

Cultural Industries

Creative Computing Profession

COMP 07060

Creativity and the Economy

- In the contemporary world the creative industries are being linked to the economic growth of countries
- Creativity in the economic sense is the development and application of ideas to produce “original art and cultural products, functional creations, scientific inventions and technological innovations”
- Creativity encompasses original and imaginative ideas and coupled with knowledge, these become intellectual capital
- Link between creativity, culture and economics creates the notion of the “creative economy”
- Creative industries use creativity and intellectual capital to create, produce and distribute goods and services
- Creative industries include publishing, music, film, TV and radio broadcasting and new media
- Creative industry structure ranges from individual artists to small businesses to large multi-national enterprises

Definition of Cultural Industries

- Term “cultural industry” was coined by Adorno and Horkheimer (1947) in their critique of mass entertainment
- Cultural and industry were opposites and the notion that culture was an industry was derogatory and linked to the idea that the purpose of popular magazines, films and music was to entertain the mass of the population

Source: UNCTAD (2008) Creative Economy Report 2008, p11

- Today there remain different definitions of culture and industry centred around ideas of elite and mass culture, pop and high culture and fine arts and mass entertainment

Source: UNCTAD (2008) Creative Economy Report 2008, p11

- Definition of the creative industries:
 - UNESCO defines cultural industries as combining “the creation, production and commercialisation of contents which are intangible and cultural in nature. These contents are typically protected by copyright and they can take the form of goods or services”

Source: UNCTAD (2008) Creative Economy Report 2008, p11

Definition of Creative Industries

- “Those industries that have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.”

Source: UK Creative Industries Report (2009)

- Link between creativity and intellectual property that leads to wealth creation

Definition of the Creative Industries

- Term “creative industries” used differently in different countries
- First coined in a 1994 Australian report “Creative Nation” and used by UK policy makers when the Department of Culture Media & Sport set up the Creative Industries Task Force
- Term creative industries has broadened and moved beyond the arts to other commercial activities
- Different models have been proposed to explain the structure of the creative industries

Source: UNCTAD (2008) Creative Economy Report 2008, p11

Creative Industries Classification Models

- Symbolic texts model
 - Core cultural industries
 - Advertising
 - Film
 - Internet
 - Music
 - Publishing
 - TV and radio
 - Video and computer games
 - Peripheral cultural industries
 - Creative arts
 - Borderline cultural industries
 - Fashion
 - Software
 - Sport

Creative Industries Classification Models

Symbolic texts model

- Processes by which a society's culture is formed and transmitted are by “the industrial production and circulation of texts” or messages that are conveyed by various media e.g. film, broadcasting and publishing

Source: UNCTAD (2008) Creative Economy Report 2008 and Hesmondhalgh, D (2007) The Cultural Industries Sage, p12

- Core cultural industries – engage in industrial production and circulation of texts (books, images, magazines, films, programmes, newspapers)
- Peripheral cultural industries – engage in production of texts but production is semi or non-industrial e.g. producing, showing and selling art works (paintings, sculptures, installations) generates income but reproduction is limited
- Borderline cultural industries –
 - sport included because it's similar to live entertainment sector of cultural industries
 - software included because mode of production where creative teams collaborate is similar to working structure in core cultural industries but the end result of software production isn't a book, magazine or film as in core cultural industries' products
 - Fashion included because it's a hybrid of a cultural industry and a consumer goods industry

Hesmondhalgh, D (2007) The Cultural Industries Sage, p13 and p14

Creative Industries Classification Models

- Concentric circles model
 - Core creative arts
 - Literature
 - Music
 - Performing arts
 - Visual arts
 - Other core cultural industries
 - Film
 - Museums and libraries
 - Wider cultural industries
 - Heritage services
 - Publishing
 - Sound recording
 - TV and radio
 - Video and computer games
 - Related industries
 - Advertising
 - Architecture
 - Design
 - Fashion

Models Classifying the Creative Industries

Concentric circles model

- Model centred on idea that the cultural value of cultural goods gives these industries their particular characteristics
- Greater the cultural content of a particular element, good or service, the stronger is the claim to include the industry responsible for its production
- Model based on premise that creative ideas start in the core creative arts as text, sounds or images and that they seep out through a series of layers, with the amount of cultural content decreasing and commercial content increasing as they move further out from the centre

Source: UNCTAD (2008) Creative Economy Report 2008, p12

- Model is hierarchical with *pure* creative arts at the centre and on the periphery are more *applied* creative skills

Source: Creative Partnerships Literature Review (2007)

Creative Industries Classification Models

WIPO Copyright Model

- - Core copyright industries
 - Advertising
 - Collecting societies
 - Film and video
 - Music
 - Performing arts
 - Publishing
 - Software
 - Television and radio
 - Visual and graphic art
 - Interdependent copyright industries
 - Blank recording material
 - Consumer electronics
 - Musical instruments
 - Paper
 - Photocopiers, photographic equipment
 - Partial copyright industries
 - Architecture
 - Clothing, footwear
 - Design
 - Fashion
 - Household goods
 - Toys

Classification Models Compared by “Broad Classification”

Three models compared: industries included in broad classification

	Creative/cultural industries: broad classification		
	Symbolic texts model ^(a)	Concentric circles model ^(b)	WIPO copyright model ^(c)
Advertising	X	X	X
Architecture		X	X
Design		X	X
Fashion	X	X	
Film, video	X	X	X
Hardware ^(d)	X		X
Heritage services		X	
Literature	X	X	X
Music	X	X	X
Museums, galleries, libraries		X	X
Publishing, print media	X	X	X
Software	X		X
Sport	X		
Theatre, dance	X	X	X
Television, radio, broadcast media	X	X	X
Video games	X	X	X
Visual art, craft, photography	X	X	X

Notes:

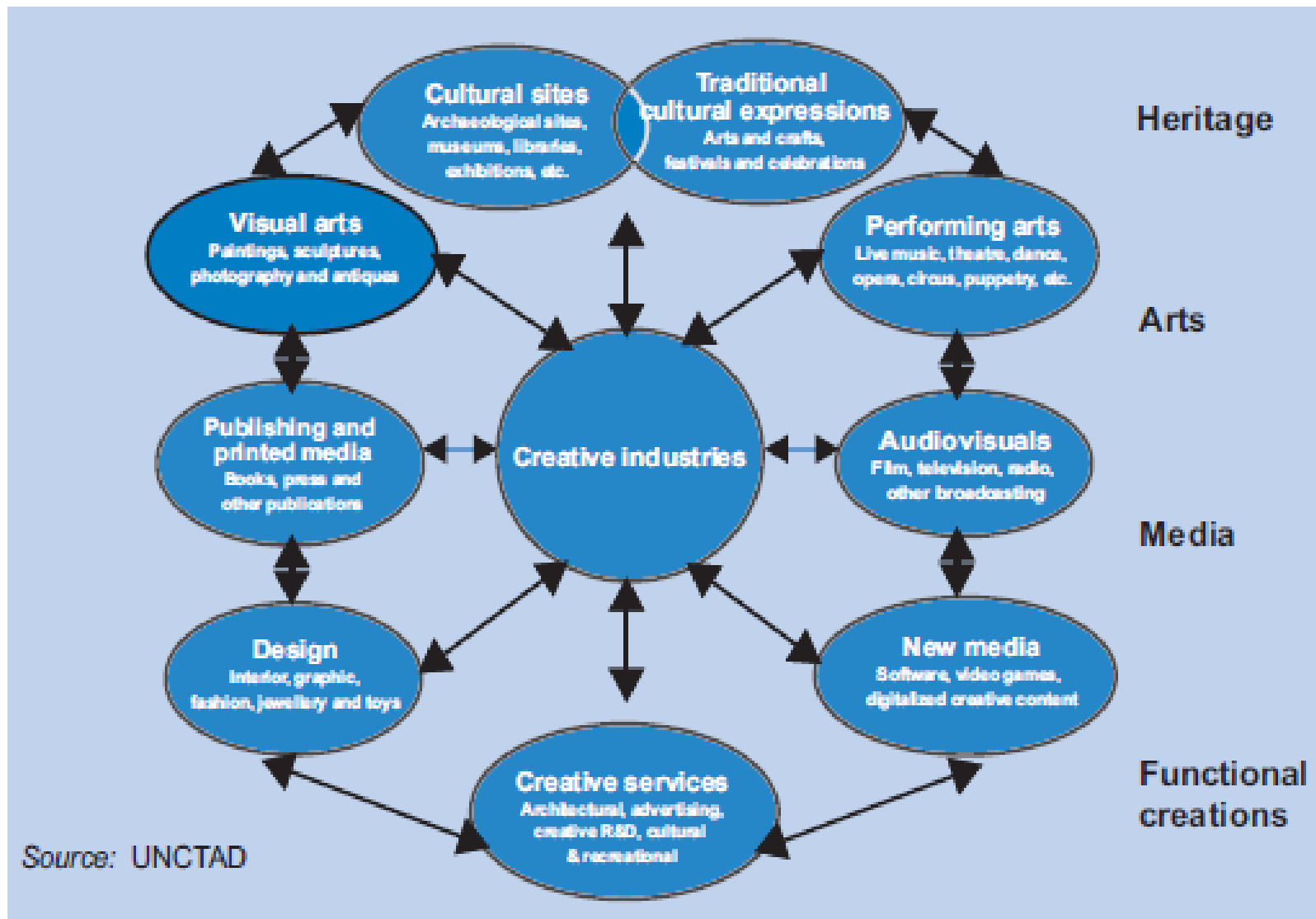
- (a) including “core”, “peripheral”, and “borderline” cultural industries.
- (b) including “core creative arts”, “other core cultural industries”, “wider cultural industries” and “related cultural industries”.
- (c) including “core copyright”, “interdependent copyright” and “partial copyright” industries.
- (d) including audiovisual and photographic equipment, musical instruments, etc.

Classification Models Compared by Industries included in the Core

Three models compared: industries included in “core”

	Creative/cultural industries: “core” classification		
	Symbolic texts model	Concentric circles model	WIPO copyright model
Advertising	X		X
Architecture			
Design			
Fashion			
Film, video	X	X	X
Hardware			
Heritage services			
Literature		X	X
Music	X	X	X
Museums, galleries, libraries		X	
Publishing, print media	X		X
Software			X
Sport			
Theatre, dance		X	X
Television, radio, broadcast media	X		X
Video games	X		X
Visual art, craft, photography		X	X

Other Models: UNCTAD Model



Other Models: UNCTAD Model

- UNCTAD model takes the sector and breaks it up into broad groups: heritage, arts, media and functional creations
- Broad groups are then divided into subsectors from traditional cultural heritage to more technology based audiovisual and more service-orientated new media
- Model is based on a broad definition of creative industries:
 - cycle of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs
 - set of knowledge-based activities, focused on but not limited to the arts, potentially generating revenues from trade and intellectual property rights
 - tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives
 - at the cross-roads among the artisan, services and industrial sectors and
 - comprising a new dynamic sector in world trade

Source: Flew, T. and Cunningham, S. (2010) Creative Industries after the First Decade of Debate, p115

Other Models: UK DCMS

- UK DCMS model
 - Advertising
 - Architecture
 - Art and antiques market
 - Crafts
 - Design
 - Fashion
 - Film and video
 - Music
 - Performing arts
 - Publishing
 - Software
 - TV and radio
 - Video and computer games

Source: UNCTAD (2008) Creative Economy Report 2008, p12

Other Models: UK DCMS

UK DCMS model

- Model result of drive by UK government to reposition UK economy within the global context as one driven by creativity and innovation

Source: UNCTAD (2008) Creative Economy Report 2008, p12

- Creative industries require creativity, skill and talent and have potential for wealth generation and job creation through the exploitation of their intellectual property
- Criticised because list of subsectors is diverse and includes industries:
 - heavily financed and industrialised in production and distribution (e.g. film, TV)
 - highly labour intensive and artisan in nature (e.g. fashion design, art and crafts)
 - heavily commercialised sectors (e.g. advertising)

Source: Flew, T and Cunningham, S. (2010)

What are the UK creative industries worth?

- Creative industries account for 1.68 million UK jobs (5.6% of UK jobs)
- UK has the largest creative sector in the EU
- UK's creative industries (including film, TV and music) are worth £71.4 billion per annum
- Value of services exported by the UK creative industries was £15.5 billion in 2011

Creative Industries Economic Estimates January 2014

<https://www.gov.uk/government/publications/creative-industries-economic-estimates-january-2014>

Source: <https://www.gov.uk/government/news/creative-industries-worth-8million-an-hour-to-uk-economy>

Government support for the creative industries

- Secretary of State for Culture, Media and Sport, Maria Miller said in January 2014:
 - These incredible statistics (last slide) are confirmation that the Creative Industries consistently punch well above their weight, outperforming all the other main industry sectors, and are a powerhouse within the UK economy.
 - We are committed to ensuring that the energy, innovation, skills and talent existing in this dynamic sector continues to translate into economic success, and provide a remarkable platform from which, we can showcase Britain to the world.

Source: <https://www.gov.uk/government/news/creative-industries-worth-8million-an-hour-to-uk-economy>

UK video games tax breaks expected to protect more than 10,000 jobs

Games industry body Tiga says new tax breaks will also generate net tax gain of £361m over next five years

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theguardian.com, Monday 16 June 2014 15.34 BST

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Rockstar Games, maker of Grand Theft Auto V, is based in the UK and could benefit from tax breaks. Photograph: AP

Tax breaks on video games production will create and protect more than 10,000 jobs in and around the UK gaming industry, according to new calculations by Tiga, the games lobbying body.

The government will also benefit through receiving £490m in tax receipts over the next five years, while the tax breaks being introduced in the current tax year will cost just £129m - a net gain of £361m - over the same period, says Tiga, which forecasts that UK games studios will make an extra investment of £188m during that time.

<http://www.theguardian.com/technology/2014/jun/16/uk-video-games-tax-breaks-expected-to-protect-more-than-10000-jobs>

Government Policy is important for the Creative Industries

Video Games Tax Relief was introduced from 01.04.14.

TIGA estimates UK tax breaks on video games will create 2,000 development jobs and 3,700 indirect jobs in related industries while protecting 1,600 development jobs and 3,000 indirect jobs that would otherwise be lost, either to overseas studios or closure.

Characteristic Features of the Creative Industries

Hesmondhalgh (2013) identifies a number of problem features within the creative industries:

- Risky businesses
 - consumers are fickle, fashions change rapidly and market for products can be volatile
 - cultural products can become unfashionable very quickly even when they are strongly promoted
 - difficult to predict with absolute certainty what will be popular and sell
 - autonomy granted to creators but companies need commercial successes for profit generation
- Tension between creativity and commerce
 - creative workers in the cultural industries generally work in conditions where they have a degree of autonomy
 - constraints are imposed on creativity by companies because of the requirement for products to be commercially successful and to make a profit
 - workers in the creative industries can then be criticised because their work is too commercial so there is a tension between creativity and commerce

Characteristic Features of the Creative Industries

- High Production Costs and Low Reproduction Costs
 - generally cultural/creative products have high fixed production costs and low reproduction costs
 - when a product is a big hit it can be extremely profitable – profits from sales can be very healthy once the break-even point is reached
- Semi-Public Goods
 - generally cultural products are not destroyed when used
 - cultural products described as public goods because use by one person does not affect use by others or the value of the goods (low depreciation) i.e. one person can read a book and pass it on to another person to read without the book changing
 - means of producing cultural products are relatively cheap and products are not scarce

Source: Hesmondhalgh, D (2013) The Cultural Industries, p28-29

Characteristic Features of the Creative Industries

Hesmondhalgh (2013) identifies a number of solutions to counter the problems:

- Company Integration – cultural/creative companies avoid risk by integration
 - Horizontal integration – purchase companies in the same sector to limit competition for audiences
 - Vertical integration – purchase companies at different stages of the production and circulation process e.g. distribution/transmission company buys a programme maker or company making DVD film buys a distributor
 - Internationalisation – purchasing companies abroad and contracting with companies abroad to sell creative products

Source: Hesmondhalgh, D (2013) The Cultural Industries, p30

Characteristic Features of the Creative Industries

- Making products scarce
 - Creative products tend not to be scarce because of their features as public goods but vertical integration lets companies combat low scarcity
 - Ownership of distribution and retail outlets allows companies to control release dates and regulate availability of creative products
- Formatting
 - Cultural products can be formatted by using:
 - Star system – cultural products associated with star writers, performers etc
 - Genre – ensure cultural products fit into recognised genres e.g. horror film, literary novel. Genre suggests to audience what the product will be like and what to expect
 - Serial – important in the publishing world for fiction and also for films and albums

Source: Hesmondhalgh, D (2013) The Cultural Industries, p32

Characteristic Features of the Creative Industries

- Tight control of distribution
 - Creators normally have a degree of autonomy during the creative stages of production of cultural products
 - Creative managers e.g. commissioning editors are involved with the creators and the companies mediating between the two
 - To limit the risks associated with cultural products, managers exert strict control over circulation - reproduction, distribution and marketing of creative products

Hesmondhalgh , D (2013) The Cultural Industries, p33

Systems of Cultural Production

- Middle Ages to 19th century – patronage system. Creators such as composers, writers, painters were retained by aristocratic patrons or the Church. Also artisan class who were skilled craftsmen working independently and selling directly to buyers.
- Early 19th century to late 20th century – market professional system. Beginning early 19th century creators increasingly offered creative work for sale to the public via intermediaries and it was bought. Market for creative work evolved. Work not sold directly to the public but through intermediaries. Distributive intermediaries e.g. booksellers or productive intermediaries e.g. publishers. Creators obtained “professional independence” and were paid in royalties.
- Early 20th century and particularly after 1950s – complex professional system. Commissioning of work more organised. More people employed by cultural companies on contracts or paid retainers. Creative opportunities arose in new media e.g. TV, radio and film and new cultural forms e.g. documentary, sitcom. Advertising became a form of cultural production and a lucrative way of being creative.

Williams, R. (1981) *Culture* p 38-54 and Hesmondhalgh, D (2013) *The Cultural Industries*, 66-67

Organisation and Creative Autonomy

- In the age of the complex professional cultural/creative work is usually produced by a “project team” (Ryan, 1992)
- Hesmondhalgh (2013) analysis of the various team roles from the book, film, magazine, recording and TV industries:
 - Primary creative workers – workers are idea originators e.g. authors, screenwriters, journalists, musicians. Also technicians with a creative role e.g. sound mixers.
 - Technical workers – workers are technically proficient e.g. sound engineers, cameramen, copy editors. Role is technical and involves element of creativity but not creative in sense of idea generation.

Hesmondhalgh , D (2013) The Cultural Industries , p77-78

Organisation and Creative Autonomy

- Creative managers – have an intermediary role between executives in companies who seek to maximise profits from creative work and creative workers who seek to produce new, exciting creative material to enhance their reputation and standing. Examples of creative managers are commissioning editors and film producers
- Marketing workers – role involves trying to fit creative work to groups of consumers. Marketing workers can be creative workers themselves and, like creative managers, may act as brokers between company executives and primary creative workers.

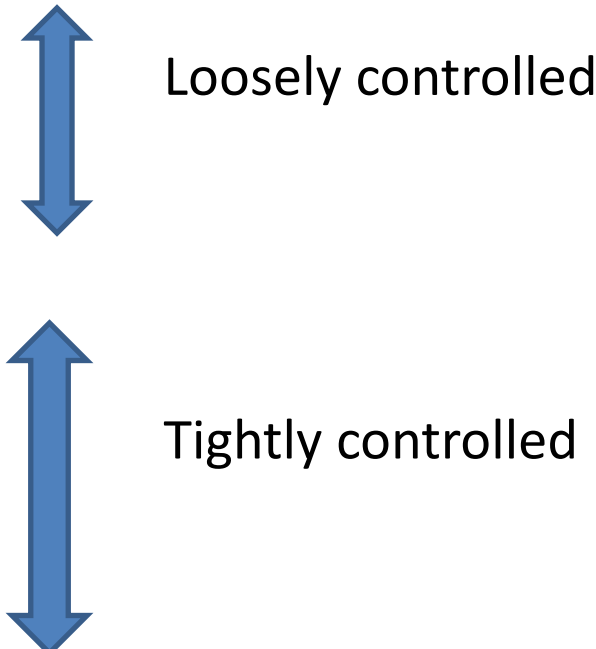
Hesmondhalgh, D (2013) The Cultural Industries, 77-78

Organisation and Creative Autonomy

- Company executives – do not exert strict control over the creative work of primary creative workers but do employ and dismiss workers
- Unskilled/Semi-Skilled workers – unskilled/semi-skilled workers work on mass production of cultural products e.g. DVDs
- Where companies are small personnel in the team may have a number of roles e.g. creative manager and marketing
- Project team involved in creative conception will have a degree of creative autonomy but under the watch of the creative manager

Hesmondhalgh , D (2013) The Cultural Industries, 77-78

Organisation and Creative Autonomy

- Hesmondhalgh (2013) identifies 3 stages of cultural production in the complex professional period and these are mapped to levels of control:
 - Creation
 - Conception
 - Execution
 - Transcription to master
 - Reproduction
 - Duplication
 - Circulation
 - Marketing
 - Publicity
 - Distribution and wholesaling
- 
- Loosely controlled
- Tightly controlled

Source: Hesmondhalgh, D (2013) The Cultural Industries, p80

Organisation and Creative Autonomy

- The stages of conception, reproduction and circulation in the production of cultural products model apply to other industries but the degree of autonomy at the conception stage is a distinctive feature of the creative industries

Hesmondhalgh, D (2013) The Cultural Industries, p80

Rewards of Cultural Work

Upsides of working in the creative industries

- offers workers the opportunity to engage in work that is conducive to self-expression and “personal growth” and to be paid for it
- workplaces are informal and team working is the norm in contrast to traditional forms of management (hands-on) and workplace organisation (hierarchical)
- work in the creative industries can be pleasurable and fun and as a result may seem not like work at all

Downsides of working in the creative industries

- work in the creative industries is project based and not steady
- contracts tend to be short-term with little job protection
- most creative workers are freelance or self-employed contractors
- pay can be meagre and individuals themselves are responsible for unemployment/pension benefits
- creative workers are often young and often have second or multiple jobs
- the creative industries have a surfeit of personnel and many entering the industry work for nothing or on an expenses-only basis

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