative workforce**’ through the ‘**creative-intensity**’ methodology. The authors of the ‘*Manifesto for the creative economy*’ (Bakhshi, Hargreaves, et al., 2013) also refers this pragmatic need to operationalize the concept: As it is referred in the document, “the word creativity, the definition of which policymakers and academics will surely debate for the rest of time, but which this chapter has argued can be operationalized for measurement purposes” (Bakhshi, Hargreaves, et al., 2013, p. 34). Despite these attempts to operationalize the concept, it remains unclear for management purposes in the context of the creative industries. Hence, one way to circumvent this problem so as to further a pragmatic understanding of creativity is to focus on the **source of creativity** – ‘where creativity comes from’.

#### **3.2.1. Exploring the source of creativity**

The DCMS definition states that creative industries have their origins “in individual creativity, skill and talent”. This strongly indicates an understanding of **creativity**, for the context of creative industries, as an **individual feature**. In fact, this seems to have been a common understanding of the concept of **creativity**. Historical notions of creativity are based on the idea of a ‘**creative genius**’ (Bilton & Leary, 2010, p. 54; Pope, 2005, p. 25) that has specific intellectual talents, such as the ‘lateral thinking’ (De Bono, 1990). The creative genius has been seen as someone that has a **particular type of thinking**, commonly seen as “divergent, spontaneous and irrational” (Bilton & Leary, 2010), somehow related to ‘eccentric personality’ (Amabile, 1996; Pope, 2005), that can bring something new, something that didn’t exist before. These assumptions that creativity is an individual feature connect to the idea of **creation from nothing** (Pope, 2005, p. 37) – *ex-*

*nihilo* –, an historical and common understanding of creation. This confers to the ‘creative genius’ an elitist status, almost non-human.

This elitist view of the ‘creative genius’ has been longer refuted in academic research, as Bilton and Leary (2010) emphasized by examining the works of Weisberg (1993) that deconstruct the ‘**myth of genius**’. Weisberg concludes his examination, as Bilton and Leary noted (2010, p. 54), with a portrait of individual creative people as “intellectual beachcombers, skilfully reclaiming ideas and experiences from past and reapplying them to problems in the present” and also refuting the creation ‘*ex-nihilo*’. Current understanding and research of the creative individual has focused on creativity as “an innate human capacity able to be developed in all members of society” (Haseman, 2005, p. 174). These views of creativity as an individual feature light up the importance of specific skills and talents that can be educated, trained and managed. Indeed, in modern creativity research, there still is a focus on the individual. For instance, that is observable on the research of Sternberg (2006), who emphasises central **individual aspects** such as ‘**intellectual skills**’, ‘**thinking styles**’, ‘**knowledge**’, ‘**personality**’ and ‘**motivation**’ in the work on ‘*Investment Theory of Creativity*’. Amabile (1996) also underlines similar individual features in the components of her ‘Model of Creativity’. Nevertheless, despite their focus on individual aspects, both Amabile and Sternberg assume the ‘**environment**’ aspect in their creativity models: it is assumed that, in an organizational context, having ‘creative individuals’ is not sufficient to generate creativity. Thus, the idea of creativity as an **individual thinking process** requires some kind of **interaction** with the environment – a process with the external world.

When reflecting about where does **creativity** reside within an **organization**, Amabile (1996) stated that it is a **quality that resides in persons, processes and products**. The model designed by Amabile assumes creativity as “the production of novel and useful ideas in any domain” and consists in in a cognitive process at an individual level that can be recognized as creative by the assessment of its outcome. But this view of **recognizing creativity** via the **assessment of the outcome**, has also been criticised by those who focus not on its output, but on its process (Banks, Calvey, et al., 2002). The view that creativity is a process has been central on research that tries to understand creativity on an organizational context and in the creative industries (Banks, Calvey, et al., 2002; Bilton & Leary, 2010; Drazin, Glynn, et al., 1999; Harvey, 2014; Jeffcutt & Pratt, 2002; KEA European Affairs, 2009; Tschmuck, 2003). This idea of **creativity as a process** integrates the concept of production process, as a process of interactions between individuals and the environment. Regarding management, Bilton and Leary stated that “if we accept that creativity is a process, it will not be enough for managers of creative businesses simply to identify and nurture talented individuals” (Bilton & Leary, 2010, p. 57) because the creative process requires the **interaction on different types of thinking** and different talents and different ideas in a specific **environment**, which introduces the idea that the **creative process** occurs within a **collaborative creative system** that can be managed.

This idea of the **collaborative system** as the basis of the creative process has been explored in research on creativity in an organizational context. The Flow theory of creativity from Csikszentmihalyi (1996, 1997), despite mostly based on the individual engagement in an activity,

comprehends a three-level system model for observing the creative process: the first level is ‘**the domain**’, which consists in symbolic rules and procedures; the second level is ‘**the field**’, which includes all the individuals who act as gatekeepers to the domain; and the third level is the **individual** that generates a idea. The third level contains the second, and the second contains the first, so, despite of not pointing specifically that the creative process implies collaboration, it’s my interpretation that the existence of **three-level system requires some interaction** of the individual at the third level, in the **creative process**, with the others levels, thus collaboration with other individuals. In a reinterpretation of the Flow theory, Sawyer (2007) noticed that it could also be applied, not only to individuals, but to groups, where the creative process happens, at the third level, based on collaborative interaction between individuals of the group. The ‘Sensemaking Perspective on Creativity’ model has also been theorized at a multilevel analysis (Drazin, Glynn, et al., 1999). The researchers also assumed a three-level system on their model: first, an **intrasubjective** level on the individual; second, an **intersubjective** level between two or more individuals that represents shared frames; and third, a **collective** level that represents the unfolding of change across intersubjective levels. This **multilevel system** assumes a cross-level interaction of the three levels on the creative process as a sensemaking process. This model offers a strong emphasis on the **creative process** as a **collective process**.

The idea of the **creative process** as a **collective process** has been studied in academic and business fields in recent works (Catmull, 2008; Harvey, 2014; Parjanen, 2012; Yu, Nickerson, et al., 2012). In his book “Group Genius” Sawyer (2007) argues that every creativity is collaborative, and demonstrates it exposing several inventions, commonly attributed to individuals, that, in fact are result of collaboration. By theorizing about the group flow, a group equivalent of Csikszentmihalyi’s Flow theory the author explores the dynamics of collaboration in the creative process, even when the collaboration is ‘invisible’. In fact, as we refute the ex-nihilo proposition of the creative process (Pope, 2005), it is acceptable to understand that the **creative process is always**, at a certain point, a **collective process**: even for individuals creating out of an organizational context, there will always be environmental external inputs that contribute to the creative process.

### 3.2.2. The process-based view of creativity

The lack of definition of **creativity** in the context of creative industries must be overcome in order to explore the aspects of the creative process that can be managed as integrated perspective of creativity in economic theory. There’s a need to overcome the boundaries of neoclassical economic theory in the understanding of creativity (Tschmuck, 2003), where creativity is mostly assumed as a externality with general benefits disseminated in the economy (Jeffcutt & Pratt, 2002). New theories on creativity have been focused on the **creative process**, and this seems to be accommodated also by recent research on managing creativity in an organizational context and in the creative industries context in particular. Despite the criticisms on using the concept of creativity to define these industries, there is nothing more specific on the creative industries than the use of creativity in their business model. Thus, the analytical framework for the creative industries that I will present here needs to assume an understanding of the concept of creativity.

The process-based perspective of the creative industries that is at the foundation of the economic model I'm proposing implies the assumption that **creativity occurs in the creative process**. Thus, I agree with Amabile (1996) that **creativity** is the “**production of novel and useful ideas**”, and so, the creative process must be understood as the process of producing a novel and useful idea. I also understand that the **generation of creativity** is “an **innate human capacity**” of every person, and that it can “be developed in all members of society” (Haseman, 2005). Hence, I reject an elitist view of the creative endeavour.

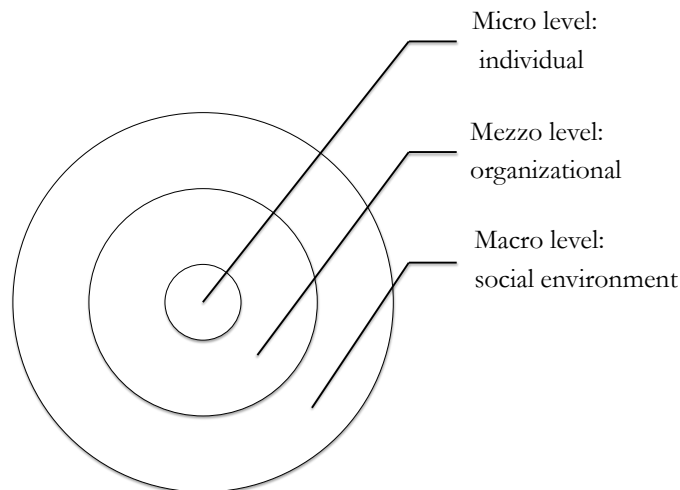
In my interpretation of the **creative process** I assumed the principle *'ex-nihilo nihil'* – nothing comes from nothing – as a limitation of the creative human capacities. Thus, the creative process may be assumed as a **collective process of interaction of several levels**, from individuals to any contemporary society. This is the '**creative system**' where the creative process occurs. In my point of view, assuming these arguments means that the creative process is seen as the process of production of novel and useful ideas in a 'creative system', which is then defined as the **interpretation, recombination and reinterpretation of older ideas into a novel and useful idea**.

For the analysis of this **creative system**, I follow Csikszentmihalyi (1996) and Drazin et al. (1999) models and define three levels of analysis:

1. the first level, called **micro**, is the individual. It reflects the individual human capacity of generating novel and useful ideas, and the individual skills used within the creative process; it is the individual level;
2. the second level, called **mezzo**, is the interaction level between two or more individuals with the common points of understanding – with shared frames, and shared objectives –, and relevant role within the creative process. It can be a set of ideas developed by the direct interaction of two persons, or by the interaction of one person over someone else's idea, without direct interaction; here I assume that the interaction between two individuals with shared frames, and shared objectives and with a relevant role in the creative process, represents some form of organization; it is the organizational level;
3. the third level, called **macro**, is the social level. It reflects the social, technological, political and economic environments and their interaction with the previous levels; it is the social level.

In the **creative system**, as it is represented in figure n° 2, the upper levels include the lower levels, as the individual is part of the organizational level and the social level. The social level includes all levels.

**Figure nº 2: Scheme of the creative system's levels**



The ‘**creative system**’ is a **system** that includes all the interactions between the three levels in the creative process, such as: the micro level which is influenced by the mezzo level by personal interaction of individuals in the creative process, and the macro level that determines the limits of contemporary knowledge access of an individual; the mezzo level is limited to the individual skills on the micro level, and an idea generated in the mezzo level is then validated in the macro level as novel and useful.

These assumptions of creativity as a process that occurs in the interaction of three levels have strong influence on the economic model of the creative industries. They offer the possibility of analysis the aspects of creativity that can be managed in the context of the creative industries. This understanding of the creative process, and creativity itself, offers a sustained basis for an economic model of the creative industries that is found on a process-based perspective. This perspective will be developed in the next section as an **analytical framework for the creative industries**.

### **3.3. Creativity Intensive industries: A process-centred perspective**

My answer to the question ‘what makes an industry creative’ is this: the recursive use of creativity in its activities. While some industries (and enterprises) are capital-intensive, or labour-intensive, and others information-intensive, the enterprises on the creative industries are characterized by being ‘**creativity-intensive**’<sup>14</sup> (Cunningham, 2002, 2005).

Somehow, the relevance of the use of creativity should be a common feature on the economic model of these industries. This approach is also accommodated in the basis of the

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<sup>14</sup> ‘Creativity-intensive’ is neither a synonymous term or an opposite term for ‘creative-intensity’: ‘creativity-intensive’ is referred a specification of the creative industries’ economic model based on the intensive use of creativity, while ‘creative-intensity’ is referred to a specific methodology – explained in the report ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) – of measuring the intensity of creative workforce in creative occupations in a specific industry or sector.

‘creative-intensity’ methodology as it is presented in the document ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013), but it differs insofar as it is focused on the definitional criterion. While the ‘creative-intensity’ assumes ‘creative workers’ in ‘creative occupations’ as an indicator of creativity – focusing on the assumption that the creative workers are the input in these activities –, I will attempt to establish an understanding of the creative industries’ economic model that is focused on the idea of **the creative process as being the production process** of these industries. The idea of ‘creativity-intensive’ is reflected on how relevant the creative activity is for a specific industry. In this approach, I am suggesting the idea that the classification of an industry as a ‘creative industry’ would depend on **how the creative process is recursively used in its business model**. My argument is that a firm can only be assumed as included in the creative industries if **the creative process is crucial and recurring**. Thus, those industries that use the so-called ‘creative products’ (Flew, 2002) in their business as an input for their business, but do not have the need to engage into a creative process for their activity, should not be considered within the scope of creative industries.

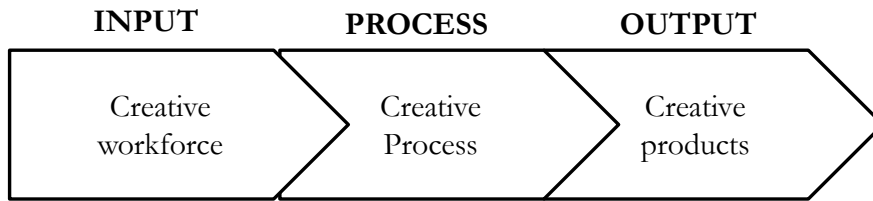
The framework proposed here for the creative industries’ economic model, the ‘creativity-intensive’, is an analytical framework for the management of the creative industries; not an alternative classifying, mapping or measuring methodology. Thus, it is not intended to be interpreted as an opposite of the ‘creative-intensity’ methodology for measure the creative industries.

In this section, I will combine my interpretation of creativity and the IPO model so as to establish an analytical framework for the creative industries’ economic model that is based on a process-centred perspective.

### 3.3.1. IPO model of analysing the creativity-intensive industries

I ended the previous section by claiming that creative industries are those industries that have, recursively, **the creative process at the core of their activity**: The creative process is the production process of these industries. In order to generate a specific output with commercial purposes- the creative products - these industries need to engage individuals - the creative workforce – into the creative process. As I argued before, the generation of creativity is a human capacity; thus, I understand that the ‘**creative workforce**’ is the **input** of the **creative process**. The IPO model is based on a linear view of a production process. When analysed in a specific activity (industrial activity, for example) it can be assumed that it can have moments of ‘storage’ – directly linked to the process – and ‘feedback’ – that comes to the outcome of the process to generate new inputs –, although those moments are not represented in the scheme. In this analysis I intended to focus on the analysis of the creative process, its inputs and outputs. It was my assumption that I could only understand and analyse the ‘storage’ and ‘feed-back’ moments based on the findings of the analysis of the creative process in a linear perspective. Hence, the creative industries’ economic model, following the IPO approach, is then represented as a relationship between input, production process and output in figure n° 3.

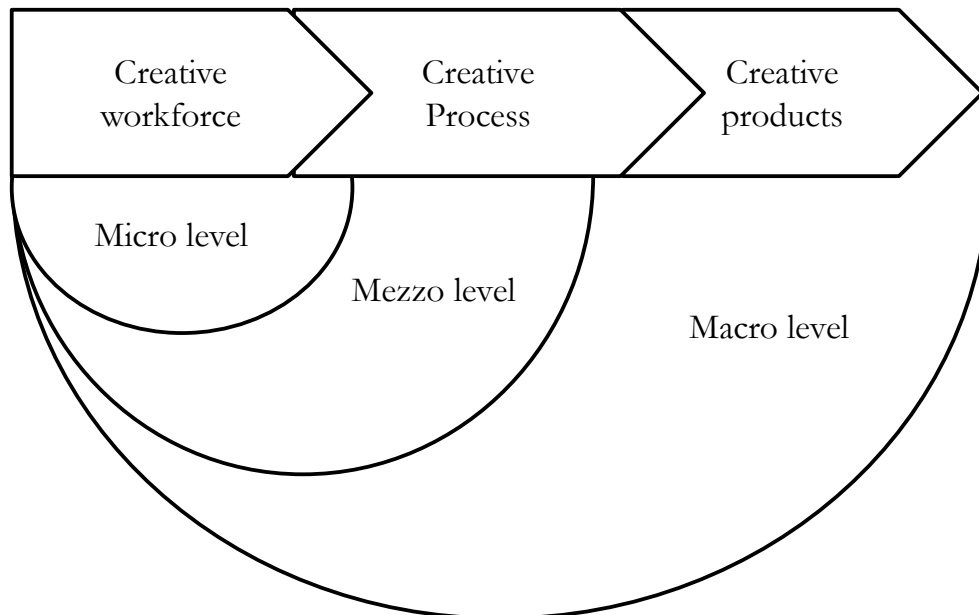
**Figure nº 3: Creative Industries through the IPO model**



This labelling of the **output** and **input** as ‘creative’ is an attribution that derives from their relation with the creative process: the workforce (workers) is labelled creative because those workers are engaged in the creative process, and not just because they have specific skills and competencies (as artistic skills, technical skills, organizational skills, social skills, or computing skills); thus, I also intent to dispute the idea that ‘creative workers’ are ‘creative geniuses’. The products are labelled creative because they are the direct outcome of a creative process, and not just because they are some specific kind of products (such as CD’s, vinyl records, books, magazines, videos, etc.) integrated in a specific industry (such as music, literature, movie, etc.).

In order to analyse the features of the creative industries’ economic model within a process-centred perspective based on the IPO model, I introduced the idea of a ‘creative system’ that integrates three levels, as represented in figure nº 4:

**Figure nº 4: The creative industries’ economic model and the creative system**



As the scheme in figure nº 4 describes, the analysis of each segment of the IPO model is decomposed in the three levels of the ‘creative system’: the ‘**creative workforce**’ is analysed at the **micro level** of the ‘creative system’ to determine the characteristics of individuals, their skills and competencies, that are more important to the creative process; the ‘**creative process**’ occurs intersecting the three levels, but it is better analysed at the **mezzo level** to determine characteristics in the interaction of individuals and behaviours within the organization, although thus the



characteristics of the creative process can be also analysed in the micro level (how the creative process engages individuals, for example) and at the macro level (as it influences the conditions where the creative process occurs, for example); the **'creative outputs'** derive from the 'creative process', as being novel and useful, and these characteristics are analysed at a **macro level**. These characteristics of the input, the process and the output are analysed below:

#### **3.3.1.1. Characteristics of the input**

In this analytical framework, the **input** is understood as the **creative workforce** – which means the individuals with a role in the creative process. Since I've assumed that creativity is an innate human capacity, the potential for having a role in the creative process resides in anyone, any worker, and any collaborator. Every single individual has a capacity to generate novel and useful ideas, and this capacity can be trained; but it is understood that some individuals have a better-developed capability for creativity. So, despite of assuming that all the individuals have creative potential, there are differences between individuals, when assessing the engagement of individuals into the creative process.

In the creative process the individuals generate novel and useful ideas by using their skills and knowledge, which can be combined with other individual's skills and knowledge. As I defined before, the creative process is a process of **interpretation, recombination** and **reinterpretation** of older ideas into a novel and useful one: The moment of **interpretation** is based on knowledge acquired (by the individuals and society), as in order to interpret an idea, it is necessary to have knowledge about the symbols that express the idea and the context where the idea was formulated and presented. In the interpretation moment individuals use internal knowledge previously acquired and external knowledge from other individuals of the society, as well as other sources of knowledge acquired in society; the **recombination** is based on the capacity of 'connecting dots'; it requires the interpretation skills and it is based on the openness of the individual to see beyond the boundaries of the context of an idea and decontextualize ideas, and also on the symbols that are used to express that one idea, to see common points of different ideas, leading to a reinterpretation of the ideas. The **reinterpretation** is based on the 'expression skills' of the individual, and the capacities of formulating an adequate and practical way of expressing a new idea. There is a common understanding that the creative workers must have 'artistic skills' (also called 'creative skills'), such as painting, illustrating, designing, writing, composing, etc. or 'ICT skills' (or 'computing skills') such as programming, digital design, 3D modulation, among others. In fact, 'artistic skills' and 'ICT skills' are useful skills for the creative process as they are 'expression skills'; but those skills are useful for the creative process depending on the specificities of the field and context where the creative process occurs.

#### **3.3.1.2. Characteristics of the process**

The creative process as the **recurring production process** of the creative industries' economic model is the central idea of this analytical framework. According to my definition of the creative process it is the **interpretation, recombination and reinterpretation of older ideas into a novel and useful idea**, that occurs within a 'creative system' by intersecting three levels of the

system: individual level, organizational level, and social environment level. Thus, it combines characteristics determined by the individuals, the environment, but specially the interaction of these in the organizational context.

Since the creative process is a process with different phases, of specific moments, of development of a new idea, which implies interaction between individuals, organizations and social environment, within a creative system, it certainly **requires time**. The creative processes are usually referred to as **open-ended**, since the outcome is intended to be something new – something with a significant degree of novelty –, but in the context of the creative industries, as market oriented activities, the **open-ended process** has **specific objectives and boundaries** related to the intended ‘creative product’ category (such as music, literature, movie, etc.). These specific objectives and boundaries of the outcome of the creative process also help to define which skills are to be looked for in the creative workforce. For instance, if the intention is to produce a video, music composing skills are not required to the creative process. This understanding of the creative process requires the disposition and integration of a **wide range of diversified skills** – at an individual level – into the several phases of the process and an **interaction within individuals with the social environment** – as the knowledge availability, technological availability, cultural and economic situation – that are useful for the creative process and validate the criteria of useful and novel of the creative product. Since the creative process may require skills and knowledge that the individuals in an organization don’t have, the usage of external skills and knowledge in the creative firms may be a recurrent practice in the form of sub-contracts.

As it is understood in this framework, the creative process originates an outcome that is not only a novel idea, but also its application in practical terms. Nevertheless, the creative industries are not focused in the exploitation of their outcome as ‘creative products’ that can be sold in determined format, neither in the exploitation of the IPR’s generated by their creative workforce, but they are focused in the creative process as a recurring activity. For instance, the core of a cinema studio is not to sell films but to produce films, the core of a music band is not to sell music, but to produce music. Commercial activities are seen in these industries as a supportive function, sometimes externalized, such is the case of music distribution, through specialist retailers.

### **3.3.1.3. Characteristics of the output**

The outcome of the creative process is defined as **a novel and useful idea**. In the context of the creative industries the outcome ‘idea’ must be expressed into a practical form, which I mean as an **‘existing’ product, or service**. Such is the idea of a story that must be expressed in a book, a play, or a movie, for example, although the physical support *per se* is not relevant, in commercial terms, only the direct outcome of the creative process.

The characteristic of ‘expressed outcome’ (into a practical form) in an existing product or service is what can confer to that outcome the feature of intended market approach; which means how and to whom the product or service can be commercialized. The **commercial intended market approach** is crucial for the definition of the creative industries because it confers to the activity (of creating something) the difference between a single activity of expression on the individual field and an activity with commercial purposes. For example, I can write a story,

compose a song, make a short film with some friends as our individual ('artistic') expression without any commercial purpose, and that doesn't make my friends and I a 'creative firm', within a 'creative industry'.

In my interpretation of the 'creative products', in the context of the creative industries, I'm taking two main considerations: first, the concept of novelty might be understood also as 'genuine', as the genuine interpretation of older ideas constitutes a novel idea; This feature of **novelty** (or '**genuine**') is reflected in the '**symbolic value**' –building on the approaches to the 'symbolic value' of Bilton and Leary (2010), as they define the value that is "dependent on the user's perceptions as much as on the creation of original content"; second, the concept of useful implies some kind of functionality and thus a commercial approach to the market; this feature of **usefulness** (or '**functional**') is reflected in the '**functional value**' – as I interpret Bilton and Leary's considerations of the concept. I assume the functional value as the value that is dependent on the function of the product and its competitors, or substitutes as much as the valuation of the functional features of the product by its market. Thus, the creative industries' outputs are products and services with 'symbolic value' and 'functional value'. The validation of the value is always considered at a macro level of the creative system.

Bilton and Leary (2010) mentioned the discussion on the 'functional' feature of the creative product, and the balance between function and symbol, and they assumed that the creative products' value "depends almost entirely in the symbolic meaning". In my interpretation of the characteristics of creative products, I assumed that a creative product's value depends firstly on the **novelty** (or 'genuine') feature, and secondly on the **usefulness** (or 'functional') feature, but it has to have the two features, and so, be valued by a balance of both. A creative product must have 'symbolic value' to have 'functional value', because the function of the product – as it can be decorative, entertainment, educational, etc. – depends on its users recognition of the 'symbolic value' of the product. For example, I can recognize symbolic meaning in the music of the band Radiohead, given my personal taste in music and by this, I can also attribute a functional value to their music, as entertainment. But for someone who doesn't like his music it has no 'functional value'. Given so, does the music industry require symbolic meaning? It is my opinion that it does. If I do not attribute 'symbolic value' to the music I will not pay for its functional value, because for me there is no functional value.

Moreover, products with 'symbolic value' and no 'functional value' do not have the 'commercial intent approach' feature that is fundamental for the creative industries. Also, products that have 'symbolic value' but the 'functional value' is not dependent on their 'symbolic value', are product that have 'symbolic value' as a result of a differentiation strategy, but they do not compete in the market based exclusively on their 'symbolic value'. As Bilton and Leary (2010) noted, the increased awareness of branding in several industries has been focused on raising 'symbolic-value' in products as a differentiation strategy, although their competitors may use different business strategies to compete and they still efficient competitors, as the 'symbolic value' is not a required feature of the products of those industries. For example, a shoemaker may have a focus on the 'symbolic meaning', and for the production of the shoes the 'symbolic meaning' is considered as

core. But we need to look at the sector as a whole. Hence, a question could arise: Is the symbolic meaning of the shoes crucial for the sector? In another specific case: we can assume that the computers and smartphones produced by Apple Computers, Inc. have ‘symbolic value’ (by aesthetics considerations, status, etc.) but, for the personal computers’ industry, is the symbolic meaning core for business? We can assume that Apple incorporates ‘symbolic meaning’ into their computers, but the industry, and the market it serves, doesn’t require ‘symbolic meaning’. In the case of Apple, even if I’m not into the ‘symbolic meaning’ of the Apple products I can recognize that a computer with a processor of 2,4GHz and with 4Gigabyte of RAM memory has ‘functional value’.

The balance between ‘symbolic meaning’ and ‘functional meaning’ has been in the centre of the debate of the definition of creative industries. My argument of differentiation, here, is that I attempt to characterize the creative output based on the creative process. What I assumed, in this framework, is that the creative process is the definitional criterion, and the understanding of the characteristics of the output can help me understand the creative industries, but not define them. For example, we can understand that a retailer specialist in music sale, vinyl recording for example, deals, in its commercial activity, with creative products with the characteristics described above, but in terms of the present framework it would not be included in the creative industries, since their core is not the production of ‘creative products’, through a creative process, but the distribution of those products.

#### **3.3.1.4. Final comments: Creative goodwill, feed-back and storage**

This process centred perspective reveals that firms of the creative industries have to conquer the recognition of the market regarding their capacity to produce useful and novel ideas, with symbolic meaning. It is clearer in the cases of activities that imply live performance, – where production and consumption happen at the same time –, such as music live performances, or activities that are project-based – where the production process derives from a contract to produce with determined goals – such as design, illustration, audio-visuals, among others. In both cases the commercial act – of a client paying for something – happens before the final product exists. For example, when I buy a ticket to see a performance of the British band Radiohead, for the next year in Portugal, that live performance doesn’t exist yet. Radiohead probably composed the songs, practiced them several times, and already played live somewhere else, but when I bought the ticket for the performance it didn’t happen yet, so it doesn’t exist yet, and when I will consume it, or watch the show, it will be happening, by being performed, at the same time. In the case of a project-based activity, I can contract a firm of audio-visuals to produce a commercial spot for TV to promote a product that I am selling. In the moment I contract them, the video commercial spot doesn’t exist yet, I may have delivered some goals, and they might have some ideas, even some sketches, but not the final video. I will consume the video (use it for the promotion) after they deliver the final product, but I had to contract that company to produce it before it exists. For deciding to pay previously to the existence of the product I had to recognize in that subject (the band, or the audio-visuals company) the capacity to produce something that I will attribute a symbolic meaning.

This recognition is not based on the symbolic meaning of the final product (it doesn't exist yet) it is an attribute that the market (consumers) sees on the firm, for its ability to successfully engage into the creative process. This recognition by the market I interpret as some kind of an advantage – an asset – that a firm generates from previous relations with clients, previous generation of outputs with symbolic meaning, previous successful outcomes from the engagement with the creative process, and characteristics, skills or expertise that the creative workforce has: which means how input and outputs are related to the creative process. The recognition achieved in the market by a firm, or a brand, may be considered as an asset of the company. It may be considered as an intangible asset, somehow like some kind of goodwill<sup>15</sup> that the market recognizes in them – a '**creative goodwill**'. This creative goodwill is what allows the creative industries to base their commercial activity on an open-end process that is the creative process.

This idea of having a 'creative goodwill' in an organization that can be generated by previous relations with the clients, skills and expertise of the creative workforce, and successful engagements with the creative process implies a non-linear dynamic of the creative process, based on a **feedback**, generated from how the output of the creative process is perceived by the market, with symbolic meaning, constituting a creative goodwill that will affect further outcomes of the creative process. For example, after the release of the album 'Kid A', the band Radiohead achieved a larger notoriety with their public (consumers), that recognized in the band a capacity of create innovative music, attributing them the distinctiveness based on their creativity. It constituted to the band, in the perception of its consumers, a '**creative goodwill**' that is in the basis of the higher expectations on the innovative characteristic of their songs in further releases. The **feedback** moment also exists when, from a creative process, the output generates new knowledge that will be incorporated in further engagements of the creative process by the creative workforce. In my interpretation of this dynamics of the creative process and the how the feedback moment happens – constituting a 'creative goodwill' or generating new knowledge – the 'storage' is essentially within the creative workforce, because they accumulate the knowledge, that will be further use, and also they are the tangible face of the intangible 'creative goodwill'. Nevertheless, the creative goodwill remains recognizable, on an intangible form, mostly within the organization – as the collective of the creative workers – than in the individuals. I can recognize that Tom Yorke (Radiohead's frontman) achieved a 'creative goodwill', for himself, from his participation in the album 'Kid A', and a solo release of him will be also received with high expectations, but, I have higher expectations from a Radiohead release.

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<sup>15</sup> "An intangible asset that arises as a result of the acquisition of one company by another for a premium value. The value of a company's brand name, solid customer base, good customer relations, good employee relations and any patents or proprietary technology represent goodwill. Goodwill is considered an intangible asset because it is not a physical asset like buildings or equipment. The goodwill account can be found in the assets portion of a company's balance sheet." (Investopedia, 2014)

### 3.4. Summary

In this chapter I intended to propose an analytical framework for understanding the creative industries' economic model that could be useful for management purposes. By building on ideas previously explored, and reflecting on different points of view, I presented a framework called 'creativity intensive', which puts the creative process at the core of the definition of the creative industries. According to my reflection on the evolution of the debate on the definition of the creative industries, this view of the creative process as the definitional criterion for the creative industries resonates recent attempts to redefine the creative industries, such the document '*A Dynamic Mapping of the UK's Creative Industries*' (Bakhshi, Freeman, et al., 2013) and the '*Social Network Markets*' (Potts, Cunningham, et al., 2008).

Building on the reflection had, I'm proposing an analytical framework of the economic model of the creative industries that is based on the feature of creativity intensive and follows this synthesized assumptions:

- Creative Industries are those activities that have at their core the recursive use of creativity for commercial purposes;
- Creativity is the capacity of production of novel and useful ideas that occurs within a creative process;
- Creativity is an innate human capacity of every person that may be educated and trained;
- The creative process is defined as the interpretation, recombination and reinterpretation of older ideas, within a 'creative system', into a novel and useful idea;
- The creative industries' economic model can be characterized by:
  - An input which is the creative workforce that is engaged with the creative process and has as useful skills: interpretation skills, recombination skills and expression skills;
  - The creative process is a production process that requires time, has specific balances between open-end purposes and specific objectives and boundaries; and is based on the use of diverse skills and the interaction of individuals, organizations, and social environment, for the production of novel outcomes with commercial purposes;
  - The creative product is an output that has commercial intended purpose and whose value is determined by the existence of symbolic value and functional value.
  - The feedback from the creative process constitutes a 'creative goodwill' that reflects the market recognition, to successfully engage into the creative process, achieved by a company from previous creative outputs.

Building on this analytical framework, in the next chapter I will explore the possible implications for management that this process-based perspective may have. So as to do this, I will

integrate this economic model of the creative industries within a management tool that can accommodate this dynamic perspective of the creative industries: the value-chain.

## 4. Implications of a process-centred perspective of the creative industries

### 4.1. Assessing the analytical framework

In the second chapter the main arguments of the debate around the creative industries definition were reviewed, so as to allow me to build an analytical framework for the creative industries. This review explored the main concepts that are usually implicit in the general understanding of the creative industries, and it allowed me to identify a recent tendency to focus the understanding of the creative industries on the creative process, that is, on ‘what the creative industries actually do’, which is a tendency already indicated in report ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013, p. 24). In my point of view, this tendency represents a shift on the understanding of the creative industries from an output-based one to one that is based on a process-centred perspective.

Then, in the third chapter, I developed a framework that serves as an analytical tool for understanding the creative industries’ economic model, a tool that could accommodate the implications of the shift in perspective. As a pillar of this framework was a process-centred perspective of the creative industries, one that defines creative industries as those activities that have at their core the recursive use of creativity for commercial purposes. This analytical framework was intended to provide a useful understanding of the creative industries’ economic model for managing the creative industries. The framework presented integrates the two central aspects on how the creative industries’ economic model may be understood:

- It considers **three levels of analysis** – **micro**, **mezzo** and **macro** – of a ‘creative system’ where the ‘creative process’ occurs, as well as the existing **relationships** between these levels;
- It considers that the creative industries’ economic model is based on the recursive use of **creativity** through a ‘**creative process**’ that has its source in the ‘**creative workforce**’ and generates ‘**creative products**’.

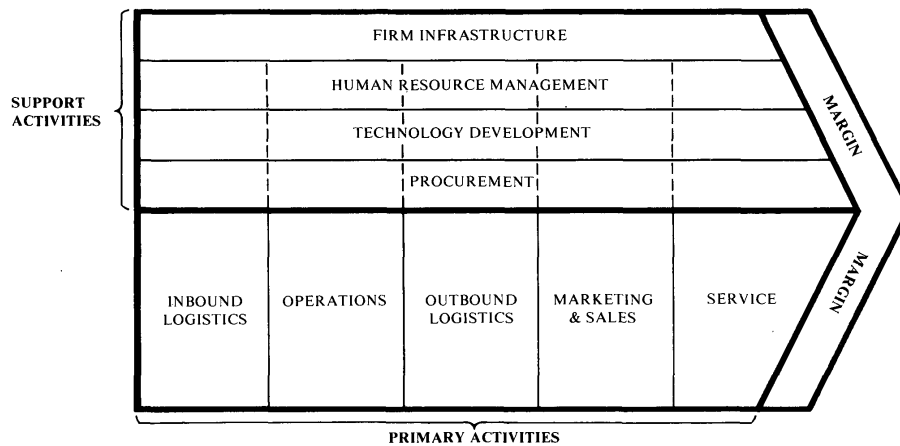
Throughout the building in of this analytical framework I interpreted the characteristics of the creative force, the creative process and the creative products, and how they are connected to the creative system, in the three levels of analysis. These characteristics have specificities that make the management of the creative industries different from other industries: just as the manager of a chemicals manufacturing firm must take into consideration specific aspects of the chemical industry (such as logistics and transportation timings and accommodation for the chemicals, chemicals consumption and production specific regulation, quality control norms and procedures, for instance), the manager of a creative firm must take into consideration the specificities of the creative industries’ economic model.



## 4.2. Implications for management: value-chain analysis

Management theories have delivered useful tools to help managers understand the specificities of their business. While some models tend to focus in internal factors, others focus in how external factors influence management. Others, still, focus on the relationships, between internal and external factors, and how these factors interact. Indeed, for the analysis of the implications that a process-centred perspective of the creative industries has for management, it is necessary to understand how this perspective influences the decision making process within firms. For this purpose, I selected the **value-chain tool, which seems to me to be a useful analytical tool**. The value-chain is a process-based understanding of the firm, centred in its core production process, thus capturing the dynamics of a firm. The value-chain model offered by Porter (1985), as it is represented in figure nº 5, disaggregates the activities of a firm into primary activities (including logistics, operation, marketing and sales and service), which are those directly related to the creation of the product, and support activities (including infrastructure, human resources, technology development, procurement), which are those that the firm needs to have to further the business, but are not directly related to the creation of the product. These activities are the ‘building blocks’ for a firm to transmit value with its costumers. For the valuation of the product or service, the margin is the difference between the sum of the costs of primary and support activities, and the price that the consumer pays for the good.

Figure nº 5: Porter’s generic value-chain<sup>16</sup>



The value-chain analysis has already been used in the context of the creative industries. The DCMS Evidence Toolkit (2004) also detailed the activities and occupations in a value-chain analysis for each subsector. This approach intended to address some of the inconsistency problems of DCMS’ measuring methodologies. The ‘creative-chain’ developed in the Canadian Framework for Culture Statistics (Culture Statistics Program, 2011) presents four primary activities (creation, production, dissemination and use) in a generic view. Both these analyses neglected the support or

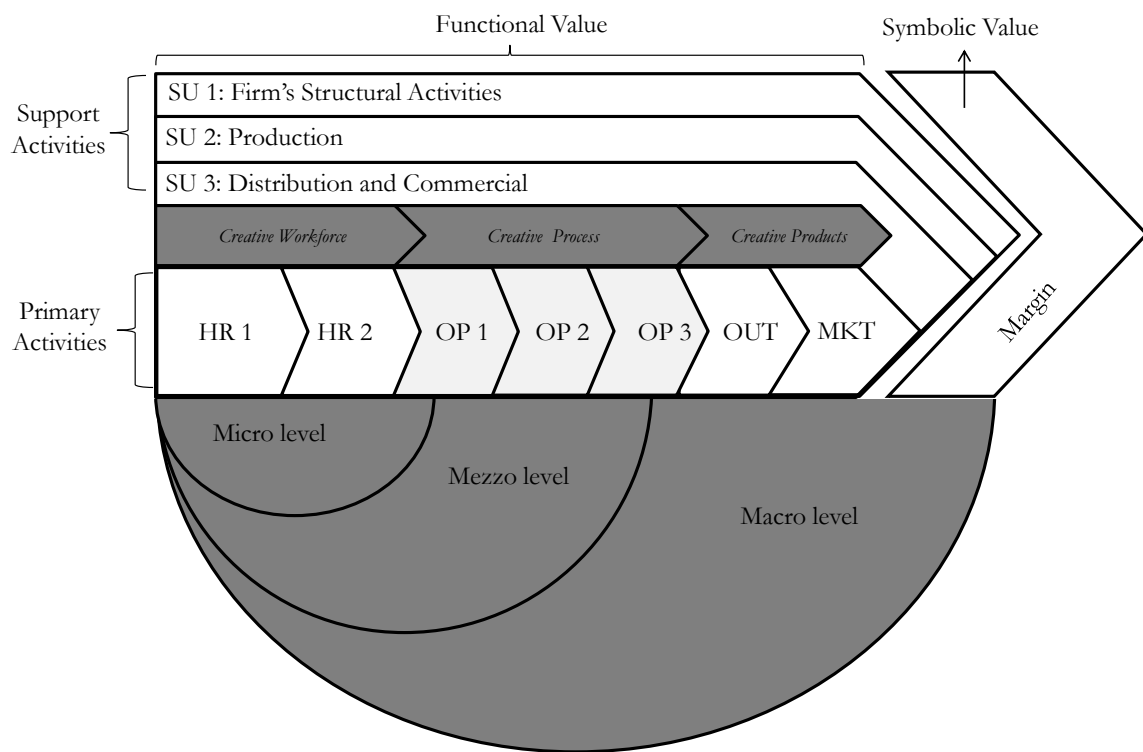
<sup>16</sup> See Porter (1985, p. 37)

secondary activities. Although the Canadian Framework for Culture Statistics considers some relevant activities, such as training, are assumed as autonomous support activities transversal to whole industry, but not in a firms' perspective, thus it is assumed that those activities happen mostly outside the firm's context and without a direct relation. In fact, the analysis is based on the view of support activities and infrastructures as cultural sector support domains to the whole of the industries, in a market-failure perspective, since they provide necessary support for the activities and are not directly incorporated into the firms value-chain<sup>17</sup>. Both approaches are, in my opinion, more useful for policy-making analysis than for management. Thus, I won't follow those proposed models of value-chain analysis in the creative industries.

In my approach of the value-chain analysis to the creative industries I will assume the 'creative process' as the core-business activity in every creative industry, and I will analyse it in order to understand which activities can be considered as primary activities and which should be seen as support activities, in a generic value-chain for any creative industry.

In my analysis of the creative industries value-chain I attempted to reconcile the analysis of the economic model presented with Porter's value-chain analysis. The scheme on figure n° 6 represents this analysis.

**Figure n° 6: Porter's value-chain analysis adapted to the creative industries<sup>18</sup>**



<sup>17</sup> Porter (1985) refers to the support activities, as activities that happen in a firm context but that are not directly linked to the production process.

<sup>18</sup> This figure represents my interpretation on how Porter's value-chain can be adapted to the creative industries incorporating the economic model analysed in the previous section.

As Primary Activities I assumed the core activities related to the input, process and output of the economic model centred on the creative process. These primary activities are in generic terms described as **Human Resource Management, Operations** and **Marketing**. As I interpreted here, it does not include the selling of the creative product to the final client, and it is the way that the creative industries present their products to the market, in general.

In the support activities we can find activities such as **finance**, logistics, **distribution** and selling, physical **production** in industrial scale (printing, recording). These activities were aggregated in three main areas: **Firm's structural activities, production and commercial**, and **distribution**. These activities can be outsourced, because they are not core for the creative industries: in the music industry, for example, specialized retailers and music distributors, as well as records factories that produce the support (CD's, vinyl records, or streaming services, for example) of music for music labels, may be considered as support activities.

This interpretation of the value-chain for the creative industries allows me to understand the implications of the process-centred perspective of the creative industries' economic model for management, as it influences the decision making in this context. In the assessment of the implications I'll resort to the value-chain analysis presented in figure n° 6, by reviewing its primary and support activities. To review the primary activities I'll divide the analysis in three main groups and explore the sub-activities and their features.

#### **4.2.1. Human resource management**

The creative workforce is the main source of creativity, thus the activities related to human resource management must be primary activities of the firm's value-chain. Hence, it is important for managers to **understand what are the key skills** for the creative process – assuming the creative system above explored– such as 'interpretation skills', 'recombination skills' and 'expression skills'. Skills in the creative industries can be quite diversified, and they differ in each subsector. For example, in the music subsector, skills like 'composing', 'music reading and writing' and 'music playing' are seen as core, but skills like 'software design', 'programming', and others are secondary.

In terms of human resource management the capacity to select, recruit and retain talent is crucial for managers in the creative industries. In figure n° 6 I presented two sub-activities that are linked to these objectives: HR1, which I assume as 'recruitment' and HR2, which I relate with 'training and formation'. Management in the creative industries has the challenge to recruit workers with the skills needed for the specificities of their creative process. '**Recruitment**', in my point of view, is not a static moment of hiring workers, but a continuously process of fitting creative workers into the creative process, adapting the resources to the needs of the creative process. In this dynamic perspective '**training and formation**' activities provide the capacity to improve and update skills of the creative workers in order to adapt them to the continuous changes in the reality, such as technological evolution and changes. '**Training and formation**' activity is a dynamic activity in the management of human resources because it feeds on the selection of skills determining for the creative process for training the workers in the organization to better suit the

needs of the creative process, in a dynamic context; thus it contributes to the ability of the management to retain relevant talent, by addressing new relevant skills to the workers. This activity is also linked to the **'feed-back'** moment of the creative process: a previous successful engagement into the creative process may generate new knowledge, skills and expertise that can be transmitted by **'training and formation'** to workers recruited for a new creative process, thus this the activities contribute for retaining the talent in the organization. It is also important for the management of creative industries to retain creative workers, by maintaining them with updated skills relevant to the creative process, for they are the 'storage' of the 'feedback' – knowledge and the firm's **'creative goodwill'**.

#### 4.2.2. Operations

As I assumed in the value-chain model presented, **'operations'** are the primary activities directly related to the creative process. These activities are the core of the creative industries, where a novel and useful idea is created and the distinct 'symbolic value' is generated. The management of the creative industries in this perspective implies that managers understand how the creative process occurs. It is not enough to have creative workers with the right skills, since it is fundamental to get them engaged into a creative process that generates an outcome for the firm's commercial activity.

For managers there is a challenge to engage the creative workforce into the creative process that occurs in the firm's context. The sub-activities OP1, OP2 and OP3 in figure n° 6 are the activities related to the creative process. In this analysis I will assume them as the moments of the creative process I described before: interpretation, recombination and reinterpretation. For the **'interpretation'** moment (or activity) it is important that managers can **establish objectives and goals for the creative process**. The objectives of the creative process are established by an assessment of the market, in terms of finding a direction on what can be valued by the market. Managers need to have the capacity of fitting the creative process objectives – of creating something new – and this commercial purpose. To create something new, or original, is commonly seen as creating something that will be useful for the market but which the market doesn't feel at yet as needed: if it doesn't exist yet, there is no market yet. The challenge, here, is to anticipate market needs. Although objectives in terms of outcome results are necessary, it also requires the determination of objective in terms of time. These objectives help managers to determine the skills required from the creative workforce. The **recombination** activities are those moments where interactions between individuals are more crucial. The interaction and exchange of ideas and interpretations that results in new forms of combining ideas and concepts need a supportive environment. **Information and communication management** are crucial for these activities. In a firm's context it is important that managers provide the workers with systems that allow them to communicate, exchanging ideas and information. For workers it is relevant that they feel that they can present their ideas freely and that they are understood and valued by others co-workers. Thus, it implies that the management fosters and maintains a communication system based in some aspects that are relevant for the engagement of the creative workers in the creative process, such as similar language, trust, reliable systems, common goals, flow in work, among others. It implies

that managers have the capacity to manage on an abstract level – the level of ideas, concepts and imagination. The **reinterpretation** activities are those that deliver a novel and useful idea into an outcome. For example, in a design firm that is creating a branding identity for another company, it includes the mock-up conception. These activities require expression skills from the workers, and represent those activities where workers deliver an outcome to how the novel idea is applied – they are the activities that bring the ideas from an abstract level to a concrete level. In some subsectors it is the prototyping phase. These activities reveal that the management has to deal with **open-end processes** where the outcome is not entirely expected, and the **risk of failure is pervasive**, since prototyping the novel idea can reveal that it is not useful. This phase can determine that a creative process needs to be rebooted in order to deliver another solution. It implies that managers need to balance **time, objectives, and risk taking**.

The referred implications for management are directly related to the management of the creative process. Managing the creative process as a group of activities reveals that one of the main implications and challenges of the process-centred perspective is related to the **balance between objectives, communication, risk and time** management, through developing **effective organizational methods** that can accommodate the creative process with commercial purposes and a market approach.

#### **4.2.3. Marketing**

The marketing activities are those in the value-chain that are more related to the output characteristics, and establish the link between the creative process and the market. These activities could have been called ‘commercial activities’, but I wanted to emphasize that the commercial activity – of selling the product or service to customers – is, sometimes, outsourced in the context of the creative industries, thus it can be understood as a support activity. In the value-chain model presented the characteristic of ‘symbolic-meaning’ of the output is crucial for customers, and it is reflected on the firm’s margin. The understanding of the firm’s market approach and the ‘symbolic meaning’ of the output are the basis for the management to adopt an effective communication strategy.

In the creative industries value-chain presented above, the marketing activities are divided in two sub activities: OUT and MKT, which refer to ‘output’s form creation’ and ‘marketing’, respectively. The sub-activity identified as ‘**output’s form creation**’ is the activity of transforming a prototyped outcome into a product or service form that can have a functional value. In the example of the design firm creating a branding identity for a company, it is the elaboration of final arts, in specific appliances (letters, documents, etc) after mock-up approval and before the graphic production (or printing). It is the phase in which the ‘functional’ feature of the output of the creative process is revealed, as it becomes concrete into a product or service. For management it implies the capacity to understand ‘**how to sell**’ and to **transform the outcome** of the creative process **into a commercial form**. This activity is still directly related to the creative process, although it is focused on the ‘**functional**’ feature, thus it implies a market approach perspective. The ‘marketing’ sub-activity is directly related to the ‘symbolic meaning’ and the market approach

to customers. It is also the phase in which the **commercial approach is defined**, as it can be based on first-mover advantage, such as IPR strategy, differentiation strategy – through novelty distinctiveness – economies of scale – through social network size –, among others, or even, a combination of several business strategies. For management it implies the decision on the form of commercialization and distribution. In the example of the music industry it is when the decision is made about the use of streaming distribution (and which platforms), or the records production and sales (CD, tapes, vinyl, etc.). The ‘marketing activity’ includes the aspects of an effective communication for costumers, in order to reinforce the ‘symbolic meaning’ as a market approach. For management it implies the capacity of understanding **how the market perceives the ‘symbolic meaning’**, and its target-market in order to implement effective communication strategies, and the commercial approach to reach the target-market, thus **optimizing the ‘symbolic value’ associated to the firm’s margin**. This optimization of the ‘symbolic value’ is directly linked to the ‘feedback’ moments of the creative process, as these moments provide the generation and incorporation of the organization’s ‘creative goodwill’, through the ‘training and formation’ activities.

#### **4.2.4. Support Activities**

The creative industries value-chain presented includes three main support activities represented as SU1, SU2 and SU3. These activities are considered secondary to the creative process, so management can reflect and decide **whether to outsource some, or even all of them**. SU1 refers to **‘firm’s structural activities**, where I include some activities such as those related to physical structure and resources, accounting and financial activities. SU2 refers to ‘production’ activities, which are activities directly related to the decision on market approach, and it includes the physical production and commercial activities. In the example of the music industry, production includes the production and studio recording of an album and the duplication process of recording CDs and other physical supports, and in the example of the design firm it can be outsourced printing. SU3 is referred to ‘distribution and commercial’ activities which are those activities also related to the market approach decisions and the physical production and distribution. In the example of the music industry it includes distribution of records and streaming services, but it also includes, for example, agency services of selling concerts. This understanding of the support activities implies, besides the decisions related to primary activities, the need to **manage and/or outsource these activities accordingly to the creative process needs, the market approach and the optimization of the ‘symbolic value’**. In the management of these activities, it is important to **balance the cost structure** of these activities and the primary activities in terms of results distribution of earnings. Hence, management may recur to other forms of outsourcing contracts as the collaborative contracts, where margin, as result of the symbolic value, can be partly appropriated by other firms that provide those services, as it is done for example in movies and music by distribution companies.

#### 4.2.5. Final comments

For the interpretation of the value-chain model applied to the creative industries, it is possible to understand that a process-centred perspective of the creative industries implies that managers have to deal with the specificities of the creative process – also related to characteristics of the creative workforce, and the creative output –, that are determining for creating and sustaining a creative goodwill. It is my view that the challenge of managing the creative process and dealing with its abstract and intangible specificities is the most crucial implication of the model.

This implication is also reflected on the financial management of the firm as all those activities, with more or less degree of accountability, consume resources and add value to the final product. In this assessment of the creative industries value-chain I also noticed that the cost structure and pricing formulation are linked, which implies an analysis on a market level. In terms of how price is formulated, as represented also in figure n° 6, I considered that the **aggregated firm's costs** may be related to the 'functional value' of these products, and these industries' **margins** re related with the 'symbolic value' since it can be interpreted that all the creative industries have some kind of differentiation strategy, through the 'symbolic meaning' of their products. As I referred before, in the economic model analysis, the value perceived by the market is dependent on the 'symbolic value', which will determine the price that costumers are willing to pay. Thus, it implies that management adjusts the cost structure of the firm to this perspective of price formulation.

The understanding of the 'feedback' moments that provide generation and maintenance of a 'creative goodwill' brought me the question on how the value of 'storage' of the 'creative goodwill' can be assumed on the company's financials perspective. In my point of view, the value of this 'creative goodwill' can be reflected, in terms of financials accounting, as intangible assets of the company, that are related to the intellectual property rights of the outputs, or even to the company brand, which may reflect how the market perceives the company's outputs. For the creative workforce it would be possible to include intangible assets related to contracts – somehow similarly to football companies that have to account the value of the contracts with their players –, which would imply that the contracts with the workers reflect the value of their characteristics to the company; though it is difficult to assess the creative process in terms of value to the company in order to constitute an asset, because it is based and managed, mostly, on an abstract level, and not on physical and mechanical processes that can be assessed in terms of technology used and systemized measurable procedures. Nevertheless, the value of the 'creative goodwill' can be also incorporated into the pricing formulation, as it will reflect on adding value in phases of the creative process. This perspective, that the 'creative goodwill' adds value to the creative process, requires that management in the creative industries can develop capacity to manage this intangible asset – through the 'feedback' and 'storage' moments – in order to capture its value and reflect it in the organization.

In the next section I will explore some of the main implications of this process centred perspective of the creative industries, in terms of definitional issues and public policy.

### 4.3. Implications for definitional issues and public policy

In the last section I've discussed some of the main implications of the process-based perspective of the creative industries' economic model for management purposes, by exploring the value-chain of creative industries. The proposed analytical framework intended to be useful for management purposes, but it revealed to be a quite new perspective on the creative industries, one that can have implications in terms of definitional issues and public policy. The review of the debate on defining the creative industries revealed that a change of focus on the definitional concepts could imply changes in public policies. An understanding of the creative industries from a process-based perspective, where the creative process is the main definitional concept, represents a divergent view of the sector, one that is distant from the official definitions and understandings in terms of public policy. Indeed the definitional debate has been relevant for public policy purposes because it has implications on the classification, mapping and measurement methods of creative industries.

In this section, I will discuss how a process-based view of creative industries impacts on definitional issues, and assess the main implications for public policies regarding methods for classifying, mapping and measuring the creative industries.

#### 4.3.1. Process Centred Definition vs. Input-Output Definitions

In the proposed framework for the creative industries' economic model, the creative process is at the centre of framework. The attempt to define 'creativity' is, *per se*, a divergent view in face of the official definitions. As it was argued before, the DCMS (1998) official definition does not deliver any insight on defining the concept of 'creativity', and it is not defined on most recent consultation (DCMS, 2013a). Despite the lack of notion of creativity, the previous definitions do indicate **where creativity can be found** in the context of the creative industries. The official DCMS (1998) definition points to the source of creativity as being the input, though it also recognizes output features. Hence, it is an **input-output based definition**, focused on the **input features** – such as individual creativity, talent and skill – and the **output features** – such as the potential for economic wealth through the exploitation of IPR. So, it suggests that creativity is found on the input and the output characteristics. On another perspective of where to find creativity, the 'symbolic meaning' advocates such as Bilton and Leary (2010) argued in favour of an **output centred understanding** of creativity as the production of the symbolic meaning. The authors of the 'creative intensity' approach claimed that, by using methodology, it is possible to operationalize the concept of creativity (Bakhshi, Hargreaves, et al., 2013, p. 34). However, it is my view that although the 'creative intensity' methodology indicated the way to a process-based definition tendency, it is still an **input-centred perspective**, since it assumes the creative workforce as the key to understanding the creative industries (Bakhshi, Freeman, et al., 2013, p. 24).

In my perspective, creativity is not about 'what to do', or 'who do what', but about 'how to do'. As I stated before, creative industries are those activities that have at their core the recursive use of creativity for commercial purposes. Within a management point of view, one can have designers, video artists and musicians (creative workforce) in an organization, as one can have the



purpose of selling music, design services or video contents (creative output), but one needs to engage the organization into a **creative process**. For management implications, it is important to understand that the core of the creative industries is not just to produce specific kinds of output and to have a specific kind of workforce, it is important to manage the engagement on the creative process. For public policy, this perspective implies a challenge for classifying, mapping and measuring the creative sector. The challenge in classification comes from the **abstract level of the creative process**-based definition. Notwithstanding my attempt to develop a practical and useful framework for understanding the creative industries, the creative process still is an **intangible process**. A classification based on the creative process should be able to capture the occurrence of the creative process, though there are no available statistics on this. The classification methods based on the creative occupations, such as the ‘creative intensity’ approach, might provide good insights for a creative process-based classification of creative industries; however the definition of ‘creative occupation’, as the role on the creative process, must be present in the selection process of occupations, as it was proposed in the document ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013, pp. 24, 25) by analysing each occupation and assessing its role in the creative process (Bakhshi, Freeman, et al., 2013, p. 26), and not based on the connection of the occupations and the generation of specific outputs, as it is referred in the document ‘*Beyond the Creative Industries*’ (Higgs, Cunningham, et al., 2008, p. 19).

#### **4.3.2. All industries are (not) creative**

One of the main critiques on the DCMS official definition was the abstract use of the concept of creativity as a definitional criterion, as it was above stated. One of the main arguments was that since creativity can be found in any activity, so any industry is potentially a ‘creative industry’ (Galloway & Dunlop, 2007).

The presented framework stated that the core of creative activities is ‘the recursive use of creativity’. Thus, I intended to highlight two main distinctive aspects of the incorporation of creativity within the creative industries: first, it assumes that it **implies a recursive use**, which means that those activities do not incorporate creativity punctually, instead it is a recurring feature of their business model; second, it is assumed that the use of **creativity is core to the business model**, which means that it is impossible to pursue the activity without the occurrence of the creative process – at least **at a certain point the creative process must be crucial for the activity**. This assumption can be useful as a classifying criterion of the creative industries, but it is especially important as a tool for management to have when understanding the business model. In fact, for management purposes, if the creative process is not crucial for a specific business, and those activities that imply the use of creativity are seen as support activities (such as marketing advertising or product design), it could be possible to outsource them.

The assumption of a process-centred definition **could provoke changes in the scope of the creative industries**. By analysing all the activities on the 13 subsectors of the DCMS definition, it is possible to find that in some there is not the recursive use of a creative process for the pursuing of their activity. For example, in the music industry it can be assumed that the music distribution

activity does not employ creativity, but instead those activities that deal with the output of a creative process. On another point, **the use of creativity could be found as core in some other activities usually not included** in the scope of creative industries, such as research and development activities (R&D), and this may be why some authors such as Howkins (2001) referred to different types of creativity to redefine the scope of creative industries.

#### 4.3.3. Cultural vs. Creative

As mentioned in previous sections, the ‘creative industries’ are often seen as a rebranding of the ‘cultural industries’, on what Roodhouse (2006) called a “tortuous and contorted definitional history” of the arts, cultural and creative industries. This debate between cultural and creative industries has been centred around which activities should or should not be included in the creative industries. My argument is that, because of the relevance of the scope for public policy purposes, the definition of cultural and creative has been recursively proposed and criticized more because of its scope than because of the fitness of the theoretical concept to describe the reality. This is why it is necessary to clarify the relation of the definition of the ‘creative industries’ as it is presented in this paper, and the ‘cultural industries’.

My argument is that ‘creative industries’ and ‘cultural industries’ are distinct concepts, and they should be approached by public policy purposes in distinct ways, but these concepts are not mutually exclusive on their scope. While the concept of **‘creative industries’** is centred on the use of **creativity on the production process for commercial purposes**, as exposed in the framework presented, the **‘cultural industries’** concept is referring to **those activities of the cultural sector, where the purpose is mainly cultural wealth**, that “**employ the characteristic models of production and organization of the industrial corporations to produce and disseminate symbols**” (Garnham, 1987). The rationale of the distinction of the two concepts is the purpose of the activity, the processes used and the market approach. Although I consider these two concepts as different, it is possible that an activity can be at the same time included in the concept of ‘creative industries’ and of ‘cultural industries’, as it can have at the same time commercial purposes and contribution to cultural wealth. In fact, this rationale should be applied also to other classifications of industries such as the ‘copyright industries’ and the ‘experience industries’<sup>19</sup> or any other industrial classification. In fact, the classification of ‘experience industries’ includes activities from the cultural and tourism sectors. This approach intent to set the core of the definitions on what it is that is actually done by the enterprises and what overall makes these industries economically and socially relevant and distinct. This could provide a useful instrument for the design of public policies, via classifying and mapping activities by their purpose, processes used, and market approach.

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<sup>19</sup> See PriceWaterhouseCoopers & European Commission (2013)

#### **4.3.4. Classifying, mapping and measuring the creative industries**

The classification of a sector is the basis of any public policy. Without it, it is not possible to quantify it, or to apply any supportive or regulatory measure. With an imprecise classification any measure would be inappropriate, or even detrimental to the sector. A previous understanding of the sectors' economic models is necessary in order to develop classification methodologies for public policy purposes. In the case of the creative industries, there has been an exhaustive debate of the definitions; still, the DCMS decided to maintain the first definition in order to keep the public policies basis the most stable as it could be. It is my understanding that the official definitions of creative industries tend to focus on measurable features of the activities, such as the so-called creative workforce and the creative goods and services, which can be captured with statistical codes. In fact, for public policy purposes, there is a need to qualify and classify the sector supported on statistical evidence. But measuring outputs and inputs is not enough to capture the nature and specificity of what the creative industries actually do.

As it was discussed in this section, an understanding of the creative industries based on a process-centred perspective can trigger changes on how public policy is developed, because this perspective can redefine which occupations should be considered for the creative process and which industries are really engaged in a creative process at their core activities. The methodology of 'creative intensity' has an implicit tendency to define the creative industries based on the creative process, thus it can accommodate this perspective; however, the data reliability on determining the role of the occupations in the creative process can represent a limitation to this methodology for mapping and measuring the creative industries.

In my point of view, the official definitions and classifications of the creative sector tend to have no direct impact on the management of firms, in a current basis. Nonetheless, when looking at the sector as an agglomerate of firms that have management methods, the public policies in how the inputs and outputs are regulated can have significant impact. For example, regulation on intellectual property rights has impacts on how management in the creative industries can define the approach to the market. Thus, it has impacts on the generation of economic wealth and the appropriation of the outcomes of the creative process. Also, the workforce of this sector could benefit from more specialized training programs, which could be developed if public policies on education had an understanding of the economic relevance of specific skills on the creative process. By assuming distinctive definitions for creative industries and cultural industries, public policies can set the boundaries, incentives and obstacles for the management practices in these two sectors.

In this chapter, I reflected on the main implications of a process-centred perspective of the creative industries' economic model, and thus, I came to understand that the assumptions on the features of the creative process, its input and output are fundamental for management purposes. I could also understand that the same assumptions can have implications on how the creative industries are classified and measured, thus having an impact on the design of public policies, which in turn represent implications for the management of these industries. Though I could realize that there is a tendency, in official classification methods, to incorporate a perspective of analysis of the creative process – as it is expressed in '*A Dynamic Mapping of the UK's Creative Industries*' with the

efforts made to assess the role in the creative process of ‘creative occupations’, with a five-criteria analysis (Bakhshi, Freeman, et al., 2013, pp. 24, 25, 26) –, the official definitions are still not clear on this point.

The process-centred perspective of the creative industries led me to use the value-chain analysis to reflect on its implications. Despite of trying to assume a distinct view from the input or output perspectives, the process-centred perspective analysed via the value-chain tool made me reflect on the implications of the perspective regarding the specificities of the input and the output for management. It is my opinion that this process-based perspective can provide a more complete understanding of what the creative industries are, and how management has to focus on their practices.

## 5. Conclusions

In this research I attempted to propose an analytical framework for the creative industries that could be useful for management purposes. In order to develop the framework, I critically reviewed extant literature on how creative industries can be defined nowadays, a review that seemed to indicate a recent tendency to define creative industries on a process-based perspective. I found this process-based perspective of the creative industries more adequate to the reality of the sector than other conventional perspectives such as those based on the input or on the output of creative industries, and also more useful for management purposes, since it offers a more dynamic understanding of the creative industries, one that may accommodate their evolution. Hence, I developed an analytical framework for understanding the creative industries' economic model based on a process-centred perspective. The analytical framework developed allowed me to understand some abstract elements of the components of the creative industries' economic model, by analysing their relevance for the creative process. By assessing the framework presented through a value-chain point of view, I came to realize that this process-centred perspective could deliver a useful understanding of what are the specificities of firms within the creative industries, and how far are they relevant for management decision-making. Thus, through the value-chain analysis it was possible to identify the relevance of the workforce's skills, the need for working methods that can accommodate open-end processes where risk is always present, and the market-oriented approach where symbolic meaning is determining for the firm's business. I could also identify that these industries tend to generate and accumulate recognition, within the market, for their capacity of delivering useful and novel ideas. This constitutes an asset of the company, in an intangible level, that I called 'creative goodwill'. The value-chain analysis also highlighted those activities that should be considered as core to the creative process – thus the creative industries –, and that may be quite different from those that are considered as central in other industries. This is why activities that are commonly considered as primary, such as manufacturing, distribution and logistics, can be considered as support activities in the creative industries.

The research developed allowed me to understand that the process-centred perspective of the creative industries can have significant implications for the definition and classification of the creative industries, and, consequently, for the design of public policies, thus having an effect on management activity. The mapping method of 'creative intensity' – which may become the new official mapping methodology for the UK creative sector, according to DCMS (2013a) – indeed accommodates the understanding of the creative industries based on the central role of the creative process according to the support document '*A Dynamic Mapping of the UK's Creative Industries*' (Bakhshi, Freeman, et al., 2013). However, the DCMS intends to change the methodology while keeping its official original definition (DCMS, 1998, 2013b), which does not accommodate the focus on the creative process as a definitional and distinctive characteristic of the creative industries. This is why I tend to agree with the position taken by the authors of the '*Manifesto for the creative economy*' (Bakhshi, Hargreaves, et al., 2013), when they argue in favour of the DCMS adopting

their definition of ‘creative sector’ and ‘creative industries’, one that can accommodate this process-based perspective.

Nevertheless, it is my opinion that the revision of the definition of the creative industries requires a theoretical revision of the components of the creative industries’ economic model. I do feel that, as it is the most (or at least one of the most) relevant concept of the creative industries, an official definition of creativity in the context of the creative industries is fundamental. The theoretical revision could benefit from deeper research in the economic theory over the value creation through creativity and symbolic meaning, which can have implications on management theory in areas such as human resources management, process and organizational design, and also corporate finance practices applied to this sector.

The framework developed follows my interpretation on the existence of a tendency for a process-based perspective of the creative industries. It finds support in the mapping method based on ‘creative intensity, as it is described in the document ‘*A Dynamic Mapping of the UK’s Creative Industries*’ (Bakhshi, Freeman, et al., 2013) and the ‘*Manifesto for the creative economy*’ (Bakhshi, Hargreaves, et al., 2013). It also finds support in some works related to management in the creative industries context (Banks, Calvey, et al., 2002), although it is not a wide supported perspective, possibly because it does not seem to fit the DCMS official definition. Thus, different perspectives of the analysis on ‘what makes an industry creative’ might develop different analysis on management implications.

Management, cultural and psychology fields of research have been developing several proposals on managing creativity, and have discussed implications of the use of creativity in the business context. Although I assume that a proper comparative analysis of this research could bring relevant insights to define creativity in the creative industries, I decided not to include that body of literature because it would mean to compare the framework developed with other frameworks that depart from non-comparable assumptions. However, I assume that this may be a limitation of the present research.

The research work developed started with the central following question: **‘how can I, by assuming a process-centred perspective, build an analytical model that can be useful to improve management practices in the creative industries?’** In order to answer this question I felt some need to incorporate several assumptions that led me to the frameworks here presented: 1) In order to develop an analytical model for the creative industries I felt the need to establish an understanding of the creative industries’ economic model; 2) In order to understand an economic model I felt the need to assume a perspective of the creative industries definition; 3) In order to assume a definition of the creative industries that could be useful for management I felt the need to assume a process-centred perspective of the creative industries; 4) In order to establish a process-centred perspective of the creative industries I felt the need to incorporate an assumption on the understanding of the creative process, based on creativity. These needs that I felt came from the literature reviewed, which revealed to me that there were no commonly accepted understandings on those topics that could incorporate the dynamics of the creative process as the core activity of the creative industries. This lack of common understanding was revealed to me as a limitation for

developing theory over the management of the creative industries' economic model, thus being an obstacle to develop and contribute to improve management practices on the sector.

In the analysis of the creative industries' economic model I used the value-chain tool in a generalist view of the sector, not at the subsector level. Assuming the generalist analysis of the creative industries, using different models of analysis within subsectors could have resulted in different implications for management. This reflects a limitation of the framework since it does not provide sufficient material features to objectively classify the creative industries, and it is always dependent of subjective analysis on how relevant the creative process is. The framework is derived from a reflective process, and it does not rely on an empirical analysis for its development. Thus, it does not take into consideration problems at a comparability level between other definitions.

During the research process I concluded that, despite of the existing official definitions, there are many different perspectives of the creative industries. Therefore, there is no common understanding of creative industries. The definitional debate has been circling around too many concepts, which is leading the creative sector to a definitional void, or grey area. It is frequent to refer to creative industries and cultural industries as synonymous, and this confusion of the two concepts has an impact on how managers and policy makers understand the purpose of their activities, namely whether there is a market or a cultural orientation.

Despite of the criticisms involving the DCMS definition, I can understand that by maintaining the original definition, and making slightly adjustments on classification and mapping methods, the DCMS is sustaining some stability on the sector. Nevertheless, it is my view that the lack of defined boundaries between creative industries and cultural industries, in official definitions, should be rectified. A review of the definition of creative industries must be accompanied with a deep reflection on how the sector can be understood in terms of its purposes, thus contributing to the clarification of the distinction from cultural industries and promoting a more autonomous definition. The research done allowed me also to appreciate that creativity is the key definitional feature of the creative industries, so it is fundamental that a renewed official definition incorporates the boundaries of creativity in this context. I also felt that there is still some difficulties to incorporate the concept of creativity in economic theory, as a source of value-creation. The application of the value-chain analysis made it clear to me that the conventional management models need to be adapted in order to accommodate a process-based perspective of the creative industries.

In the present work I intended to deliver an instrument in for the conceptualization of creative industries that could be useful for management. I have followed some research clues, such as Banks et al (2002), that called attention to a process-based perspective of the creative industries and its impact for management. The framework developed here could benefit from more research, especially by empirically using it across subsectors. My main suggestions are related to the concepts that I felt in need of definition. Research on the concept of creativity in the context of the creative industries might be truly useful, although I understand that it may be difficult to study, given that the context of the industries and the keyword of creativity in this context are reciprocally related. More research on the skills that are relevant for the creative process would be useful for clarifying

aspects related to training and formation of the creative workforce. Also, some research on how to measure the symbolic value might also be useful for management.

On the whole, management in the creative industries needs to operationalize the understanding of how value is created through creativity. It is important that policy makers understand the concept of creativity as value creation in the creative industries, associated to a creative process. Thus I dare to suggest that the governmental institutions adopt a definition of creative industries that is able to accommodate the process-based perspective, and assume the autonomy of creative industries from the cultural industries. Such a change should be carefully made in order to preserve some stability to both creative and cultural industries. A reconceptualization change should be accompanied by research on the impact of such change for the management of creative industries. Managers in the creative industries develop methods of management that can accommodate the open-ended process and the commercial purposes of firms, and reinforce the commitment of creative workers to their firm, as they are indeed the source of the skills required to the creative process.



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