

## Creative Industry a Pattern for Growth in Bucharest Ilfov Region

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**Abstract:** Creative industries comprise the creation, production, marketing and distribution of products and services resulting from human creativity. The European cultural and creative industries (CCI) represent a significant set of industries. Social, cultural and technological changes have helped fuel our thirst and demand for cultural products, new forms of entertainment, distraction, and inspiration creative and cultural industries manufacturing and production activities are the most regionally concentrated, and consumer oriented activities such as retail the least regionally concentrated. In this paper, we consider that the creative and cultural cannot be seen simply as cyclically dependent service functions to the rest of the economy. In Bucharest Ilfov region the cultural and creative industries is a model of economic development.

**Keywords:** creative industry; economic development; marketing

**JEL Classification:** O1

### Creative Industries in European Union

The European cultural and creative industries (CCI) represent a significant set of industries. CCIs are by nature inter-disciplinary, they combine culture on one hand and economy on the other. Arts and culture are often described as the core in a system where the cultural and creative industries surround the core and the wider economy surrounds the cultural and creative industries.

Social, cultural and technological changes have helped fuel our thirst and demand for cultural products, new forms of entertainment, distraction, and inspiration. Driven by these changes entirely new industries have emerged (e.g. computer games, web design), older cultural industries have gone from being the preserve of the elite to mass market global industries (e.g. books, high fashion, designer goods), and traditional consumer industries have tried to redesign and repackage

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what they have always done to suit consumers' insatiable desire for culture and creativity.

Europe's creative and cultural industries are global leaders and competitive exporters in a wide range of fields. They are the heart of creating Europe's culture and identity, and central to promoting Europe's identity around the world. Moreover they are an aggregate group of industries that in 2009 employed a total of 6,576,558 persons or 2.71% of the European labor market. Employment and competitiveness in the creative and cultural industries is not directly related to labor market size or population and cannot be considered a simple by-product of human habitation. Creative and culture activities are knowledge driven industries that are drawn to specialized labor markets and to clusters.

At European level, the framework for cultural statistics identified (Power, 2010) eight domains (artistic and monumental heritage, archives, libraries, books and press, visual arts, architecture, performing arts, audio and audiovisual media/multimedia) and six functions (preservation, creation, production, dissemination, trade/sales and education) that constitute the "cultural sector" from a statistical point of view. The challenge in many sectors is that CCIs have to cover the costs of "going digital" (digitization of content, skills development and update of staff qualifications and complex issues concerning adequate digital rights management etc.) while also investing in and testing new business models which generate a "payback" only after some time.

Keeping business going under a traditional business model while managing the transition to new business models still under development could be difficult for many creative enterprises.

As in all other sectors of society, the research and development aspect of creativity and creation needs to become stronger. If Europe wants to stay at the cutting-edge, further interactions between different artistic and creative disciplines, (sub)sectors, economic fields and points in the production chain are needed. A more intensive, systematic, and wide-ranging collaboration between the arts, academic and scientific institutions should be promoted, as well as private-public initiatives to support artist-led experimentation

The production processes of the CCIs are subject to constant adaptation and innovation, making it essential to exchange information, build on intangible assets and attract talent to refresh the process. These characteristics derive from the very nature of cultural products.

### **Creative and Cultural Industries in Romania**

According to the National Development Plan for the Cultural Sector 2007-2013, the cultural industries are defined as those activities of production and reproduction, as well as large scale distribution, of symbolic goods. They tend to occupy an increasing role in the economic, social and intellectual life of communities and in the continuous reshaping of behaviour. These industries consist of activities of production and public communication of symbolic goods, whose economic value derives primarily from their cultural value. The sector includes both “classical” cultural industries (audio-video production, radio, film, editing), “new” industries (design, multimedia, architecture, gaming), as well as traditional arts (visual arts, handicraft, shows, written culture).

Currently, there is a shift towards the more recent concept of cultural and creative sector. This concept was used in a new initiative: *Public Policy Proposal for the stimulation and the support of Creativity in Culture*. The main aim of this proposal is the development of the economic dimension of culture by providing a financial framework, appropriate fiscal and social regularity bodies in the cultural and creative industries, especially SMEs, including the independent cultural sector (self-employed, creative and independent artists).

In 2011, the Centre for Research and Consultancy on Culture completed the second edition of the study *The Contribution of Copyright-based Industries to the Romanian Economy*. The study is based on the WIPO copyright model, in which the creative industries are divided into CORE-copyright industries, partial copyright industries, interdependent copyright industries and non-dedicated copyright industries. The contribution of creative industries to the gross domestic product (GDP), labour force, international trade and investment, reflect their growing importance for the Romanian economy. The contribution of these industries to the national economy registered a significant evolution: from 3.75% in 2002 to 5.95% in 2009. Moreover, in 2008 the creative represented 7.24% of the Romanian economy. This figure is comparable to the contribution of real estate transaction, 7.08% and even higher than that of the tourist industry 1.34% and restaurants 1.50%. The negative trend exhibited in 2009 by the creative industries is deeper than that of the national economy, which shows that compared with other economical domains this sector is more sensitive to external factors.

The CORE-copyright industries involved around 31 000 firms, accounting for 4.5% of the Romanian firms. Over a seven-year period from 2002 to 2008, the number of firms in the CORE copyright industries grew rapidly, with a rate of 26% per year. Turning now to the different domains, on average, the number of firms increases each year, reaching the highest level in 2008. However, this growth had ended the following year, when there was a wide degree of variation with individual categories experiencing decreases between 2% and 40%. Amongst the categories with the highest decrease, the recordings reproduction stands out; after a decrease of 4% in 2008, the number of firms that were actively engaged in this area

continued its negative trend. The same descendent trend was visible in book publishing (from 1 523 firms in 2008 to 1 047 firms in 2009). In 2009, advertising and software and new media were two areas that exhibited a positive trend; the number of firms operating in programme editing grew by 40%. (<http://www.culturadata.ro/>)

In 2009, there were 141 736 employees in the creative industries, representing 4.48% of the active labour force. The number of creative workers in Romania has grown considerably during the last decade. The same study indicates that from 2002 to 2008 the employment in the creative industries increased by 65%. However, this trend has shown a decrease in 2009, when 142 000 workers were employed in the creative industries. In 2009, the greatest volume of creative workers was absorbed by software and new media – 36 465 employees (26% from the total number of creative workers), book editing/ publishing – 24 100 employees (17% from the total number of creative workers), advertising – 15 066 employees (11% from the total number of creative workers), performing arts – 2 310 employees (2% from the total number of creative workers), music industry – 540 employees (0.5% from the total number of creative workers).

**Table 1. The number of employees in the creative industries, 2002-2009**

	2002	2003	2004	2005	2006	2007	2008	2009
CORE copyright industries	44 019	76 115	89 613	101 801	91 451	99 773	121 299	99 073
Partial copyright industries	30 044	37 738	36 701	32 257	30 183	31 509	26 877	21 520
Interdependent copyright industries	17 733	17 203	14 683	24 864	13 940	13 224	14 055	11 129
Non-dedicated copyright industries	11 821	15 524	16 000	18 528	8 777	8 601	8 825	10 015
Copyright industries	103 617	147 045	156 521	180 450	144 352	153 107	171 056	141 736

*Source: Centre for Research and Consultancy on Culture, The Contribution of Copyright-based Industries to the Romanian Economy, 2011.*

The main challenges to small and medium sized culture industry firms in Romania were underlined in a recent study realized in 2009 by the Centre for Research and Consultancy on Culture named *The Economic Crisis' Effects on Cultural Operators*. The results of the research pointed out that, in the first half of 2009, the most notable decline concerning funding sources was related to sponsorship, public funding, self funding, scholarships and grants. Also, most businesses (78%) indicated a decline in their turnover rate, between January 2009 and July 2009,

compared to the same period in 2008. One of the biggest challenges is related to growth in company expenses caused by an increase in the exchange rate: as many expenses (rent, copyright, translations, artists' payments, etc.) are equated in foreign currency (Romania tries to align with European Union's monetary policy and Romanian companies are trying to avoid financial losses caused by exchange rate differences). Among the investment activities included in the research, the most notable decline has been encountered in the purchase of technical devices (73%) and investment in professional training (66%). The economic crisis affected the companies in the cultural field in terms of the number of distributed products and the number of returns. There has been a lower level of demand in the market and 44% of the respondents stated that the number of returns from distributors has increased. (<http://www.culturadata.ro/>)

### Bucharest –Ilfov Region and CCIs

The restructuring process accompanied by de-industrialization has resulted in the emergence of many brownfields and in an increase in unemployment. In this situation the creativity and the rate of new firm formation in the creativity industries are considered a solution for regional economic growth. Flexibility at the workplace and the fact of bringing together more persons coming from different activity fields in a creative business lead to increased diversity and the necessary premises for creating new and original products and services. Practically, the way of working is completely different from the one to be found in traditional companies and organizations, because people with different background, education and skills are employed. Briefly, this sector presents diversity for people, practices and markets.

In the study “The economic importance of creative industries – a territorial perspective” - GEA 2011 the Bucharest Ilfov region is on the first place in some fields of activity:

#### Year 2009

CAEN code	Activity	Number of firms	Number of employers	Turnover RON
5829	Software production	449	5.969	636.612.740
5911	Motion picture, video and television programme production	933	3.404	726.111.168
6020	Programming and broadcasting activities	87	4.348	1.307.683.909
6201	Software client oriented production	1.355	11.543	2.169.778.051
6202	Consultancy for	1.091	4.715	1.629.992.090

	computer programming			
6209	Related activities for information technology	536	3.662	1.311.144.017
7111	Architectural activities	1.476	4.707	696.301.650
7311	Advertising activities	2.837	11.144	4.549.903.897
7312	Services for media representation	319	2.005	996.759.138
9103	the operation of museums of all kinds, the operation of historical sites and other touristic sites	19	905	500.268.214

In creative industries, Bucharest is on top of the districts as economic development with 12955 firms, 78338 employers and 18.409.548.827 Ron turnover – date from year 2009

## Conclusion

This sector creates new types of markets and practices, new attitudes and consumer behaviours. Lifelong learning, creativity, autonomy and innovation are only some of the advantages of the activities performed within the creative industries. In the Bucharest Ilfov region are more than 15.000<sup>1</sup> firms in creative industries and may be a model for regional development ,

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