The Creative Industries: Ireland's New Tiger Economy?

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INTRODUCTION

In recent years, academics and politicians alike have witnessed a growth in interest in the creative industries internationally. Once considered a peripheral, low-margin business with little or no impact on the economy, creative industries are quickly becoming one of the most promising business sectors worldwide. This interest in all things creative has been accelerated by a combination of the globalisation of communications and recent advances in digital technology, plus the lure of high-value, high-skilled job creation, leading to sustainable economic growth and new business development. Creative industries are now among the fastest growing sectors worldwide, with growth rates far outstripping that of traditional manufacturing industries, as well as high-tech sectors, such as information and communications technology (ICT) and telecommunications. Interestingly, this emerging sector is not solely relegated to the wealthy nations of Europe and America. India, China, South Africa and even Cuba are now moving into the creative sector (see for example Starkwhite, 2002; Waller, 1996). However, some commentators have begun to question the disproportionate amount of attention currently being paid to the creative sector, suggesting that its economic forecasts are grossly exaggerated and that the term

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'creative industries' itself merely constitutes a re-categorisation of existing sectors into a new, more popular cluster. This research note explores the basis for the growing interest in the creative industries and attempts to determine how much of this interest is fuelled by hype and how much by reality.

THE SECTOR DEFINED

The concept of the 'creative industry' first emerged in Australia in the early 1990s. Originally, the term was used to describe all industries based on creativity that generated intellectual property, but this description was quickly narrowed to include industries that had an artistic or cultural bent (Howkins, 2002). Currently the creative industries are generally regarded as 'activities that 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). The sector includes a wide range of business types, from the conventional crafts, advertising, designer fashion and antiques, through to the more emerging businesses associated with the entertainment and leisure software sector, and the extensive range of related support services. On a global scale, governments worldwide have been quick to recognise the growing importance of the creative industries. Traditionally, the sector was regarded as a luxury or lifestyle activity, with little or no real impact on the economy. Increasingly, the sector has become synonymous with facilitating the move to a knowledge-based, high-value economy. Partly due to the work of Florida (2002, 2004), governments in countries as diverse as the United States, Hong Kong, Taiwan and Korea have adopted a new perspective on these industries and are now beginning to treat them as 'the new mass manufacturers, situated at the very heart of the knowledge economy' (DCMS, 2001). This perspective is supported by Wolf, who claims that 'entertainment – not autos, not steel, not financial services – is fast becoming the driving wheel of the new economy' (1999: 4). However, a substantive argument rationalising the sudden and somewhat disproportionate amount of attention currently being paid to the creative industries would appear to be lacking in the literature. In the absence of explicit evidence, a number of plausible explanations have been offered. First, according to Smith (M2 Presswire, 2001), the sector is central to everyday life: '[it is] all around us: the shoes and clothes we wear, the buildings we live and work in, the computer software we use for business and pleasure, the music we listen to, the books and TV programmes we enjoy at leisure'. Second, the globalisation of communications networks and the rapid advance of digital technologies have propelled growth in the creative industries to position them among the fastest growing in the world (DCMS, 2001). In the United Kingdom, for example, between 1997 and 2001, the creative sector grew by 8 per cent, compared to just under 3 per cent for the UK economy as a whole. In value-added terms, the sector contributes over 10 billion pounds sterling to the balance of trade, and accounts for 5 per cent of GDP, which is greater than the contribution of any of the UK's manufacturing industries. Moreover, it is estimated that two million people are employed, directly and indirectly, in the sector. As indicated earlier, these growth rates are not confined to the United Kingdom; similar growth rates are documented in Australia, New Zealand and Hong Kong (Department of the Premier and Cabinet, 2004; New Zealand Trade and Enterprise Agency, 2002). A further reason for this growth is due to the variety of industries that make up the creative sector. Creative industries are connected, directly or indirectly, to the information, communications and entertainment sectors of the economy, and as such, are typically very receptive to foreign collaborations, offering huge potential for exports, international partnerships and foreign direct investment (FDI). In addition, by their very nature, the creative industries and creative people are constantly absorbing new technologies, processes and management expertise in order to add value to the content of their outputs. Thus, there is a huge business opportunity, in terms of sales, knowledge and technology transfer, to be exploited.

THE RISE OF THE CREATIVE SECTOR

Throughout the last fifteen years, the Irish economy has witnessed unprecedented economic growth (ESRI, 2005). Typically, commentators have been apt to attribute this success to Ireland's FDI policies, concentrating on the performance of the manufacturing and high technology sectors, particularly the ICT sector. However, recently there has been heightened awareness of the contribution to the economy of the indigenous sectors. As a consequence, 'natural resource' sectors, such as the arts, music, literature and film, have been increasingly recognised as a significant economic resource. Interestingly, the Irish government has been aware of the potential of the creative sector for many years. For example, the growth in popularity of the sector was foreseen nearly a decade ago in Ireland: 'culture and leisure are important areas which can promote renewable prosperity and growth, for which Ireland is best suited …, (with) changes in the nature of work and leisure' (The Forte Report, 1996). Initially, the emphasis within Ireland's creative sector has been placed on the purer artistic endeavours, such as music, theatre, arts and crafts. However, economic awareness has shifted towards more technology-based creative businesses, such as interactive digital media, including computer software, games and related services, with such businesses being categorised as part of the 'digital content' sub-sector. In 2001, PricewaterhouseCoopers (PwC) estimated that the digital content sector was worth an estimated $180 billion to the Irish economy. The report estimated that by 2006, the sector would be worth $434 billion, which translates into an annual growth rate of 30 per cent per annum.

For some, the creative industries have been heralded as Ireland's new 'Tiger Economy', an example of its new economy patterns. Both Forfás and Enterprise Ireland have widely promoted the digital media industry as a new, high-growth sector, providing high value added employment. According to Forfás, Ireland has a number of strengths on which to build a world-class digital sector: the significant growth in both the supply and demand for broadband; access to a growing pool of IT, software and creative professionals; and the development of the Digital Hub, plus incubation facilities for digital content start-ups in colleges throughout the country. Collectively, such strengths mean that Ireland now has the creative, technical and business skills, as well as the infrastructure, to make Digital Ireland a reality. However, for others, the creative industries simply represent a re-categorisation of other industries into a new industry cluster which down-plays the more aesthetic elements of the sector, pushing the technological aspects to the fore. Regardless of the perspective adopted, the economic contribution of these industries cannot be ignored. A perfect example in this regard is the music industry, which is one of the most integral and popular symbols of Ireland's cultural sector. The contribution of the Irish music industry in terms of economic contribution is quite significant. According to Goodbody Economic Consultants' report (2003), the industry generated €478.4 million to the economy, with sales of records by Irish artists exceeding 56 million albums. In global terms, Irish artists accounted for some 2.3 per cent of worldwide CD sales. The success and universal recognition achieved by artists like The Corrs, Enya, U2, Christy Moore and The Chieftains has positioned a small nation like Ireland to the forefront of the world's music stage. For example, on a per capita basis, record output by Irish artists is almost thirty times the average. Per US dollar of gross domestic product (GDP), Irish music output is eight times the worldwide average. Further evidence of the success of Irish artists is evidenced by the fact that they were represented in almost 30 per cent of the top 10 albums for which the International Federation of the Phonographic Industry (IFPI) provided data. Over the period 1996–2001, Irish artists have won forty-eight platinum awards, putting Irish artists in fourth place behind the United Kingdom, the United States and Canada (Goodbody Economic Consultants, 2003). According to Ó Cinnéide (1999), this level of creative talent is not just confined to performers but extends to Irish composers, arrangers and business managers. Ireland's domination of the Eurovision song contest in the 1990s highlighted the country's inherent talents in this regard, as well as the role that music plays in national culture. Indeed as noted by Ó Cinnéide (1997), the success of Riverdance is indicative of what Irish creative personnel can achieve. Conceived originally as only a short interlude for the Eurovision, Riverdance was successfully developed into a full-length theatrical show, with video and audio spin-offs, and more than ten years later is still touring to packed theatres throughout the world. In economic terms, the success of Ireland's creative sector translates into significant employment gains. The music industry is, by far, the most significant employer of all the cultural sectors in Ireland. However, accurate estimates of employment are difficult to obtain. In 1994, Simpson Xavier Horwath Consulting estimated that up to 14,000 people were employed, either directly or indirectly, in the Irish music industry, while others (Coopers and Lybrand, 1994; Goodbody, 2003) put the figure closer to 10,000 full-time equivalent employees in the sector, the majority of which are in Dublin itself (71 per cent of all Irish music industry enterprises listed are based in Dublin). Irrespective of the exact figures, the scale of the value added by the Irish music industry to employment and the economy is impressive. According to Goodbody (2003), it is worth just under half of 1 per cent of GDP and exceeds the value added by industries such as dairy processing, newspaper and magazine publishing, and plastics and rubber production.

Another benefit of the creative sector is that of social regeneration. A number of commentators, for example, Mitchell and Wall (1989) and Johannisson (1990), recognised the benefits of such an industry to the wider society (see also the Forte Report, 1996). Culture, for example, can become a most potent force, especially in terms of economic and regional development, particularly when it is developed in tandem with tourism. The mushrooming of cultural music centres and summer schools throughout Ireland is testimony to this development (Ó Cinnéide, 1997). Notwithstanding the above, there is a need for caution in assessing the economic potential of the creative industries. To some, the success of many aspects of the creative industries in Ireland can be said to be more apparent than real, leading some to question the true value of this sector to the economy. While success stories abound, major weaknesses exist in the current model on how best to indigenise the industry so that the maximum economic benefits can be achieved from native talent. In the case of the music industry, for example, many of Ireland's international stars, such as The Corrs, Enya, The Chieftains and The Cranberries, are all signed up to British or US divisions of global record corporations. Consequently, their contribution to sustaining and developing the Irish record industry is questionable. Similarly, the penetration of Irish artists in terms of the home market is low. At present, as reported in Henry et al. (2004), Irish artists have only 26 per cent of the domestic market by value. This is low by international standards and suggests that there is considerable scope for Irish artists to expand.

At a fundamental level, the above is partly due to a wider problem in the creative sector. The success of many aspects of the creative industries, particularly those presented on the international stage, both literally and metaphorically, has been due largely to immense individual determination and talent, rather than as a result of a coherent national strategy/support system. Because the industry is apparently so successful, there is, unfortunately, the perception that it does not need support. This is in contrast to other industries, such as manufacturing, which is constantly upgrading its infrastructure, employee skills and management training. It is of interest that Forte recommended that the training/development agency FÁS adopt an active role in identifying training needs, with a view to developing a comprehensive up-skilling strategy for musicians/musician entrepreneurs (the Forte Report, 1996).

CONCLUSION

There is no doubt that the creative industries represent a powerful economic force for many modern and emerging countries. Indeed, policy-makers around the world have begun to focus their attention on the sector. Such scrutiny has propelled the sector into the limelight but has exposed fundamental weaknesses in the structure, organisation and management of the creative industries in Ireland. It is further apparent that much of the success of Irish creativity has been due to the determination of individuals, rather than a coherent creative policy. On the question of how much of this is hype, and how much is reality, there is no doubt that significant economic potential for the creative industries exists, but policy-makers and government should be particularly cautious in promoting the 'creative sector' as the next big economic force in Ireland – in many respects, this particular tiger has yet to roar!

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