

Lessons Concerning Creative Economy

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Abstract

This paper deals with the terms of creative economy and creative industry as well as their rising economic power and employment capacity. The original concept of creative class by Florida is accepting that all those devoted to science as well as engineers, architects, designers, and employees in fields of education, arts and entertainment industry fall within this class. Moreover, the qualified experts from the areas of business, finance, law and health belong to the mentioned class. Among the researches made in Hungary, the findings by Ságvári (2008) seem especially relevant, since he expands the term of creative economy beyond cultural industry with other creative and knowledge-intensive ones. Global and business competitiveness of Serbia as well as its innovative capacity lags far behind the neighbouring countries, except Bosnia and Herzegovina. We do not possess adequately prepared management layer capable of answering the requirements of the world market. In order to check this assumption we provided a survey among managers wondering how much they know and apply management methods applied in competitive economies, as well as if there are opportunities for applying sophisticated business methods. The paper underline that the business incubator and its innovative services will provide a stable background for local, in most of the cases start-up businesses, due to which, after the incubation period, they will come out to the market strengthened and they will be able to hold on in domestic and international competition.

Key words: creative economy, management, start-up business

Introduction

The lag of the region's economic transition as well as the influence of the economic crisis suggest us the necessity of searching for new opportunities along with the operation and transformation of the current economic structure. Within this

endeavour we have discovered the terms of creative economy and creative industry, their rising economic power and labour engaging ability.

Materials and methods

In this project the different methods of research were used:

- detailed project planning,
- background studies,
- empirical research,
- quantitative research methods,
- processing survey data using SPSS software,
- analysis and synthesis, and
- deductive logic.

Results and discussion

The creative class and preconditions of prosperity

We examined the original concept of creative class by Florida (2002), accepting that those devoted to science, engineers, architects, designers, and employees in fields of education, arts and entertainment industry all fall within this class. Moreover, however not in the inner circle, there are qualified experts from the areas of business, finance, law and health. The author the pledge of prosperity sees in T3. that is talent, technology and tolerance.

Talent shortly means the quality of the available human resources.

Technology stands for the economic-technological development level of certain territory and the available technologies.

Tolerance represents the openness of the socio-cultural environment. Common characteristics of fields with good performance are inspiring environment, social appreciation and respect to creation and success, as well as the acceptance of individual and minority opinions.

Summarising these three factors, they define the size and environmental conditions for the operation of creative capital in a certain area, which could contribute to development.

This statement is especially remarkable, since it proves our conclusions concerning the development of human capital, based on our studies.

Creative economy and regional development

Florida's (2002) basic concept concerning creative economy and regional development says: In global economy and all the theories of global networks there is still too little attention paid to the parallel concept of locality, which refers to the growing role of the place – locality – in the process of globalisation. Well-educated, talented members of the creative class, capable of innovative thinking represent the

most important “raw material” of innovative, high-tech industries, which are the drivers of economic development. This way the success of certain settlements (regions) is no more defined mostly by the availability of cheap energy sources or the closeness of natural resources.

International outlook and attitude in Serbia

The first report on creative economy was published by the United Nations in 2008 (Creative Economy Report, 2008). According to this report creative economy is among the most dynamic sectors in global trade. The level of increase in the 2000–2005 period reached 8.7% on average. In 2005 the estimated value of trade was \$424.4 billion compared to the value of \$227.5 billion in 1996. This increase spread to every region and country group in the world, and it is assumable that even in the following decade this tendency will remain having regard to the demand for creative products and services.

From the researches made in Hungary findings by Ságvári (2008) seem especially relevant, since he expands the term of creative economy beyond cultural industry also to other creative and knowledge-intensive ones. This approach more fits such underdeveloped countries like ours, as here economic development and transformation are necessary first to reach the level of post-industrial development phase, which could then induce the development of creative economy as well.

According to analyses of Ságvári and Dessewffy (2006), the proportion of intellectuals identified as the creative class is relative to the value of GDP per capita in a country. This way the proportion of employees belonging to the creative class is higher in richer countries than in the poor ones.

From Serbian sources we should cite Djerić (2010), who is especially despondent because of his disregard of thoughts related to creative economy. Some of his conclusions concerning the problems of our economic development are also greatly acceptable. His most important statement is: "Our strategic economy is still based on the export of raw materials and semi-finished products as a century ago. The Serbian elite is not visionary at all. They do not take creative economy seriously. Serbia is still living in the mistake that real economy supported by credits forms a real option for national advance."

Based on the international and outlook to the neighbouring Hungary, according to our studies, it is unambiguous that creative economy involves great potentials. Internationally creative economy is in the process of strengthening, but even in this field developed countries are the champions. For its force and labour engaging ability, there need to be a developed manufacturing and service economy, which is globally competitive, has a sufficiently high innovative capacity and competitive management, so to be ready for opening towards the achievements of creative economy.

Our current opportunities

Data from the Global Competitiveness Report 2009-2010 show the level of our competitiveness and our current competitive position in the economy, shown in Table 1.

Tab. 1. Ranking of competitiveness and innovative capacity of some countries
Rangiranje konkurentnosti i inovativnih kapaciteta pojedinih zemalja

Country <i>Država</i>	Global competitiveness <i>Globalna konkurentnost</i>		Business competitiveness <i>Poslovna konkurentnost</i>	Innovative capacity <i>Kapacitet inovacije</i>
	2008/2009	2009/2010		
Serbia	85	93	102	80
Czech Republic	33	31	25	25
Slovenia	42	37	33	29
Slovakia	46	47	51	68
Hungary	62	58	76	45
Poland	53	46	44	52
Turkey	63	61	52	69
Croatia	61	72	84	71
Romania	68	64	83	70
Bulgaria	76	76	89	91
Montenegro	65	62	80	56
Macedonia	89	84	96	92
BiH.	107	109	117	131

Global and business competitiveness of Serbia as well as its innovative capacity lags far behind the neighbouring countries, except Bosnia and Herzegovina. These indicators are not questionable with respect to the numerous factors that are methodologically taken into consideration. The methodology of the World Economic Forum is based on 12 indicators that are calculated with adequate pondering based on 110 basic indicators and numerous sub indicators within then.

Besides the previous evaluation of the current position, we could assume that we do not possess adequately prepared management layer capable of answering the requirements of the world market. In order to check this assumption we provided a survey among managers wondering how much they know and apply management methods applied in competitive economies, as well as if there are opportunities for applying sophisticated business methods.

Within the questionnaire, in order to prevent misunderstandings, we also gave the description of most applied management methods putting their English names in the first place, since the adequate translations in Serbian and Hungarian professional literature are not always available. The 28 returned questionnaires we do not consider for a representative sample, however results shown in Table 2. indicate the indefensibility of the current state. There are very few companies with international experience who could serve as an example and popularise methods successfully used in other countries. It is characteristic that the best-known management method was

strategic planning, which has been mentioned very often recently. Otherwise, half of the methods are hardly known within our conditions, but classification and acceptance of the known ones are also very diverse.

Clusters, business incubators, protection of intellectual property

Based on our previous researches we want to underline: “The foundation of clusters and business incubators is a stopgap service for creative enterprises rich in ideas, but unable to realise them because of the lack of support. The business incubator and its innovative services will provide a stable background for local, in most of the cases start-up businesses, due to which, after the incubation period they will come out to the market strengthened and they will be able to hold on in domestic and international competition.” Unfortunately, concerning these initiatives we hardly got over the beginning steps.

We mention the legal protection of intellectual property – supporting innovators in developing new inventions and results – for similar reasons. As an exchange-value the society gets free flow of information, which serves economic, cultural and social development; fights poverty and enriches cultural heritage. We consider the following for the most important tasks in protection of intellectual property:

- Ensure clear and applicable legal background for protecting intellectual property, without national or any other forms of discrimination.
- Correct, simplify and cheapen the availability of national and international systems of intellectual property.
- Advance financial conditions of intellectual property protection institutions to make their operation more effective.
- Further intellectual property policy especially in fields like education, science and technology, culture, taxation, investment regulations, methods for stimulating production and technology, trade and competitiveness.
- Introduce an active and coherent intellectual property policy coordinated at governmental level.
- Make the importance of intellectual property recognised among local communities, entrepreneurs and the public in general.
- Provide aid to innovators, producers, creators, organisations both in fields of intellectual property protection and in its commercialising.
- Surmount obstacles between academic and research institutions on the one side, and business sector and financial sources on the other side.
- Make the ensuring or development of legal framework a priority, so to prevent the unlawfully appropriation of intellectual property.
- An important question is the foundation of a system of institutions with exact authority and adequate financing, for the tasks of education, instruction and international cooperation.

Tab. 2. Acceptance and knowledge of management methods
Prihvatanje i znanje metoda upravljanja

Management methods <i>Metode upravljanja</i>	Ranks <i>Kategorije</i>					Does not know <i>Ne zna</i>	
	1	2	3	4	5		
Strategic Planning (strat.planning) <i>Strategijsko planiranje</i>	1	2	8	8	8	1	28
Benchmarking <i>Sameranje – uporedj.</i>	2	1		2		23	28
Mission and Vision Statements <i>Definicija vizije i misije</i>	2	3	4	8	6	5	28
Customer Segmentation <i>Segmentacija kupaca</i>		4	9	6	2	7	28
Outsourcing <i>Vanjska usluga</i>	4	4	1			19	28
Customer Surveys <i>Istraživanje potrošača</i>		6	2	6	7	7	28
Customer Relationship Management <i>Menedžment veza sa potrošačima</i>			8	8	3	9	28
Corporate Code of Ethics <i>Etički kodeks firme</i>	2	5	3	1	1	16	28
Growth Strategies <i>Strategije rasta</i>			3	8	6	11	28
Pay-for-Performance <i>Nagrađivanje po učinku</i>		1	6	5	2	14	28
Core Competencies <i>Nužne kompetencije</i>	5					23	28
Contingency Planning <i>Kontingentno planiranje</i>		2	2	1	1	22	28
Strategic Alliances <i>Strateški savezi</i>		3	1	5		19	28
Quality management <i>Menedžment kvaliteta</i>			1	5	2	20	28
Balanced scorecard <i>Sistem uravnoteženih pokazatelja</i>		3		1		24	28
SWOT analysis: <i>SWOT analiza</i>		5	2	10	4	7	28
Total <i>Ukupno</i>	16	39	50	74	42	227	448

Source: Own construction of RTT – CESS project, 2010

Conclusion

- Talent, technology and tolerance are the pledge of prosperity.
- These three factors define the size and environmental conditions for the operation of creative capital in a certain area.
- Global and business competitiveness of Serbia as well as its innovative capacity lags far behind the neighbouring countries.
- According to our research we concluded that the best-known management method is strategic planning, which has been mentioned very often recently. Otherwise, half of the methods are hardly known within our conditions, but classification and acceptance of the known ones are also very diverse.
- The foundation of clusters and business incubators is a stopgap service for creative enterprises rich in ideas, but unable to realise them because of the lack of support.
- The legal protection of intellectual property – supporting innovators is also very important.

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Lekcije iz kreativne ekonomije

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Sažetak

U toku naših istraživanja pozabavili smo se sa terminima kreativne ekonomije, kreativne privrede, povećanja njihovog ekonomskog značaja i kapaciteta zapošljavanja. Prema originalnom konceptu, po Floridi, kreativnu klasu predstavljaju naučni radnici, inženjeri, arhitekta, dizajneri, zaposleni u obrazovanju, umetnosti i zabavnoj sferi. Doduše, ne u užem krugu, ali tu ubrajaju i stručnjaci za biznis, finansije, pravo i zdravstvo. Mi smatramo posebno relevantnim stavove Šagvaria iz Mađarske, jer proširuje kreativnu ekonomiju van kulture i na ostale kreativne i znanjem intenzivne oblasti. Globalna i poslovna konkurentnost Srbije, kao i inovacioni kapacitet, na žalost zaostaju za susednim zemljama, izuzev Bosne i Hercegovine. Mi ne raspoložemo odgovarajuće pripremljenim menadžment kapacitetima da bi odgovorili na izazove svetskog tržišta. Da bi kontrolisali tu pretpostavku izvršili smo ispitivanje među menadžerima o menadžment metodama koje se naveliko primenjuju u konkurentno sposobnim privredama u svetu. Želeli smo dobiti odgovor, da li postoje uslovi za primenu sofisticiranih biznis metoda. Posebno podvlačimo značaj biznis inkubatora i njihovih inovativnih servisa, koji mogu dati potporu lokalnim start-up poslovima, koji posle inkubacionog perioda mogu postati sposobni i dovoljno jaki na domaćem i inostranom tržištu.

Ključne reči: kreativna ekonomija, menadžment, start-up projekti