

The Role of the Creative Industry in Economic Development

Wifl Ihani^{1*}, Heppi Syofya², Avid Leonardo Sari³, Widyatmike Gede Mulawarman⁴,
Sriyanto Sriyanto⁵

¹Universitas Negeri Medan, Medan, Indonesia

²Sekolah Tinggi Ilmu Ekonomi Sakti Alam Kerinci, Indonesia

³Universitas Islam Negeri Sunan Gunung Djati, Bandung, Indonesia

⁴Universitas Mulawarman, Indonesia

⁵Social Studies Department, Universitas Muhammadiyah Purwokerto, Indonesia

Received: 02/08/2019

Accepted: 29/10/2019

Published: 20/02/2020

Abstract

For the growth of economic it can consider as the driver to creative industries and culture industries. For the development of particular region from last decade, it tries to link the large intensity of these industries with the research. The term creative economy includes publishing arts, design, audio-visual products, new media, performing arts and visual arts. In term of export earnings, job creation and income generation it is not only the factor of growth of world economy but it is also very transformative.

Keywords: Economic, Creative industries, Growth, Arts, Income generation

1 Introduction

Industrial development is necessary for modernisation of agriculture. In India, agriculture is traditional and backward. The cost of production is high and productivity is low. We need tractors, threshers, pump sets and harvesters to modernise agriculture. To increase productivity, we need chemical fertilizers, pesticides and weedicides etc. These are all industrial products. Without industrial development, these goods cannot be produced. Agricultural products like jute, cotton, sugarcane etc. are raw materials. To prepare finished products like flex, textiles and sugar etc. we need industrialisation. So industrial development is necessary for modernisation of agriculture.

The term creative industry include publishing, music, performing arts, advertising, fashion, computer games, photography, architecture, computer games, software, arts and crafts, research & development and TV and radio are the major function of creative industry in economic development. It can see that they are considered as significant source of cultural and commercial value.

The creative economy does not have any one definition. It can defined that creative economy is can be an evolving concept which it make a interplay between technology, intellectual property, knowledge and idea of human

creativity. The creative industry is based on economy that is required to be knowledge-based.(1)

The sum of all kind of creative industries that is including production, trade and labor can be introduced as creative economy. Today, the creative industries are among the most powerful parts on the planet economy giving new chances to forming nations to jump into developing high-development regions of the world economy.(2)

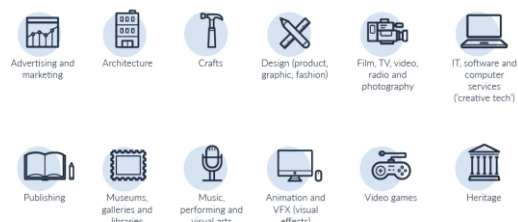


Figure 1: Creative industry federation

2 Literature Review

2.1 In context of an Innovation networks of creative industries

In 2002 Florida, in 2006 Pratt, in 2006 Scott, in 2010 Felton et al., in 2014 Yu et al., defined that The geological grouping of organizations is regularly seen as a significant driver of economic development, especially with regards to

Corresponding author: Wifl Ihani, Universitas Negeri Medan, Medan, Indonesia. E-mail: wiflihani@unimed.ac.id.

systems administration and information sharing for little and medium business (3).

Systems not just form associations with existing or potential customers yet in addition organizations with other imaginative enterprises organizations. This thusly makes an imaginative enterprises cooperative energy. Such collaborations happen as intended when "gatherings of people, regularly from various organizations, meet up for a constrained timeframe to attempt explicit errands before exchanging binds and being reassigned to different activities" defined by Reimer et al., in 2008 (4-6).

At the core of the co-area discussion is whether geographic bunching really makes inventive enterprises progressively productive in creating local economies. There is additionally banter on whether enormous metropolitan groupings of inventive enterprises will keep on developing while local center stays vague in 2008 by Reimer et al. In 2015 Rowe and Collits (2015) contend that local organizers regularly don't have an unmistakable thought of how their economies work and even less thought regarding how to fuse imaginative ventures in territorial monetary arranging(7).

3 Result and Discussion

Industrial development encourages the development of science and technology. The industrial enterprises conduct research and develop new products. Ethanol in the form of biofuel is an example of industrial development. Industry conducts research on its wastes and develops byproducts like biodiesel from *Jatropha* seeds. Due to industrialisation, we have made progress in atomic science, satellite communication and missiles etc.

3.1 Capital Formation

Acute deficiency of capital is the main problem of Indian economy. In agricultural sector, the surplus is small. Its mobilisation is also very difficult. In large scale industries, the surplus is very high. By using external and internal economies, industry can get higher profit. These profits can be reinvested for expansion and development. So industrialisation helps in capital formation.

3.2 Industrialisation and Urbanisation

Urbanisation succeeds industrialisation. Industrialisation in a particular region brings growth of transport and communication. Schools, colleges, technical institutions, banking and health facilities are established near industrial base. Rourkela was dense forest but now is ultra modern town in Orissa. Many ancillary units have been established after setting up of big industry.

3.3 Self-reliance in Defence Production

To achieve self-reliance in defence production, industrialisation is necessary. During war and emergency dependence on foreign countries for war weapons may prove fatal. Self-reliance in capital goods and industrial infra-structure is also necessary. Atomic explosion at Pokhran (Rajasthan) and Agni Missile are examples of industrial growth.

3.4 Importance in

Industrialisation plays an important role in the promotion of trade. The advanced nations gain in trade than countries who are industrially backward. The underdeveloped countries export primary products and import industrial products. Agricultural products command lower prices and their demand is generally elastic. While industrial products command higher values & their demand is inelastic. This causes trade gap. To meet the deficit in balance of payments we have to produce import substitute products or go for export promotion through industrial development.

3.5. Use of Natural Resources

It is a common saying that India is a rich country inhabited by the poor. It implies that India is rich in natural resources but due to lack of capital and technology, these resources have not been tapped. Resources should be properly utilized to transform them into finished industrial products. The British people took India's cheap raw-materials for producing industrial goods in their country. India was used as a market for their industrial products. So India fought with poverty and England gained during industrial revolution. Hence industrialisation plays important role for proper utilisation of resources.

3.6 Alleviation of Poverty and Unemployment

Poverty and unemployment can be eradicated quickly through rapid industrialisation. It has occurred in industrially advanced countries like Japan. The slow growth of industrial sector is responsible for widespread poverty and mass unemployment. So with fast growth of industrial sector, surplus labour from villages can be put into use in industry.

3.7 Main Sector of Economic Development

Industry is viewed as leading sector to economic development. We can have economies of scale by applying advanced technology and division of labour and scientific management. So production and employment will increase rapidly. This will bring economic growth and capital formation.

3.8 Fast Growth of National and Per Capita Income

Industrial development helps in the rapid growth of national and per capita income. The history of economic development of advanced countries shows that there is a close relation between the level of industrial development and the level of national and per capita income. For instance, the share of industrial sector to national income was 26% and the per capita income in year 2000 was 36,240 dollar in USA.

In 1994 DCA, the term of creative industries is introduced in Australia, and it use for the economic development. It can also referred to as creative and cultural industries, creative sector or creative industry.

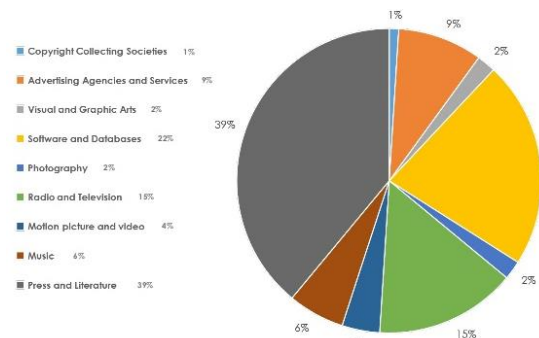


Figure 2: GDP in core industries (8)

The term creative industries have numerous definitions. The most as a rule referred to are DCMS (British Department of Culture Media and Sports) and UNCTAD (United Nations Conference for Trade and Development). The term 'creative industries' started to be utilized around twenty years back to portray a scope of exercises, some of which are among the most established in history and some of which just appeared with the coming of advanced innovation. A significant number of these exercises had solid social roots and the term 'cultural industries' was at that point being used to depict theater, move, music, film, the visual expressions and the legacy division, in spite of the fact that this term was itself questionable the same number of craftsmen felt it belittling to consider what they did as being, in any capacity, an 'industry' (12-14).

The creative economy is one of the most unique divisions of the worldwide economy with an amazing transformative power for financial advancement. The innovative economy manages the interface between economy, culture, innovation, and social viewpoints. Having inventiveness as the primary driver, the area is focused around items and administrations bearing innovative substance, social worth and market goals. Inventive merchandise and ventures are flexible items for they depend on thoughts, learning, aptitudes and the capacity to take advantage of new lucky breaks.

3.1 Creative Industries evolution

After twenty years, the idea of the 'creative industries', and their significance, is perceived by pretty much every administration on the planet and is starting to offer path to a significantly more comprehensive thought of a more extensive 'creative economy'. Obviously, the longing to characterize explicit enterprises as 'creative' endures, and will no uncertainty keep on being so. In certain nations the definitions rotate intently around human expressions and culture.

3.2 Cultural and creative industries can power human development

Creative and cultural industries, which incorporate expressions and artworks, promoting, structure, excitement, design, books, media and programming, have turned into a fundamental power in quickening human advancement. They enable individuals to take responsibility for possess advancement and invigorate the development that can drive

comprehensive practical development. On the off chance that well-supported, the inventive economy can be a wellspring of auxiliary financial change, financial advancement, work creation and advancement while adding to social incorporation and reasonable human improvement. Basically Cultural and creative industries (CCI) are comprehensive. Individuals from every single social class from the indigenous to the tip top take an interest in this economy as makers and customers. Work in the segment will in general support youth and ladies contrasted and different divisions

Table 1: Examples of Creative Industries

Creative Industries			
HERITAGE	ARTS	MEDIA	FUNCTIONAL CREATIONS
Traditional cultural expressions art crafts festival celebrations	Visual arts painting sculpture antique photography	Publishing and printed media books newspaper press publications	Design interior graphic fashion jewellery toys
Cultural sites historical monuments museums libraries archives	Performing arts live music theater dance opera puppetry circus	Audio-visuals film television radio broadcasting	Creative services architecture advertising creative R&D cultural services digital services
		New media digitized content software video games animations	

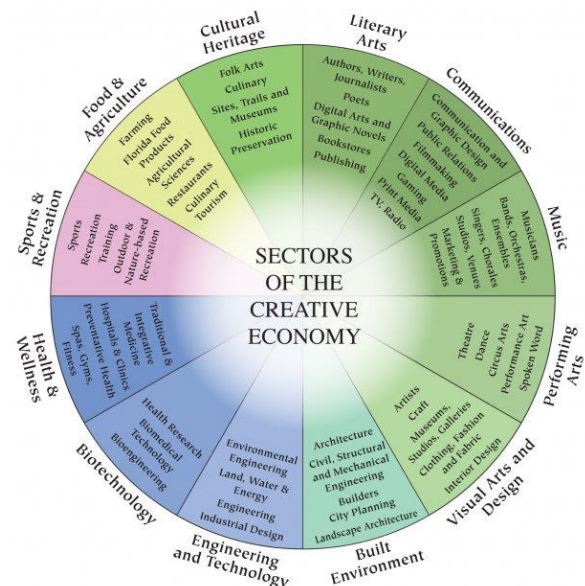


Figure 3: Creative Economy (9)

Table 2: Creative Industry Evolution (10)

Phase	Creative industries	Creative economy	Creative society
Factor	Culture, art, creativity	Intellectual property; Symbolic value	Citizen's right; Consumer's recognition
Form	Cultural industry; Creative clusters	Creativity as intermediate input factors; Build up on creative industrial chain	Creative city; Creative class; Creative community
Feature	Creative output	Creative input	Creative spillover
Industry	Key industries	Convergent industries	Branding symbol of industries
Target	To promote creative output	To foster innovations in broader domains	To build creative communities
Policy implication	To improve industry value added; New wealth creation	To transform the economic development model; Creative industries as a part of a system of innovation	Consumer as input factors; Economic and social co- developed structure with people at the center; To build up enabling creat- ive environment
Policy focus	To nurture the source of creativity	To build up soft creative environment for creative transformation and input	Reconfiguration of con- sumption, educational system and institutional system

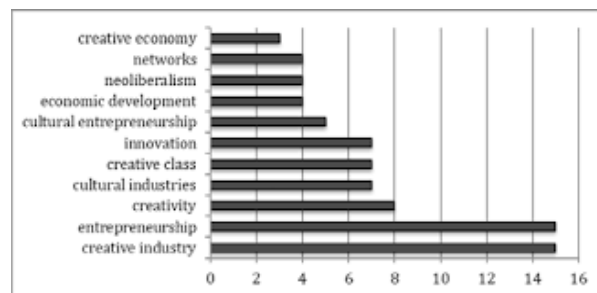


Figure 4: Enterpreneurship in creative industry (11)

4 Conclusion

The term creative economy includes publishing arts, design, audiovisual products, new media, performing arts and visual arts. In term of export earnings, job creation and income generation it is not only the factor of growth of world economy but it is also very transformative. The creative industry is based on economy that is required to be knowledge-based. The sum of all kind of creative industries that is including production, trade and labor can be introduced as creative economy. Today, the creative industries are among the most powerful parts on the planet economy giving new chances to forming nations to jump into developing high-development regions of the world economy.

References

1. Oakley K. Not so cool Britannia: The role of the creative industries in economic development. *International journal of cultural studies*. 2004 Mar;7(1):67-77.
2. Cooke PN, Lazzaretti L, editors. *Creative cities, cultural clusters and local economic development*. Edward Elgar Publishing; 2008.
3. Oakley K. Include us out—economic development and social policy in the creative industries. *Cultural trends*. 2006 Dec 1;15(4):255-73.
4. Hutton TA. Spatiality, built form, and creative industry development in the inner city. *Environment and Planning A*. 2006 Oct;38(10):1819-41.

5. Baum S, O'Connor K, Yigitcanlar T. The implications of creative industries for regional outcomes. *International Journal of Foresight and Innovation Policy*. 2008 Dec 19;5(1-3):44-64.
6. Jayne M. Culture that works? Creative industries development in a working-class city. *Capital & Class*. 2004 Nov;28(3):199-210.
7. Gibson C, Klocker N. Academic publishing as 'creative' industry, and recent discourses of 'creative economies': some critical reflections. *Area*. 2004 Dec;36(4):423-34.
8. Hracz BJ. A creative industry in transition: the rise of digitally driven independent music production. *Growth and Change*. 2012 Sep;43(3):442-61.
9. Galloway S, Dunlop S. A critique of definitions of the cultural and creative industries in public policy. *International journal of cultural policy*. 2007 Feb 1;13(1):17-31.
10. Tepper SJ. Creative assets and the changing economy. *The Journal of Arts Management, Law, and Society*. 2002 Jan 1;32(2):159-68.
11. Boldrin M, Levine D. The case against intellectual property. *American Economic Review*. 2002 May;92(2):209-12.
12. Coombe RJ. Intellectual Property. *The International Encyclopedia of Anthropology*. 2018 Jul 25:1-1.
13. Foord J. Strategies for creative industries: an international review. *Creative Industries Journal*. 2009 Jan 1;1(2):91-113.
14. Towse R. Creativity, copyright and the creative industries paradigm. *Kyklos*. 2010 Aug;63(3):461-78.