Creative Economy: Barriers and Opportunities

T Belevskikh¹, M Ivanova² and E Ganitch¹

¹Murmansk Arctic State University, Murmansk, Russia
²Barents Center of the Humanities – Branch of The Federal Research Center “Kola Science Center of the Russian Academy of Science”, Apatity, Russia

belevskihtv@mail.ru

Abstract. In this paper we investigate the perspectives of creative economy development and formation of creative cluster in the Arctic region. In the first place the key features of the Arctic economy are specified, the major negative tendencies such as sector-specific economy, periphery structure and small number of population are singled out. It must be noted that the last tendency we define as depressant possessing the ripple effect as the limitation of consumer market capacity for creative products and having critical amount for the formation of creative cluster. But the economy in the modern Arctic operates in the context of transnationalism and globalization, which open new horizons and prospects for the Arctic territories. We can conclude that transformations and shaping of the new global Arctic conditions leads to the rethinking of the Arctic community and economy and, the most important, they develop preconditions for the Arctic creative practices. As a driver of the Arctic creative economy and the leading factor of the regional economy rebooting, we choose university that can lay the ground for the formation of creative cluster, as well as the Arctic tourism with its potentially high creative element that can give the ripple effect for the Arctic creative economy. Thus, creative industries on the Arctic territories serve as the foundation for social and economic sustainability in the conditions of globalization, despite the discomfort of living and working and high absolute economic costs.

1. Introduction

The Creative ideas and business activity in the XXI century are the essential elements of economy. They have an extrinsic value, create added value being an item of competitive advantages of an individual, a business, a territory, a nation. The creative component of production process highlights the concept of creative economy. The approaches to the definition of creative economy differ greatly. In this paper by creative economy we understand the activities of economic subjects, the results of which are the creative or intellectual products in different aspects of living and work.

One of the leading conceptual frameworks of creative economy comes from Great Britain, that demonstrates high indicators of creative economy development: considerable contribution of creative industries in GDP growth, increase of creative industries products exports and the workforce engaged in this sector. The growth of creative industry in 2001-2014 was 10.5 % amid the general economic advance of 4.6%. The number of engaged in this sector increased 5% against 2.1% of job growth in the national economy.

The definition of creative economy in Great Britain is given in the governmental paper on “Mapping of Creative industries” (2001): “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”. Thus, creative economy is determined by an individual approach to production and requires intellectual and creative human capital. In report “Creative Industries Economic Estimates” (2016) the problem of statistical recording of creative industries workers in Great Britain is marked, meaning professions and sectors that can be referred as creative are not specified. For this purpose the creative labor intensity indicator is introduced. R. Florida breaks the class into two broad sections: super-creative core that includes a wide range of occupations (e.g. science, engineering, education, computer programming, research), with arts, design, and media workers forming a small subset; creative professionals are the classic knowledge-based workers that include those working in healthcare, business and finance, the legal sector, and education. They “draw on complex bodies of knowledge to solve specific problems” using higher degrees of education to do so”.

Therefore, two key problems of the investigation of creative economy as a current field of scientific knowledge appear. The first one is how to transmit one's creativity and creative work into economic performances. Another problem is creative enterprise as the marketing object and economic product of creative industries.

In spite of brisk growth and understanding of economic effectiveness of creative economy ideas and practices, it is explicitly geographically determined. R. Florida also brings out this fact by stating that the “idea of our world being flat”, from the point of equal opportunities people have, is just a dream, as in reality “the world is spiky”, because more people are divided according to their economic prospects and location. Consequently, our objective is to define the opportunities and perspectives of creative economy in the Arctic region factored in the Arctic economy, discomforting conditions of living and work, globalization of Arctic.

2. Purpose of the Study
The purpose is to characterize the processes of creative economy development in the Arctic latitude under the limiting factors, such as nature exploiting core of the Arctic economy, population decline, high absolute economic costs of business activity against the globalization of the Arctic region.

3. Research Methods
In world history the Arctic territory as a local socio-economic system changed in different periods under the influence of natural, social and economic factors. Arctic is the complex system of economic activity performed on the extremely uncomfortable territory with its geoeconomic and geopolitical purposes in a particular historical period. Thus, the investigation of the Arctic economy and the Arctic creative industries requires interdisciplinary approach, which brings out the idea of doings, motives and values of an individual, a local community, a state and world public. In reference to the system approach the following methods were used: statistical processing, historical and genetic, comparative-historical, economic, politological and interdisciplinary analyses.

4. Problem Statement
The development of the Arctic and northern regions has always been connected with the geopolitical and geoeconomic interests of a separate state or an economic actor. The typical Arctic economy has a prominent natural exploiting character and is weak for diversification [1].

In spite of socio-economic differences in the position of the Arctic states and regions as a part of global Arctic area, the Arctic economy possesses common features, which serve as barriers for the creative industries and class development. The main barriers are sector-specified character of economy, periphery and low number of population. The last one creates the ripple effect as the limitation of consumer market capacity for creative products and having critical amount for the formation of creative cluster.

Yet, the modern Arctic is the territory, colonization and economic development of which takes place in the conditions of transnationalism and globalization. As a result the new international economic Arctic space is formed with its new opportunities. Adam Stepien, Arctic center policy
analyst [2], defines key characteristics of the Arctic economy that can become alternative to the large scale resource exploitation. Among them is commercialization of the Arctic creativity, by which he means that local northern practices, knowledge, culture and innovations can provide “the Arctic brand” with added value.

On the other hand, the formation and development of life-support systems in Arctic is another important factor. A. Stepien says that nowadays more attention is paid to innovations and creative industries in Arctic [2]. As the production concept of the future is built on the basis of creativity and innovations, creative human capital must be fundamental in transforming and rethinking of the Arctic societies and economies. Correspondingly, the creative capital can viewed not only from the point of culture industry, but together with such key sectors of the Arctic economy as:

1. Tourism in the Arctic regions. It is a unique and attractive line of economic activity that contributes to the force of attraction and fame of the region.
2. Technical innovations, aimed at creation of comfortable life-support systems in the Arctic conditions.
3. Culture and identity provide the development of the Arctic ethnoeconomics, engagement of the northern indigenous peoples and minority groups in the Arctic economy, formation of the Arctic creative industries.

Despite the latter optimistic findings on the development of the Arctic creative economy, the following barriers exist:

1. Disconnect between the high level of education and the dynamic cultural sectors on the one hand, and low creative business activity on the other.
2. Disconnect between the high level of innovations in large scale nature exploiting sector, promoted by international companies on the one hand, and small scale often micro-innovations which are valuable by their nature but do not transform in a business activity and provide employment on the other. It is true the creative economy is represented by many small startups, which add to its energy. As a result, the Arctic territory features a discrepancy among the business drivers of the Arctic creative economy.

5. Findings
The regional creative economy and its creative potential are determined by two factors: the character of local creative class and potential capacity of regional economy that can commercialize a creative product.

At present we can distinguish two principal limiting aspects for the development of the Arctic creative economy: the negative changes of the Arctic towns and cities and unfavorable demographic situation.

The development of the Arctic creative economy is indispensably linked with a settlement. The creative industries provide the content of urban infrastructure and contribute to the high quality and comfort way of life. From the end of the previous century almost no settlements appeared on the Arctic territories. There is a tendency of dying settlements as the result of reduction of major local employers. The situation is deepened by the population decline and the opinion about high economic expediency of rotation base work in Arctic as the region uncomfortable for living.

A. Petrov, an associate professor of the University of Northern Iowa, the USA, stresses that perspective of creative economy and regional creative class are determined by the ability of a region to reproduce, attract and accumulate the creative capital [3]. In spite of the growing number of population in Arctic, such countries as Russia, Finland, Sweden demonstrate population decline, while other countries have a tendency of settlements growth [4, 5]. Such tendencies let us suppose that according to the quantitative index the conditions for the Arctic creative economy formation for many countries are unfavorable.

According to A. Petrov, there can be two possible scenarios for a regional creative economy [3]: “a way of creativity” and “regional transformations” when new forms of competitiveness are developed on a territory, or decreasing of creative element in a regional economy. Among the most
important mechanisms of constructing “a new way” he refers to scientific, institutional, economic and social shifts, which allow to form and introduce new knowledge and practices. Some of these shifts are already taking place in Arctic: pressure promoting sustainable development, new technologies, globalization results, regional identity formation, delegation of authority. Yet, the crucial components of changes are transformation agents. To them we can refer political institutions, companies or nongovernmental organizations. Eventually, the drivers of changes are individuals and groups, occasions and events that “make” the creative history of a region [3].

Modern university can become another agent of regional changes. Nowadays the debatable issue is that educational organizations carry out one more function which is to contribute to the benefit of an individual, society, location. By estimating the social functions of universities such notions as “the third mission”, “social responsibility”, “community engagement”, “social engagement” become prominent [6]. Awareness, understanding and realization of regional, social and individual demands for the purpose of education, specialists training for regional economic sectors, carrying out researches on regional topics, multiple cooperation with different regional representatives can be named “civil participation”. The modern university can contribute to the formation of the creative class, which is knowledgeable and competent in advance of the key sectors of regional economy, and able to form and develop future markets and drive socio-cultural growth.

In our opinion, another driver of the Arctic creative economy is the Arctic tourism that is defined not as much as by boundaries as by content and creativity which help to make a competitive product at high price because of the absolute economic costs.

1. Tourism is known to possess the ripple effect on companion economic sectors [7]. As experts say, one working place in touristic sector creates ten jobs in other sectors. To them we can refer the creative sector. A tourist, visiting places, uses the products of not only food and lodging industries but enjoys the architecture, goes to museums and theaters, buys souvenirs.

2. Tourism provides migration which broadens the local market capacity, as a result the profit is increased and the business activity is promoted.

3. There is a perspective of considering tourism as another creative sector. R. Florida did not include tourism in creativity sphere. As well as, the British methodologists did not introduce tourism in the structure of creative economy, naming it an activity based on creative work. Yet, the Arctic tourism is changing the content of professional work and, in our opinion, can become a sector of the creative economy. In this case, if we extend the pace of tourism development on the Arctic territories, the growth rate in the Arctic creative economy can cover 5%.

6. Conclusion

In this paper some aspects of the creative economy and the barriers as well as opportunities for its development in the Arctic region are estimated. To sum it up, we stress that the Arctic creative industries draw on the interdisciplinary knowledge of the Arctic nature, culture and synergies of ethnoeconomics, business and leadership but not the formalistic approach. “The Arctic brand”, together with such notions as “environmental friendliness”, “nature unison”, “challenge”, “sustainability”, “extremeness”, “survival” are central for the strategies of the Arctic brand-building and are competitive to cheap mass production [8,9,10].

According to the assessment of the British expert, ten factors should be taken into account when stating the necessity and functionality of regional creative economy. We highlight three of them that reflect the specific features of the formation of creative economy in Arctic:

1. We must confess that in addition to its economic benefits the creative economy provide value crucial for inclusive and sustainable development. The creative economy is able to produce comfortable life and self-realization conditions on the Arctic territory. Especially since, life and activity out of area of comfort can bring forth new and unique creative forms and products.

2. The analysis of success factors results into formation of new ways of local creative economy development. Among the success factors we can distinguish: infrastructure and labor force, laws and regulations protecting intellectual property, access to world markets. There are successful practices of
forming and developing of creative economies. Yet, in the conditions of transnationalism and globalization, Arctic is a unique territory with its own specific features which must be included together with successful practices into a new model of the Arctic creative economy.

3. The integration of culture into local socio-economic development plans must be a priority. The creative economy is able to reduce controversy between the nature exploitation economy and ethnoeconomics. The creative industries are capable of promoting sustainable development in the Arctic region.

We can conclude that the creative economy on the Arctic territories can facilitate the development and realization of human capital, improve local environment and social infrastructure, contribute to the regional business activity despite the uncomfortable living and work condition. The creative industries are the stem for socio-economic sustainability of Arctic.

References
[1] Belevskikh T and Ivanova M 2017 Development Of Arctic Territories: Geopolitics Or GeoEconomics? The North And The Market: The Formation Of Economic Order 3 p 144-153
[2] Stepień A et al 2016 Socioeconomic and cultural changes in the European Arctic Nijhoff Law Specials 89 338 pp
[3] Petrov A 2008 Talent in the cold? Creative capital and the economic future of the Canadian north Arctic 61 p 162
[4] Sentsov A et al 2016 The Arctic zone: possibilities and risks of development IOP Conf. Ser.: Earth Environ. Sci. 43 012100
[5] Scherbinin A et al 2015 The Russian Arctic: innovative possibilities at the turn of the past and the future IOP Conf. Ser.: Earth Environ. Sci. 27 012022
[6] Perfilyeva O 2011 The University In The Region: Steps Towards Third Mission Journal Of International Organizations 1 p 133
[7] Skripnuk D et al 2017 The formation of the regional tourist cluster in the Euro-Arctic Region Int. Mult. Sc. Conf. on Social Sciences and Arts, SGEM 2017 IV p 369-374
[8] Didenko N I and Konahina N 2017 Features of the Arctic Zone of the Russian Federation from positions of innovative development In the coll.: Comprehensive development of the Arctic Coll. of scientific works Of the international Symposium p 15-26
[9] Asheim B et al 2017 Advances in the Theory and Practice of Smart Specialisation book chapter (Academic Press) Chapter 4: Smart Specialisation as an Innovation-Driven Strategy for Economic Diversification: Examples From Scandinavian Regions p 73-97
[10] Krasulina O 2018 Problems of entrepreneurship development in the Russian Arctic Zone IOP Conf. Ser.: Earth Environ. Sci. 180 012019