

Insight into creative and cultural industries in Slovenia

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Abstract

This paper investigates creative and cultural industries in Slovenia with main aim to provide a brief overview of them. The empirical analysis based on available data displayed their importance for national economy not only because they employ more than 7% of the active workforce, but also because of their spill-over effect. Although a comprehensive strategy for development of creative industries in Slovenia has not yet been developed, some partial measures for supporting creative companies have already been implemented. To support further development of creative and cultural industries, an orchestrated effort of different ministries and governmental bodies should be undertaken.

Key words: creative industries, cultural industries, business analysis, Slovenia



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INTRODUCTION

The global economic crisis that caused a 12% decline in global trade in 2008 did not affect all countries and all industries to the same degree. One of the industries that proved to be less affected by the crisis was the cultural and creative industries. According to UNCTAD's analysis, "world exports of creative goods and services continued to grow, reaching \$592 billion in 2008 – more than double their 2002 level, indicating an annual growth rate of 14% over six consecutive years" (UNCTAD 2010, xxiii). The potential and dynamism of creative industries throughout this decade has also been confirmed by other studies (HKU 2010, KEA 2011, Power and Niesen 2010).

Companies in the cultural and creative industries display above-average innovativeness and have great economic potential. In the European Union (EU), they provide quality jobs for approximately 5 million people and contribute about 2.6% of the EU's GDP. In order to increase support for cultural and creative industries, the European Commission issued a Green Paper in 2010, entitled "Harnessing the potential of cultural and creative industries", to motivate national governments to prepare and implement appropriate conditions for the development of creativity and innovation in the creative industries in EU. Similar actions have been undertaken on a global scale; for example, in 1998, UK DCMS produced "Creative Industries Mapping Document"; in South Africa, the document "The Creative Industries in South Africa" was adopted in 2008; the project "Cool Japan" was introduced by METI in 2010; and in 2011, the Australian government adopted "Creative Industries, a Strategy for 21st Century Australia". The importance of creative industries is less understood by policy makers in countries where the creative class is in a deficit and cultural and creative industries are less developed irrespective of the great potentials these industries have for contributing to faster development of the knowledge economy in these countries.

Although the Slovenian Ministry of Culture published a booklet entitled "Cultural and Creative Industries – Slovene Style" in December 2010, in which measures for supporting cultural industry are listed, a comprehensive strategy for the development of creative industries in Slovenia is still lacking. A sound analytical foundation that would allow for reasonable development of effective measures to support businesses in these industries has not yet been built. Thus, the main purpose of this paper is to develop better insights into the cultural and creative industries in Slovenia and compare them with those from EU countries in order to contribute to the badly needed mapping exercise.

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LITERATURE REVIEW

The rise of the creative class (Florida 2002) and knowledge society propelled the rapid growth of cultural and creative industries which are today becoming one of the most important drivers of the development of cities, regions, and countries. Not only did the cultural and creative industries replace old industries and create many new innovative products and services, but they also provided valuable inputs to many other industries. Creativity is the focal pillar of the new economy, and art and culture demonstrate outstanding economic potential if imaginatively transformed in products and services that serve the needs of companies and consumers.

Although the research on cultural and creative industries has increased during the last decade, sufficient research in this area is still lacking (e.g., Oakley 2004; Tepper 2004). The creative economy (Howkins 2001) consists of cultural and creative industries and represents a concept that has been in intensive development only during the last ten years. It is enabled by the so-called creative class (Florida 2002), defined as a group of professional, scientific and artistic workers whose labour creates economic, social and cultural dynamics, particularly in urban areas.

The concept of creative industry is not exactly defined because creativity itself is an elusive concept and can be found in all areas of human activity. One can speak about cultural, scientific, technological and economic creativity (KEA 2006, p. 42) as well as emotional, cognitive, deliberate and spontaneous creativity (Dietrich 2004). Heng et al. (2003, p. 52) suggested three common approaches to defining creative clusters: the 'cultural industries' approach; the 'creative industries' approach; and the 'copyright industries' approach. The 'cultural industries' are understood to be a subset of the 'creative industries', while the broader 'copyright industries' consist of both the 'creative industries' and the associated 'distribution industries'.

According to Heng et al. (2003), creative industries comprise basic and applied arts industries. Basic or 'upstream' arts refer to traditional arts, whereas 'downstream' arts refer to the applied arts such as advertising, design, publishing and media-related activities. The first may have commercial value in them, while the latter derive their commercial value principally from their applications in other economic activities (Heng et al. 2003, p. 52). The economic spill-over effect of fine arts is fourfold: primary (direct commercial value), secondary ('multiplier effect' of spending in the fine arts), tertiary (contribution of the arts to industrial invention, innovation and differentiation), and quaternary (fine arts' contribution to the quality of life, cultural identity and pluralism) (Chartrand, cited in Heng et al. 2003, p. 53).

UNCTAD offers a very broad definition of creative industries as "cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs; constitute a set of knowledge-based activities, focused on but not limited to arts, potentially generating revenues from trade and intellectual property rights; comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives; stand at the crossroads of the artisan, services and industrial sectors; and constitute a new dynamic sector in world trade" (UNCTAD 2010, p. 10). For the purposes of this paper, we will employ the formal EU definition (Green paper 2010, pp. 5-6), by which *cultural industries* are those industries producing and distributing goods or services which at the time they are developed are considered to have a specific attribute, use or purpose embodying or conveying cultural expressions, irrespective of the commercial value they may have (e.g., performing arts, visual arts, cultural heritage, film, media, books). By the same source, *creative industries* are those industries which use culture as an input and have a cultural dimension, although their outputs are mainly functional (e.g., architecture and design, graphic design, fashion design or advertising).

To better understand creative industries, different models have been developed. The most commonly used models (UNCTAD 2010, p.7) are the *UK DCMS model* (thirteen NACE industries included), *Symbolic texts model* (including core cultural industries, peripheral cultural industries, and borderline cultural industries), *Concentric circles model* (core creative arts, other core creative industries, wider cultural industries, and related industries) and *WIPO copyright model* (core copyright industries, interdependent copyright industries and partial copyright industries). Comparisons among these models are difficult not only due to the different models and diverse understandings of creative industries, but also due to the non-compatible organization of statistics and data on creative industries in given countries. As such

comparisons are beyond the scope of this paper, we decided to follow the concentric circles model, which is represented in Figure 1 and described in more detail in the next section.

Given the great interest in the creative industries, efforts are focusing on searching for a suitable index to enable the comparison among individual countries. One of those efforts is the European Creativity Index (KEA 2010), which tries to integrate indicators related to culture-based creativity and include them in existing socioeconomic indicator schemes, such as the European Innovation Scoreboard. The cultural dimension of creativity demands taking care of different factors usually not included in other indexes (e.g., education in art schools, cultural employment, cultural offering, cultural participation, technology penetration, regulatory and financial support for creation and the economic contribution of creative industries). These indicators (32 altogether) are grouped into five pillars of creativity: human capital, technology, the institutional environment, the social environment, openness and diversity.

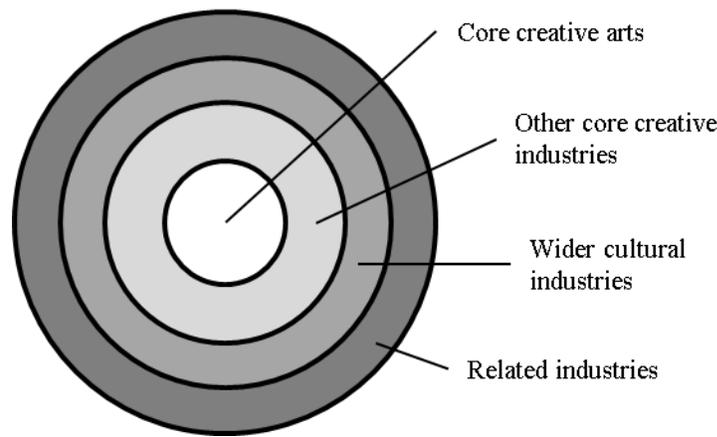


Figure 1: Concentric circles model (Throsby, 2010, p. 27).

In the empirical part of this paper, we will search for the contributions to mapping cultural and creative industries in Slovenia by identifying their share in the national economy (in terms of number of companies, employees and income) and, consequently, whether they represent an important factor in the national economy and are worth further examination.

METHODOLOGY

To provide better insights into creative industries in Slovenia, we employed simple structural statistics. We chose to analyse characteristics of Slovenian companies operating in the creative and cultural industries because the empirical evidence about companies in these sectors is limited.

As previously stated, several models of explaining the creative and cultural industries exist in the literature. Following the concentric circles model (Throsby 2010), which we adjusted according to the standard classification of activities in Slovenia, the following activities were divided into 4 groups and 13 sub-groups for inclusion in the analysis:

a) *Core creative arts:*

1. Music, Visual and Performing arts (performing arts, support activities for performing arts, artistic creation, operation of arts facilities);
2. Art and Antiques (retail sale of books in specialized stores);

b) *Other core creative industries:*

1. Museums and Libraries (library and archives activities, museums activities);
2. Video, Film and Photography (motion picture, video and television programme production activities; motion picture, video and television programme post-production activities; motion

picture, video and television programme distribution activities; motion picture projection activities, photographic activities);

c) *Wider cultural industries:*

1. Heritage (operation of historical sites and buildings and similar visitor attractions);
2. Publishing (book publishing, publishing of newspapers, publishing of journals and periodicals, other publishing activities, news agency activities);
3. Radio and TV (radio broadcasting, television programming and broadcasting activities);
4. Video and Computer Software (publishing of computer games, other software publishing, computer programming activities, information technology consultancy activities);
5. Sound recording (reproduction of recorded media, sound recording and music publishing activities);

d) *Related industries:*

1. Architecture (architecture, urban and other planning);
2. Advertising (advertising agencies, media representation);
3. Design (specialized design activities);
4. Designer Fashion (manufacture of leather clothes, manufacture of underwear, manufacture of other clothing apparel and accessories, manufacture of articles of fur, manufacture of knitted and crocheted hosiery, manufacture of other knitted and crocheted apparel, manufacture of luggage, handbags and the like, saddlery and harnesses, manufacture of footwear).

Empirical data were acquired from the Statistical Office of the Republic of Slovenia (Abb. SURS) and are available on the Internet but made were own calculations.

RESULTS

The empirical analysis displayed some fundamental characteristics of creative industries in Slovenia. Information on the number of companies, their income, and number of employees in 2009 is provided in accordance with the concentric circles model. Companies include sole proprietors and legal entities. Figure 2 shows the number of companies in cultural and creative industries.

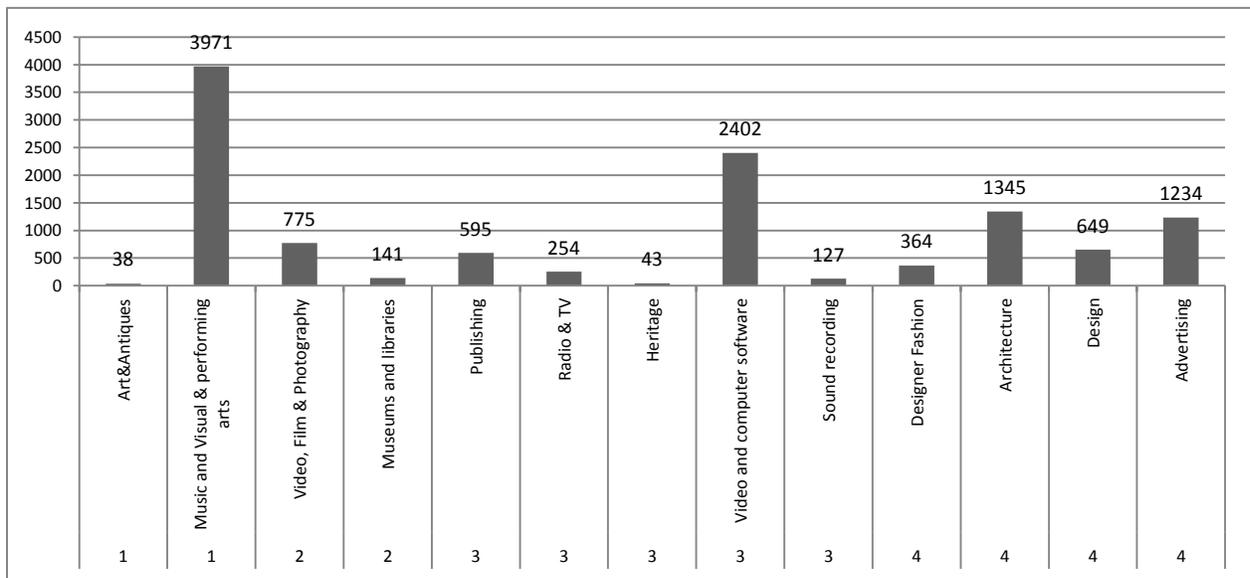


Figure 2: Number of companies in cultural and creative industries, 2009 (SURS, 2011).

The results indicate that the majority of companies are in first circle-core creative arts (4,009 companies), followed by the fourth circle-related industries (3,592 companies) and third circle-wider cultural

industries (3,421 companies). The fewest companies are in the second circle-other core creative industries (916 companies). According to the statistical data, 160.931 registered companies were in Slovenia in 2009, meaning that companies in cultural and creative industries represented 7.4% of all registered companies.

Concentric circles	Industries	Income in 1000 €	Number of employees
Core creative arts	Art and Antiques	78,419	595
	Music and Visual and Performing arts	n.a.*	n.a.*
Other core creative activities	Video, Film and Photography	146,042	1,000
	Museums and libraries	n.a.*	n.a.*
Wider cultural industries	Publishing	364,083	3,406
	Radio and TV	55,297	584
	Heritage	n.a.*	n.a.*
	Video and computer software	664,404	6,627
	Sound recording	16,164	119
Related industries	Designer Fashion	296,933	5,952
	Architecture	219,829	2,082
	Design	31,521	343
	Advertising	380,252	1,818

*Data are not available

Table 1: Income and number of employees in Slovenian companies in cultural and creative industries, 2009.

Table 1 presents data on the income and number of employees in cultural and creative industries. Unfortunately, not all data are available for all sub-industries. However, according to the available data, the highest income occurs in industries in the third circle-wider cultural industries (1,099,948 thousand €) due to the high income level associated with the publishing and video and computer software industries. The second highest income (928,535 thousand €) was in the fourth circle-related industries. When observing the number of employees, the most persons are employed in the third circle-wider cultural activities (10,736) and in the fourth circle-related industries (10,195). Most companies in creative industries are micro and small (on average employing only 2.7 persons per company), which is also a characteristic of other EU countries (HKU 2010). The value of creative industries added to the national GDP is between 2% and 3% in Slovenia, while in most developed countries in the EU (e.g., France, UK, Norway) it is significantly higher than 3% (KEA 2006).

CONCLUSIONS

Despite the lack of statistical data for some sectors within the creative industries, the preliminary results of empirical analysis displayed the importance of creative industries in Slovenia, which employ more than 7% of the active workforce and contribute their fair share to the Slovenian GDP. Furthermore, when comparing available data with other countries, it is evident that those national statistical systems are not harmonized and that definitions of creative industries differ among both studies and countries.

Almost all countries in the EU have developed specific measures for creative industries. However, in Slovenia, this part of the economy is still underdeveloped and poorly supported. The Ministry of Culture has offered some measures, but mostly as individual initiatives or projects. Unfortunately, no national strategy for creative industries has yet been developed although many good examples of such strategies can be found globally. To foster development of creative industries and support companies in this area, an orchestrated effort among various ministries and governmental bodies should be undertaken. It must be evidence based and result from rigorous mapping activities.

This brief research on cultural and creative industries in Slovenia has shown that it is an important part of the national economy that should be examined in more detail. Further research should include more characteristics of cultural and creative industries, their connections with entrepreneurship and a calculation of the creativity index for Slovenia compared to other countries.

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