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SOCIAL & CREATIVE

Policy Briefing n. 18

INDUSTRIAL TRANSFORMATION IN SOCIAL AND CREATIVE INDUSTRIES

SOCIAL AND CREATIVE INNOVATION IN THE MEDITERRANEAN

Project co-financed by the European
Regional Development Fund

EXECUTIVE SUMMARY

Pre-COVID-19, the Cultural & Creative Industries (CCIs) were already characterised by fragile organisational structures and working practices. The fragmented organisation of value chains, the project-based working and the (not well-protected) Intellectual Property (IP)-based revenue models are only a few elements contributing to this.

Since the COVID-19 pandemic hit Europe in spring 2020, the CCIs have been among the most gravely affected sectors. The containment measures that have been put in place throughout the European Union have led to a chain of effects, severely impacting the economic and social situation in the CCIs.

It is therefore time to accelerate a more sustainable industrial transformation of the sector, while putting in place public measures for short-term emergency support to the sector.



CONTEXT

Whilst there is no doubt the circumstances are extraordinary, COVID-19 has had a significant impact on the creative and production industry and has accelerated a shift towards new ways of working.

Undoubtedly, digital technologies have played a crucial role in this shift, pushing organizations to rethink and innovate their business models. Digitalization has brought many changes to the field of culture; it has modified the relationship between artists, agents, consumers, and it has even changed the way culture is mediated to the audience, as well as the way culture is consumed and perceived.

Cultural and Creative Industries are some of the fastest growing industries and represent a significant contribution to the economy, the creation of jobs, and quality of life. With the massive wave of digitalization, institutions within the creative industries have faced new challenges on how to respond to this shifting environment, while staying true to their mission and values.

A recent analysis done by the European Observatory for Clusters and Industrial Change (2019), and compiled within the “European Cluster and Industrial Transformation Trends Report”, identified three technological megatrends that seem to most likely to have a strong impact on the creative industries compared to other mega phenomena:

- **mass customisation and servitisation**, which triggers changes in business organisation and the creation of new market segments;
- **integration of subjects and objects** that deals with ever-greater use of technological linkages (mainly through ICT) to manage a wide range of economic, social and technical functions;
- **data-driven world** that is strongly leading to the development of artificial intelligence (AI) for concrete applications and the consolidation of a data environment.



All megatrends require digital innovation capacities to be able to face the impact of these trends. Nevertheless, the Cultural and Creative Industries do not have the capacity to take up and to take advantage of digital opportunities being dominated by micro-sized and small enterprises. If they want to thrive, these industries face several challenges like the need to adjust their business models to the technological, political, and economic changes, the digitisation of content, skills development and updating of staff qualifications and management of digital rights.

The risk is that large companies who can respond to these challenges more easily than SMEs, act as new gatekeepers in the value chain whose position is reinforced by the digital shift itself.

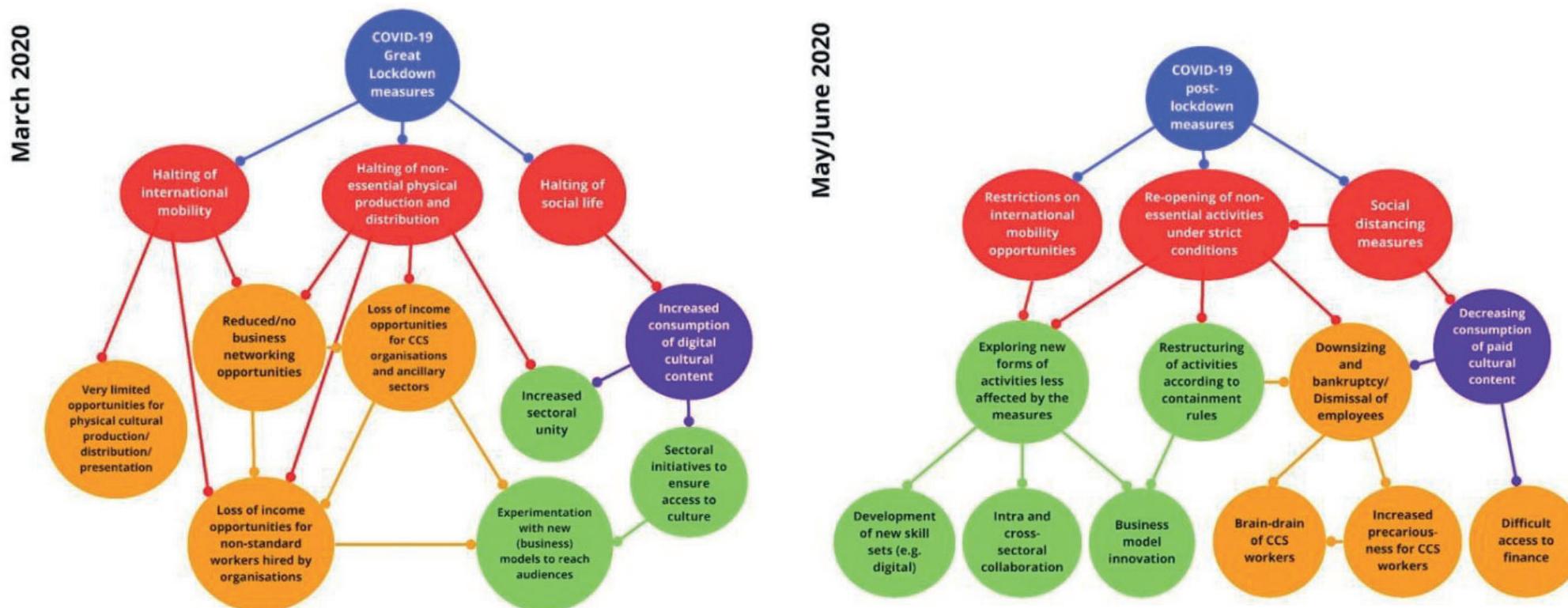


Figure 1- The Impact of the COVID-19 crisis on the Cultural and Creative Sector – a chain of effects.
Policy Department for Structural and Cohesion Policies of the European Parliament

On the other hand, the COVID-19 crisis has also accelerated inter-Cultural and Creative Industries collaboration with other sectors and cross-fertilisation, such as health and education, to lead to increasing cross-sectoral business and social innovation. The Cultural and Creative Industries and their workers have shown their innovative power to experiment with possible alternatives in collaboration with new partners, and great opportunities of the sector to contribute to the well-being of citizens, social innovation and social cohesion have been clearly identified. In this sense, the **2030 Sustainable Development Goals** provide a valuable compass to guide the CCS and policy makers in the transition arena towards sustainable change. Figure 1 shows how the lockdown measures implemented in March 2020 had affected the Cultural and Creative Industry and how these measures set off a chain of effects that were experienced in May / June of 2020. The crisis has highlighted vulnerable position particularly of non-standard workers, such as artists, freelancers and temporary employees.



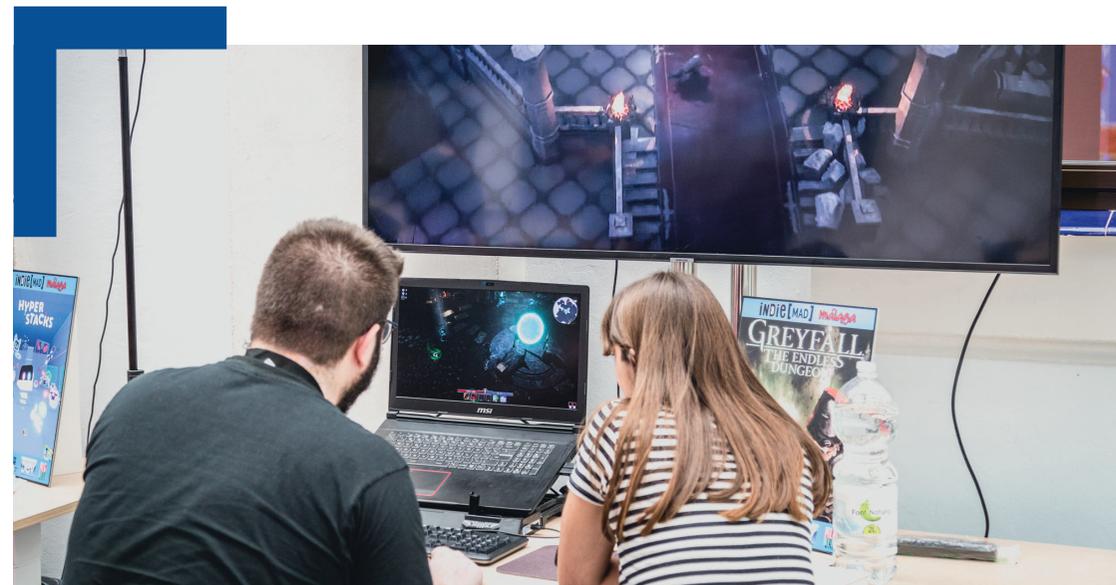
Figure 2- The 2030 vision: Cultural and Creative Sectors as driver and enabler of sustainable development. Research for Committees.

POLICY ALTERNATIVES & EXAMPLES OF OPEN INNOVATION IN CREATIVE INDUSTRIES

In order to establish potential mechanisms to help the Cultural and Creative Sector (CCS) in the post COVID-19 industrial transformation, it must be noted that:

- In general, until now earning perspectives for the CCS in the digital world have been very limited in many cases and bargaining powers are uneven between the huge digital platforms and the creatives. Related **legal frameworks** like the EU Copyright Directive and effective IP protection support for the small and micro-CCS have not been adopted so far. Despite this major transformation, Member States did not speed up to effectively implement the EU Copyright Directive nationally.
- Furthermore, **the use of algorithms is still extremely untransparent** – especially on the major global digital platforms, which reduces further the earning potential of many CCS actors in Europe. Fair payment of digital cultural creation is far from being in place.
- Many EU CCS actors **lack appropriate digital skills**, while having no legal rights to access related training (due to their specific working conditions and/or contracts). Training is crucial for preparing the stakeholders and entrepreneurs for a new future – be it for better digital skills, artistic development or for coping with other future visible challenges such as climate change. Furthermore, relevant skills to be able to address the EU relaunch programmes are another relevant topic for the CCS trainings.
- **International outreach and exchange are crucial elements for innovation**, to learn from peers and from leaders abroad, to understand new trends at an early stage and to react early to (new) needs of international participants and clients. Furthermore, international cooperation builds an important framework for new social issues, economic models and is the basis for the engagement for international solidarity. Based on the experiences of the crisis in 2020, the cross-border and international innovation systems need rebuilding. The role of the EU-Interreg Programmes might be crucial in that sense.

- In 2020, **culture and the arts have impressively shown their potential for contributing to improve social cohesion**. Arts and culture can reflect the plurality of voices in evermore unequal societies (in terms of access to economic, social and cultural capital) in which we tend to mainly be in exchange with the people who share our (economic, social, ethnic, educational, cultural) background.
- Through **innovative formats and participatory methodologies**, artists and cultural actors engaged with other sub-sectors, such as health, social care, prison settings and deprived communities, can contribute to develop new business models. There is a need to broader understand the role of culture in the broad sense for the health of individuals and communities, following a more holistic analysis that not only takes into consideration the question of public health but also aspects of ethics, civil rights, mental health and philosophy.



EXAMPLES OF PROJECTS FROM THE INTERREG MED COMMUNITY SUPPORTING INDUSTRIAL TRANSFORMATION WITHIN CULTURAL AND CREATIVE INDUSTRIES

Upskilling for new job opportunities in the S&C industries (+Resilient)

The +RESILIENT project tackles the need to **increase socially-responsive competitiveness of SMEs and stimulate new jobs, especially for companies operating in the social economy**. The project aims to positively influence, adapt/change the different structural elements of policy governing "clusters with high social vocation and responsiveness" (SVRC) by leveraging on innovation dynamics led by technology, open data as well as successful models with social relevance and impact, creating socially-responsive value chains at a transnational level.

Internationalisation strategies for accessing new SI & CCI markets (Chebec)

Chebec project tested an **integrated support program for cultural and creative companies and professionals, developing international competences and contacts**. This included training, consultancy, mobility actions, matching events and an innovation voucher scheme to concretely favour transregional collaborations.

To help businesses internationalize, the project developed an **Internationalization Readiness Webtool**¹. It is an instrument supporting Cultural and Creative sector organizations in self-evaluating whether they are prepared to launch their activities abroad and access new markets.

Innovative clustering for inter-sectorial dynamisation of the SI & CCI sectors (Smath)

The project has identified best practices that have been able to create a

connection between creative industries and cultural engines. These include:

- collaborative encounters between designers & SMEs;
- product & process innovation generated by the intervention of creatives;
- joint training and shared knowledge between SMEs & cultural production;
- art residencies within enterprises;
- co-design and co-production of services between CCIs & SMEs;
- collaborations between museums & SMEs;
- collaborations between fine arts academies/design schools & SMEs for the innovation of products and of business communication process.

New business models for increasing growth of the S&C sector (CreativeWear)

The project promoted **collaboration between textile and clothing firms with creatives and artists in order to bring new creative energy to the sector**. In order to establish this collaboration, the project established a network of **Creative Hubs** that experimented different ways of supporting cooperative between professionals in creative industries and in the business sector. Some of the services to companies and the creative community, that resulted in development of new policy options, change in perceptions or lifestyle and new business opportunities are:

- competitions, prizes;
- projects, prototypes;
- training, workshops;
- events, exhibits, promotion;
- matchmaking, collaboration, funding.

¹ <https://chebec-internationalizationtool.art-er.it/>

POLICY RECOMMENDATIONS

In order to establish potential mechanisms to help Cultural and Creative Industries in their post COVID-19 transformation, it is clear that a sustainable transition will be the result of a combination of individual, sectoral and policy actions and strategies. Policy actions to focus on shall strengthen the Cultural and Creative Industries by:

- **creating and enabling formal and regulatory environment for transition**, by making the necessary changes to the social, institutional, and economic regulatory frameworks within which the CCS operate;
- **embedding the sustainability transition approach in policy design**, in support of the CCS as driver and enabler of sustainable development, considering the CCS as an integral part of innovation ecosystems at all levels;
- **adopting a wide impact-oriented notion of innovation** (technological, social, design, environmental) in policy design;
- **promoting and actively supporting** (international) **collaboration and cross-fertilisation** at all levels (intra-sectoral and cross-sectoral) with relevant stakeholders.

Policy makers need to address a number of transversal issues that directly influence the CCS' abilities to act as an integral contributor to the sustainable development in Europe. These issues include among others, ecological sustainability, skills development, access to R&D and innovation systems, and a reestablishment of the EU freedom of movement and common market.





Ecological sustainability is the most transversal issue for the recovery and transition towards the long-term sustainability of the Cultural and Creative Industries. It constitutes an important prevention action for an ongoing second major crisis – the climate and ecological crisis – with potential for more substantial harm. The Cultural and Creative sectors have the potential to play an important role within the **European Green Deal** and the **New European Bauhaus** by raising awareness, to initiate the debate on climate change and ecology and to prototype solutions together with civil society and the economy. At the same time, the CCS also need to transform themselves in an ecological and sustainable way.

Last but not least, **mapping and addressing the main skills deficiencies in the CCS is crucial and related to future challenges.** The specific needs on a sectoral level need to be identified to provide the best fitting skills programmes. There is a need to allow full involvement in lifelong learning of the self-employed and freelance parts of the CCS (e.g. paid training time) and to acknowledge forms of informal capacity building such as peer-to-peer learning.

CONSULTED OR RECOMMENDED SOURCES

An innovation ecosystem is the evolving set of actors, activities, and artifacts, and the institutions and relations, including complementary and substitute relations, that are important for the innovative performance of an actor or a population of actors – from Granstrand O. and Holgersson M. (2020), Innovation ecosystems: A conceptual review and a new definition, Technovation, Volumes 90–91, February–March 2020. European Commission, Green Paper- Unlocking the potential of Cultural and Creative industries, COM/2010/0183 final, 2010; IDEA Consult, VUB-SMIT and KEA (2017) European Observatory for Clusters and Industrial Change, 2019, op. cit.: “Emerging industries reflect the industrial renewal and changes in which European companies are competing globally. They are often characterised by having high growth rates and significant market potential. For this reason, they are important drivers of EU competitiveness and prosperity”.



- https://www.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1585655598.pdf
- <https://repensadores.es/digitalizacion-e-industrias-creativas-y-culturales/>
- <https://research4committees.blog/2021/02/18/cultural-and-creative-sectors-in-covid-19-europe-crisis-effects-and-policy-recommendations/>

A European Green Deal | European Commission (europa.eu)

A New European Bauhaus (europa.eu)

- https://interreg-med.eu/fileadmin/user_upload/Sites/Social_and_Creative/Projects/Chebec/WP3_3.5.2._CCI_internationalization_pack_validated_methodology_and_tools.pdf
- https://creativewear.interreg-med.eu/fileadmin/user_upload/Sites/Social_and_Creative/Projects/CreativeWear/Deliverables/CreativeWear_Capitalisation_Study.pdf
- https://interreg-med.eu/fileadmin/user_upload/Sites/Social_and_Creative/Projects/smath/D.3.2.4_Sharing_the_working_mechanisms_of_innovative_clusters_powered_by_a_strategic_core_of_cultural_engines.pdf

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