

# DESIGN – KEY ELEMENT OF CREATIVE INDUSTRY IN ROMANIA AND THE ROLE IN ROMANIAN EXPORT

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## **Abstract**

*Creative industries are now considered a solution for sustainable development. EU 2020 strategy is considering these industries crucial for the future industrial policy of EU.*

*In recent years, while some European countries or even regions and cities, such as the UK, Scandinavian countries cities like Barcelona, Tallinn, Copenhagen or Amsterdam to name a few, have been good at tapping into the extraordinary potential of the cultural and creative sectors as a way to promote socioeconomic development and progressively developed ad hoc strategies, others are only just starting.*

*Present papers is aiming at evaluating potential of these industries in Romania, with focus on design, and their possible place in the future export development of the country. Where strategies have emerged, they tend to focus on the strengthening of these sectors and not yet on stimulating partnerships and spill-overs with other sectors.*

**Keywords:** *creative industries, creative sectors, design, National Export Strategy (NES)*

**JEL Classification:** F<sub>63</sub>

## **The sphere of creative industries**

The concept of creative industries is relatively new and is defining those industrial sectors where entrepreneurial competitiveness is based upon individual creativeness, especially cultural, artistically or scientifically. The concept is defined differently by various authors or institutions. Some are defining ‘creative industries’ while others ‘cultural industries’, while EU documents are speaking about “creative and cultural industries” which comprises 11 sectors as follows:

- programs and games;
- advertising and publicity;
- design;
- music;
- books;
- art;

- film;
- scene;
- radio-TV;
- architecture;
- media.

On the other hand, in EU countries, definitions may differ. For example the UK Government *Department for Culture, Media and Sport* (DCMS) gives the following definition which describes the creative industries as: “*those industries which 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.*” (DCMS 2001, p. 04)

The current DCMS definition recognises twelve *creative sectors*, down from fourteen in their 2001 *document*. *They are:*

- advertising;
- architecture;
- arts and antique markets crafts;
- design;
- designer fashion;
- film, video and photography;
- software, computer games and electronic publishing;
- music and the visual and performing arts;
- publishing;
- television;
- radio (DCMS 2006).

Other authors like John Howkins would add toys and games, and also include the much broader area of research and development in science and technology (Howkins, 2001, pp. 88-117). It has also been argued that gastronomy should be included.

On the other hand there are authors like Hesmondhalgh which reduces the list to what he terms ‘the core cultural industries’ of advertising and marketing, broadcasting, film, internet and music industries, print and electronic publishing, and video and computer games. His definition only includes those industries that create ‘texts’ or ‘cultural artefacts’ and which engage in some form of industrial reproduction (Hesmondhalgh, 2002, pp. 12-14).

The question about the boundaries between creative industries and the similar term of cultural industries remains open. Cultural industries may be defined as interrelated industries of the creative ones, industries which are focused mainly on delivery of human and artistic values in the first place, in spite of the fact that they may become commercial goods or services. For example, artist may not be interested in the market value of its production while the designer does.

### **Creativity spill over’s**

Being at the crossroads between arts, business and technology, cultural and creative sectors are in a strategic position to trigger spill-over’s in other industries.

For example ITC content in diverse applications is based on creativity. Culture and creativity have also direct impacts on sectors such as tourism and are integrated at all stages of the value chain of other sectors such as fashion and high-end industries, where their importance is increasing.

More generally, these sectors have an impact on innovation in other industries. As highlighted in the Innovation Union, innovation is increasingly driven by non-technological factors such as creativity, design and new organizational processes or business models. It heavily relies on creative ecosystems in which the quality and diversity of partnerships across different sectors and types of actors is decisive.

The most obvious example is the wider use of design in manufacturing industries, adding value to products, services, processes and market structures. Firms spending twice the average amount on creative inputs are 25% more likely to introduce product innovations.

This catalytic potential can also constitute a fundamental resource for social innovation and responses to major societal challenges, such as climate change, sustainable development, demographic changes or cultural diversity. For example, in partnership with the education and vocational training sector, the cultural and creative sectors can contribute to developing the blend of skills around creativity and entrepreneurship, critical thinking, risk taking and engagement, which is needed for EU's competitiveness in the knowledge society.

### **An important vector in global competition**

Europe's international partners already invest a lot in the cultural and creative sectors. The US has been investing in them for decades both as strategic economic sectors and a tool to affirm their presence globally. Others, such as China, South Korea or India, are also making massive investments to boost their economic potential and 'soft power'.

To do so, they enter into a global competition for creative talents. For example, in China, public investment in culture has grown by 23% annually since 2007, and plans are to raise the sectors' share of GDP from 2.5% to 5-6% by 2015.

While European fashion and high-end industries contribute increasingly to EU exports and the promotion of European excellence in the world, the potential of other sectors, such as cinema or music, is still not strategically exploited abroad. For instance 62% of all goods manufactured by European high-end brands are sold outside Europe and the value of their exports is estimated at € 260 billion (e.g. approximately 10% of all European exports).

### **Creative entrepreneurs and workers**

Some institutions like DCMS UK classify enterprises and occupations as creative according to what the enterprise primarily produces, and what the worker primarily does. Thus, a company which produces recorded songs would be classified as belonging to the music industrial sector, and persons playing musical instruments would be classified as a musician.

The primary purpose of this is to quantify – for example it can be used to count the number of firms, and the number of workers, creatively employed in any given location, and hence to identify places with particularly high concentrations of creative activities.

It leads to some complications, which are not immediately obvious. For example, a security guard working for a music company would be classified as a creative employee, although not as creatively occupied.

The total number of creative employees is then calculated as the sum of:

- all workers employed in creative industries, whether or not creatively occupied (e.g. all musicians, security services, accountants, managers, etc. working for a record company);
- all workers that are creatively occupied, and are not employed in creative industries (for example, a piano teacher in a school). This includes people whose second job is creative, for example somebody who does weekend part time jobs like writes books, or produces artwork in their spare time etc.

According to Caves (2000), creative industries are characterized by seven economic properties:

1. *Nobody knows principle*: Demand uncertainty exists because the consumers' reaction to a product are neither known beforehand, nor easily understood afterward.

2. *Art for art's sake*: Workers care about originality, technical professional skill, harmony, etc. of creative goods and are willing to settle for lower wages than offered by 'humdrum' jobs.

3. *Motley crew principle*: For relatively complex creative products (e.g., films), the production requires diversely skilled inputs. Each skilled input must be present and perform at some minimum level to produce a valuable outcome.

4. *Infinite variety*: Products are differentiated by quality and uniqueness; each product is a distinct combination of inputs leading to infinite variety options (e.g., works of creative writing, whether poetry, novel, screenplays or otherwise).

5. *A list/B list*: Skills are vertically differentiated. Artists are ranked on their skills, originality, and proficiency in creative processes and/or products. Small differences in skills and talent may yield huge differences in (financial) success.

6. *Time flies*: When coordinating complex projects with diversely skilled inputs, time is of the essence.

7. *Ars longa*: Some creative products have durability aspects that invoke copyright protection, allowing a creator or performer to collect rents.

### **High growth sectors in EU**

The economic performance of the cultural and creative sectors is recognized: in the EU they account for 3.3% of GDP and employ 6.7 million people (3 % of total employment). Figures are also important if one considers the fashion and high-end industries, which rely on a strong cultural and creative input. They account for 3% of the EU GDP each and employ respectively and 1 million people, with employment in the high-end industries expected to reach 2 million by 2025.

Between 2008 and 2011, employment in the cultural and creative sectors proved more resilient than in the EU economy as a whole with growth rates varying however between subsectors. This tendency is all the more interesting because some sectors have a higher percentage of youth employment than the rest of the economy.

Covering in particular architecture, archives and libraries, artistic crafts, audio-visual (including film, television, video games and multimedia), cultural heritage, design (including fashion design), festivals, music, performing and visual arts, publishing and radio.

Other sources have estimated it higher at 4.5% of GDP and 8.5 million people employed (TERA Consultants, 2010). Including design, manufacturing of fashion materials and goods, and their distribution

In some cases, at local and regional level, strategic investments in these sectors have delivered spectacular results. In particular, festivals and European Capitals of Culture produce important economic benefits, with sometimes more than ten times leverage for each euro invested.

### **Romanian capabilities and challenges**

Despite the great diversity of national and regional contexts, the development of successful strategies that can turn the challenges above into new growth and jobs opportunities in the EU usually follows the same pattern. Developing sector strategy at national level for creative industries is an important tool in order to enhance this sector in the broader European context.

Romania has an important potential to develop and export products or services of the creative industries. One of the strengths of the Romanian economy is its individuals creativity and the National Export Strategy (NES) is considering development of human resources as the critical success factor.

As a general rule successful strategies for the cultural and creative sectors build on a full mapping and mobilization of the cultural and creative resources of a given territory. NES tried to describe the sector potential and resources identifying following subsectors as important from the point of view of capacity to export:

- design;
- audio-visual, film, music;
- media.

Looking at the map of Romania, most of these activities are concentrated in metropolitan area of the big cities such as Bucharest, Cluj, Timisoara, Iasi etc. However, a full mapping of the creative industry competencies by regions was not made yet. Strategy should be completed by more research to ensure effectiveness, efficiency and sustainability.

NES is looking at this sector in a holistic manner, calling for partnerships between various departments (culture, industry, economy, education, tourism, territorial planning etc.) and involving all relevant public and private stakeholders to increase ownership.

Therefore, it is attaching a great importance to the synergies that can be created between activities on the value chain of interrelated sectors la fashion, tourism, culture, handy craft, food, furniture and others in order to be more efficient and sustainable.

For each relevant issue – from skills development to access to finance or access to world markets etc. – these strategies identify what can be tackled by generic policies and instruments and what requires a tailored approach.

### **Design**

Design is considered in National Export Strategy (NES) as priority sector for several reasons such as:

- Incorporation of this activity into the value chain of main export sectors (furniture, textile, industrial equipments, IT&C, services, glassware, consumer goods etc) is not only increasing the national value chain but is also an important to export value- added innovative products

- It has an important contribution in packaging and branding, activities important in international marketing

- Design is an exportable service by itself with an important contribution to diversification of export of services in the context of globalization in which export of services is increasing

- Working force in Romania is creative and attracted by this type of activities while universities in big cities are developing curricula in order to take advantage of the human resources.

- Association of designers are well organized at national and regional levels and able to promote and support companies and individuals in this sector.

Design activities may be divided into six successive stages, such as:

- elaboration of hypothesis about a new product;
- investigating utility functions;
- creation of the visual concepts;
- evaluation of options and alternative concepts;
- fine tuning and implementation;
- impact measurement.

According to the designers associations Romanian design is targeted to become a symbol of excellence in exports and an essential way to ensure a sustainable growth. In order to reach this vision the following steps has been identified:

- Creation of networking platforms enabling designers to liase with producers, investors and entrepreneurs in order to introduce into the market innovative, designed driven products or services.

- Creating partnerships between universities and sector business associations or companies in industries like means of transports (vehicles, air or naval transport, textile, shoes, furniture, ceramics, glassware, handy craft etc.).

- Awareness campaigns, event to inform about importance of design and promote design culture in the whole society.

- Seminars with training modules for companies in which should be underlined the profitability of design for the recovery and the development of companies and methods to evaluate design readiness of the companies utilizing design scales measuring stages from non design status to prototype, process and innovation.

- Creation of a Design Council able to coordinate all efforts to promote the new design culture and to fulfil the vision

- Institutionalization of a national or regional event like “National Design Contest” under the form of competition among designers with awards

### **Conclusion**

Romania has an untapped potential to develop creative industries, design bean on sector which may become front runner of the new competitive identity of the country. While business associations of designers are becoming more aware of their important role in promoting the sector, essential steps should be done, in partnership with the public sector, in order to develop capacities and capabilities. Creation of a Design Council may be essential in order to transform design into the main gateway to innovation and competitiveness.

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