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Creative Industries in Iran
Persia Mohseni
PhD thesis
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With all my heart, to:

My creative Mother;

My Pragmatic Father;

My Uncle, Maestro Mohsen Mohseni and his lifetime dedication to Persian Carpet Art – Industry; the great intellectual man whose contributions to Iran Culture have been the source of insights for me, his stories helped me a lot in writing this essay, and now that I am concluding my PhD path in Italy, heartbrokenly, I just heard that he passed away in Tehran. His memories will always remain with me.

&

Iranian Creative Smart Young Generation

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SOMMARIO

Questa dissertazione vuole raccontare l'origine e la storia delle "Industrie Creative", in generale e delle "Industrie Creative" in Iran, in particolare, con la prospettiva dell'economia e del management. "Industrie Creative" è un concetto relativamente nuovo nel mondo accademico. Questo concetto nasce ufficialmente da indirizzi politici e normativi; in realtà il concetto trae origine da diversi ambiti accademici. Terry Flew ha giocato un ruolo chiave in questo campo con l'istituzione della Facoltà delle Industrie Creative presso Queensland University of Technology (QUT), in Brisbane, Australia, nel luglio 2001, la prima al mondo. I prodotti dell'industria creativa sono il risultato di processi che scaturiscono dall'inventiva delle persone. Poiché la cultura e il retaggio culturale delle persone influenza in modo significativo queste industrie, in qualche situazione queste sono chiamate industrie culturali, o industrie creative culturali. Queste attività industriali hanno il potenziale di poter contribuire in modo significativo al PIL degli Stati. Nel 2015 le Industrie Creative hanno generato un volume d'affari valutato in 2,250 miliardi USD, pari al 3% del PIL mondiale, con un numero di addetti che raggiunge i 30 milioni. Negli ultimi anni il volume di affari ha superato i 10,000 miliardi USD. Secondo le definizioni e classificazioni ufficiali e accademiche, seppur talvolta discordanti, si può concludere che, in senso lato, queste industrie sono costituite da industrie culturali e non-culturali. Poiché queste industrie spaziano dal software all'information technology, alla pubblicità, all'architettura e design, all'arte, alla fotografia, al video, all'artigianato e molti altri campi. Questa dissertazione è focalizzata sulla parte culturale dell'industria creativa. Le sensazionali innovazioni scientifiche e tecnologiche del XX° secolo, sviluppate nei paesi industrializzati, e il conseguente ingresso nella quarta rivoluzione industriale hanno altresì evidenziato l'esigenza di ricercare i bisogni spirituali e creative della persona, da qui lo sviluppo della scienza e tecnologia "soft". Questo paradigma è poi evoluto nella diffusione delle industrie creative. Queste industrie e le politiche ad esse legate sono state definite per la prima volta nel 1997 in UK sotto il governo Blair. In realtà i concetti si erano sviluppati sulla base di un'origine più lontana e profonda, a partire dagli anni '50, quando le discussioni sulla "cultura" avevano cominciato ad interessare la società civile e il

mondo accademico. Le discussioni sono poi proseguite presso la Scuola di Francoforte, partendo dai concetti di Adorno sull'industrializzazione della cultura, "l'industria culturale" con connotazione negativa, per arrivare ai giorni nostri con una connotazione positiva, totalmente opposta, che fornisce un paradigma di sviluppo economico e di generazione di benessere nell'ambito della quarta rivoluzione industriale. Tuttavia la dicotomia tra business e cultura esiste ancora e si registrano tensioni tra le comunità della cultura e dell'economia esiste ancora la percezione che i due ambiti non possano coesistere. Questo schema è stato stravolto per la prima volta all'inizio degli anni '60 da Andy Warhol, geniale artista ed esperto uomo d'affari allo stesso tempo, con la creazione della Andy Warhol Factory a New York.

Seguendo l'esempio di UK, altri Paesi europei come Italia e Francia e, in seguito l'Australia hanno assunto la leadership per lo sviluppo di queste industrie. In seguito altre nazioni hanno compreso l'importanza di questo campo sia per rafforzare la loro identità culturale, sia per attivare nuove opportunità economiche. Le economie più importanti del mondo – Cina e Stati Uniti – hanno già iniziato a porre in essere le condizioni politiche, normative e infrastrutturali necessarie per lo sviluppo delle industrie creative. Allo stesso tempo, l'importanza delle industrie creative è stato riconosciuto dalle economie dei Paesi in via di sviluppo, come motore per lo sviluppo sostenibile. Nella letteratura di queste economie si nota come ci sia un importante tassello mancante: l'Iran. Ho condotto una ricerca specifica su questo aspetto e ho rappresentato la situazione in questo Paese. In Iran queste industrie sono un concetto nuovo, ufficialmente sono nate nel 2018. In Iran esiste un enorme potenziale ancora inesplorato per lo sviluppo delle industrie culturali e creative, ma l'importanza strategica di queste non è ancora stata riconosciuta e la necessaria attenzione non è ancora al giusto livello; di conseguenza l'Iran non ha ancora acquisito una presenza significativa in questo campo. D'altro canto l'ecosistema presente nel Paese è molto dinamico e favorevole allo sviluppo di questi temi, esiste pertanto la speranza che si possano ottenere progressi in future. Per questa dissertazione ho selezionato il settore dell'artigianato tra i 12 settori ufficialmente censiti nell'ambito delle industrie creative in Iran. L'artigianato è una delle manifestazioni più significative del

patrimonio culturale dell'Iran, il suo sviluppo potrebbe contribuire in modo significativo all'economia del Paese. Ho esaminato la performance di sette attività di artigianato e ho studiato lo sviluppo dell'industria creativa in Iran dall'inizio ufficiale fino allo scoppio della pandemia, vale a dire negli anni 2018 – 2020. Mi auguro che questo studio possa servire da stimolo per altri lavori di ricerca in questo campo, in particolare per il mio Paese, l'Iran.

ABSTRACT

This dissertation tells the story and history of “Creative Industries”, in general; and “Creative Industries” in Iran, in particular, with the perspective of economics and management. The focus is on cultural part of creative industries. This study expands the conceptual background of creative industries, the official formation of these industries, the policy discourses and the description of these industries in practice at the global level, their academic position and their economic impact. In this dissertation the delicate differences between creative industries and cultural industries have been discussed. Also, the evolutionary route how creative industries were shaped is argued: from the studies around culture, and cultural policies, then industrialization of culture and culture industry as a negative issue interpreted by some scholars such as Frankfurt School thinkers, and later the notion of cultural industries as a positive paradigm followed by culturalization of economy and cultural economics and eventually the formation of cultural and creative industries. The discussions on creative industries in Iran, which were gap in the literature of this domain, have been filled in this dissertation. Here, the story of creative industries in Iran has been told for the first time, comprehensively, from the official birth of these industries in Iran, which has been in 2018 to the emergence of COVID19, it means 2020. Iranian Crafts Industry has been selected as one of the sectors of creative industries in Iran and the performance of 7 creative crafts businesses has been analyzed. The analyses illustrate that although Iran possesses a huge potential in development of cultural and creative industries, in general; and in Crafts industry, in particular, and there has been more attention recently on these sectors with respects to the past, we are not standing at the proper position yet, and we need to set more serious plans for development of these industries.

Key Terms: - Creative Industries
- Cultural and Creative Industries
- Economics and Management
- Cultural Economy
- Creative Industries in Iran
- Iranian Crafts Industry

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CHAPTER 1 – INTRODUCTION

“Creative Industries”, a term generated out of two words: “creative” and “industries”, may sound an unusual concept at the beginning in the academic language and environment. What we generally perceive from “creativity” are somehow the subjects recalling us of art and cultural expressions, normally taught in art and humanity faculties at universities. “Industry”, instead, is related to the issues such as commerce, business, economy, trade, application of new technologies, production, distribution, consumption, value chain, forms of labor, globalization and so on, which rest in economics and business schools. These two notions are often considered separated rather than coming together. Nonetheless, there are the new emergent paradigms reflecting the post-industrial capitalist economies and the attention given to the multidisciplinary studies, that combine these two apparently distant paths in one line and presenting it as a meaningful and powerful academic field, which is worthy to be studied within the purview of “economics and business”. Later, in the next chapter, we will apprehend how these divergent fields of study converge, drawn upon the critiques around the studies on a fundamental principle that is “Culture”. That is why the “Creative Industries” are sometimes called “Cultural Industries”, although they are not exactly the same.

Indeed, one of the main themes of the discussion in the cultural and creative industries domain is the collaborations, sometimes tensions and conflicts between “culture” and “economy”, as two seemingly separate social categories with different nature of existence, which is interpreted through terms such as “cultural industries” and “creative industries”.

“Creative Industries” are a group of industries like other industries within the business and economy with their revenue generation. Alongside with other industries such as transport industry, computer industry, telecommunication industry, agriculture industry, food industry, health care industry etc., these industries also exist and they have their own identified products, services, market, production, and consumption, network and other economic dynamics related to “an industry”. They are the part of the global labor and trade, and contribute to the GDP of the countries and the whole world.

Creative industries are the industries in which the pivotal elements are “Human” and his “Creativity” both at individual and collective level. In other words, the products of these industries are the output of the process associated and generated with the creativity and ingenuity of the human being. Among these industries we can name the range from software and computer to media, digital content, advertising, architecture, art and design, photography, video, publishing, crafts, etc.

Nowadays, it is claimed that the future of successful countries and cities often comes with the cultural and creative industries. Creative workers are highly valued, with higher than average incomes and creative industries are the growing driving force for the global economy. These industries are innovation-based and knowledge-intensive industries. There are evidences showing the increasing participation of the creative industries in the economic growth of developed countries. They are making a noticeable contribution to GDP of some societies with respect to many traditional industries. Creative industries have been estimated to contribute more than 7% of the world’s GDP with the annual rate of growth equals to 10% (UNCTAD, 2004). According to the First Global Map of Cultural and Creative Industries (December 2015), Cultural and creative industries provide USD 2,250 billion revenue, 3% of world GDP and nearly 30 million jobs worldwide.

The rapid development of Internet and digital technology is used as the promoting channels helping the creative workers and artists have more opportunities in their creations and works. They also facilitate flourishing, progressing and distributing the works of the artist and creative worker within creative industries. In fact, the cutting edge innovations and new digital technologies provide the network of creative fields and cultural participations.

Having talked about the “technological” breakthroughs and “industry”, they remind us of the controversial economic and managerial academic discussions of today, arguing about the new industrial era we have already entered, which is the 4th industrial revolution with its own bold characteristics: the technological revolution, automation, machine learning, artificial intelligence, manifestations of robots etc.

On the one hand, there is a pessimistic trendy stream admitting that these innovations radically change people lives; as robots, and the machines will replace the jobs of workers, accordingly.

On the other hand, there is an optimistic belief forecasting that these innovations will make the industries stronger and “the fourth industrial revolution is about empowering people, not the rise of the machines” (Keywell, 2017), as yet human “creativity”, brilliance, grit and ingenuity will be prominent skills not replaced with machines.

Looking at the positive viewpoint about the industrial age of today, the industries associated with human creativity might become more and more valorized and flourishing in the near future; as “human creativity” has been perceived as “the ultimate economic resource” (Florida, 2002).

The fourth industrial revolution or the so-called fourth wave is the wave of creativity. If we look at three waves of Alvin Toffler, it means: agricultural revolution or sedentism; industrial revolution or factory life; and communications revolution or digital life; we would like to talk about a wave, that is creativity. In other words, if in post-industrial or communications age, because of the significant role of knowledge and wisdom, the third wave was known as knowledge wave, in the future world (with its signs which are visible today), what will bring more wealth and power is, indeed, “creativity”.

The creative industries have recognized to become crucial to economic prosperity; and some academics have estimated that “the industries of the twenty-first century will depend increasingly on the generation of knowledge through creativity and innovation” (Landry and Bianchini, 1995).

Creative Industries are:

“... an economic good or service that results from creativity and has economic value” (Howkins, 2001); and,
the industries “where brain power is preponderant and where the outcome is intellectual property” (Howkins, 2005).

It is being argued that “creativity” is at the cutting-edge of the rapidly changing world of today. Creativity now is praised more than before by societies and dynamic businesses. The creative workers play significant role in driving social, cultural and economic development of the nations.

There are not neat borders between creative sectors. “Visual artists use interactive and moving images, performers use digital media in site-specific works, and collaborative teams create sophisticated productions that captivate our senses” (from the Website of Creative Industries Faculty of QUT: Queensland University of Technology).

The term “creative industries” was initially originated in the late 1990s by British Labor Government headed by Tony Blair, in line with his decisions on promoting the industries, which later were classified as creative industries, by making the policies related to them, aimed at raising their contribution into the economy of the UK.

In this essay, the definition, literature, history and evolution of the concept of “Creative Industries” will be reviewed with the perspective of economics and management. In other words, the economic impact of these industries on GDP of the societies will be studied. I will describe when this term has been initially originated and how it has been evolved both at the conceptual and intellectual level as well as policy discourses and empirical level. I will also argue how it has been grown up internationally.

As it has been mentioned above, and will be described in details in the next chapter, the term creative industries was officially set up pragmatically under Blair and Brown political government in Britain. However, it has much larger and more profound essence than these policy discourses. In the conceptual section of the next chapter, we will learn that creative industries was initiated and shaped out of intellectual studies, analysis and critiques started from the late 1950s, around a key element, which is “culture”. The debates on creative industries, then, was originated in 1970s, continued and stimulated in 1990s and it is an ongoing debate to the present day. Nonetheless, creative industries are not really a direct outcome

of the ideological contemporary global capitalism according to what Marxism observes them. Creative industries have evolved in line with cultural studies and eventually the “culturalization of economy” in the realm of economics. It is claimed that culture has more power than being only a simple reflective of an economic framework of capitalism suggested by Marxism. In fact, it is the core element of the post-industrial capitalist economies.

This has been argued in Michel Foucault’s ‘The Birth of Biopolitics’ (Foucault, 1978-79) (2008, translated in English), saying that we need more nuanced and context-oriented scrutiny about the relationships between creative industries policies and cultural policies studies, rather than a naïve analysis suggested by neo-Marxist’s logic and contemplation on neo-liberalism economic system, interpreting it as “commodification of everything” (Fuchs, 2008) in “a radically free market” (Brown, 2003).

Therefore, culture is more influential and dynamic than only being limited to be the consequence of an economic framework. The critiques around culture caused more attention to cultural forms, values and practices. At that point, it was perceived that culture has a great potential to affect the social progressive changes and it is not isolated. The relationship between culture and other disciplines such as politics and economics were recognized and studied. All these debates constituted the field of creative industries and the reflection on this field again reshaped our understanding on culture. It seems that there is reciprocal relationships between culture and other disciplines, including our focus here, which is economics; and evolution of one reinforces our reflection on another and vice versa.

One way of dealing with “culture – economy” tension has been through Marxism. Marxism has analyzed the socio-cultural and political-economic aspects of capitalist societies. As an example, in his essay “Postmodernism, or the Cultural Logic of Late Capitalism” (Jameson, 1984), Fredric Jameson has reflected on postmodernism as the prevailing cultural system of the “Late Capitalism” era as defined by Marxist economist Ernest Mandel (Mandel, 1975). In other words, the political pattern had been shifted to the dominant cultural logic in the monopoly and market capitalism setting. The problem with this view, which has been known

as base/superstructure metaphor in Marxism, however, is that a particular economic framework generates the cultural form. Stated differently, the cultural mindset is mirrored by this economic structure. Especially, from cultural studies viewpoint, these works mark a reductive logic related to Marxist theories on culture, rejected by many intellectuals in the domain of cultural studies such as Stuart Hall who believes that the significant issues Marx ignored were “our privileged objects of study: culture, ideology, language, the symbolic” (Hall, 1992).

In the next chapter, first, in section 2-1, the origin of creative industries that was policy making oriented will be discussed. Then, the cultural studies and afterwards cultural policy studies will be analyzed in section 2-2, as the conceptual theories that caused the formation of the field of creative industries. Section 2-3 of next chapter makes an attempt to clarify the confusion with creative industries and cultural industries, trying to discuss the delicate borders between them. We need to notice that for better understanding the dynamism of this field, we need to identify these sections. However, we are aware that the relationship between creative industries and culture, or economy and culture is more complex than these classifications. Albeit, since we are reviewing this field focusing on its position in economy as we are in business and management school, and not in critical humanities and cultural faculties, it wouldn't be coherent to cling too much to the “critical mission of cultural studies” (Flew, 2012) and to go more in depth into the conceptual cultural and social analysis. Although, in the end, indeed, no need that one neglects and abandons “culture”, “cultural studies” and “humanities” because s/he is economist or within the management and business faculties, as there are sometimes better insights into current components of international business, such as the evolution of brands, contributed by cultural studies rather than the studies resulted out of business school fields such as management and marketing (Kornberger, 2010).

Section 2-4 of the next chapter addresses the academic evolution of the field and its seats at universities faculties. Section 2-5 returns back again to “creative industries” and expands the field in details, its place in the market and the issues related to industry and economy such as production, distribution, consumption etc.

In section 2-6 of chapter 2, some models and approaches of creative industries will be presented. Section 2-7 looks at creative industries progress in globalization age and international trade networks as well as the emergence of the creative clusters, creative cities and creative classes. In section 2-8 of the next chapter, how creative industries have been developed globally will be analyzed. Section 2-9 illustrates how these industries have been evolved in developed nations. In chapter 3, the adoption and evolution of creative industries in developing countries have been argued. In the literature of creative industries, we notice that Iran is somehow a gap, which has not been studied yet, or better say that we are at the beginning steps of studying it. This gap, it means the positioning of this field in Iran, will be reviewed in detail in this dissertation. First, in chapter 4, I have performed a general overview about Iran. Then, chapter 5 embraces the debate on the discourse of creative industries in Iran. The birth of creative industries, which is a newborn concept, their evolution, their ecosystem and dynamism, the model adopted as well as the their policies will be argued in details with the focus on the cultural part of the creative industries.

Among the 12 official classifications of the creative industries in Iran, I have chosen Iranian “handicrafts” industry, which is an elegant, sophisticated and prominent Iranian cultural heritage element with its antiquity and long history and story. Iranian handicraft industry – with Persian carpet art-industry as one of its worldwide well-known manifestations of beauty – encompasses a large variety of branches, with their own magnificent artifacts, knowledge, know-how and skills, which can be promoted as a group of creative industry with its contribution to the economy of the country, but yet much neglected.

In chapter 6, I have explained briefly about Iranian handicrafts industry history and I have presented its various categories.

The empirical part of this dissertation starts with Chapter 7, where 7 companies dealing with handicrafts and have been officially registered as creative companies in Iran, have been selected. Their performance has been evaluated that will be explained in details in the methodology part, which is chapter 8; and subsequently, the data analysis and result have been conducted in chapter 9.

And, finally, chapter 10 will conclude the whole dissertation.

CHAPTER 2 – CREATIVE INDUSTRIES
LITERATURE REVIEW
CULTURE – POLICY
THEORY – PRACTICE

The striking advances and breakthroughs in hard sciences and technologies over the 20th century in the prosperous economies in developed societies, led to the urge feel of the higher spiritual needs of human being. Meeting these needs felt the necessity to develop a new aspect of science and technology dealing with the emotional and creativity of human beings. In this new approach, “human” and his “creativity” are the essential elements, and this new branch of science, which is aimed at raising the relationship between human beings and the environment around him, is called “soft science and technology”. This new paradigm made the formation of “soft industries” vis-à-vis hard and manufacturing industries. One of these soft industries, are cultural and creative industries. These industries have been developed in recent years. Some thinkers and academics consider these industries as the drivers for the creative economy of the society, which will be the type of economy in the new era: 4th industrial age.

If at one time, animal husbandry and predatory were replaced by agriculture, then the factory industries found high position in the economy of the countries and the world, and then the production and transfer of knowledge based on information and communication technologies were the mainstream technology for power of wealth creation, now we are moving towards a world where creativity is determinant.

From an industrial point of view, the creative industries including the cultural, artistic and innovative industries are becoming the most important source of power and wealth for individuals and countries.

Now, we will study in details the story of the official formation and evolution of these industries.

**2-1 When and How was “Creative Industries” Officially Generated –
Policy-Oriented**

“Creative industries”, as a concept, emerged out of the studies, debates and critiques surrounding “culture” and its relation to other theoretical fields such as

social, political and human sciences. In other words, the field of creative industries was shaped out of many academic studies among which and the most important is “cultural studies”. In fact, the field of creative industries is the fruit of cultural studies that will be discussed more in details later. However, the term “creative industries” was basically and officially generated out of pragmatic experiences including policy-making discussions, and not academic theories, in the late 1990s in the UK by British Labor Government. Nonetheless, later on, it was also academically built upon many disciplines such as cultural studies, sociology, geography, economics, critical theories etc.

Here, both theoretical and policy aspects of creative industries will be expanded. I will also argue the empirical account of creative industries. That is how and to what extent these industries have been examined in reality in the societies within the framework of economic notions such as market, trade, creative labor, production and consumption.

In his book, “The Creative Industries Culture and Policy”, Terry Flew, has introduced creative industries in a fascinating way by saying “how advertising as a creative industry balanced creativity and commerce, and artistic aspirations with the stated desire to manage consumers’ purchasing decisions on behalf of their corporate clients” (Flew, 2012). He shows it through the story of a TV program in 2007, the series *Mad Men* that is about an imaginary advertising agency in Manhattan, New York in the early 1960s. Exactly at the same time, in the same place, we can observe the creation of Andy Warhol’s Factory. Andy Warhol was a great leading artist and also a smart businessman. That is something, which couldn’t be perceived and agreed by the traditional thinking about art and commerce at that time having this tendency to separate them. The companions of Warhol who had considered his Factory as their home and the artistic environment had been shaped around there is indeed “one of the factors that would make New York the center of the cultural universe by the early 1970s, and this creative impulse continues to be as central to the identity of New York as a global city as its banking and finance industries” (Flew, 2012).

In 1997, British Labor Government during Tony Blair governance officially originated the term “Creative Industries” in the UK. In fact, they established the

new Department of Culture, Media and Sport (DCMS) replacing the old Department of National Heritage (DNH), transferring the arts, broadcast media and sport altogether within one administrative entity towards the new shifting approaches for recognizing and integrating institutions for cultural policy discourses. DNH had been created in 1992 immediately after Conservative election victory and was renamed as Department of Culture, Media and Sport in 1997. It is important to note that in July 2017, under the premiership of Theresa May, DCMS was renamed to Department for Digital, Culture, Media and Sport, reflecting the increases in digital activities of this department.

Back to the original formation of DCMS in 1997, they founded CITF (Creative Industries Task Force) as the core movement of this Department. This center was designed aimed at defining the creative industries, detecting these industries in the UK, monitoring the activities of these sectors, measuring their share to Britain overall economic performance, and finally adopting policies for encouraging these industries. DCMS, then in 1998, issued The Creative Industries Mapping Document, which defined the creative industries as:

“Those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 1998).

One interesting point in the DCMS definition, especially for the sociologists and cultural theorists, was giving the policy weight to more flexible small-scale production systems, and trend in personal consumption of commodities to build personal identity, what has been also referred to as “post-Fordism” and production of “newness”.

According to The Creative Industries Mapping Document, 13 sectors constituted the “creative industries” (Table 2.1) known as a list-based approach to creative industries.

Table 2.1 DCMS's 13 Creative Industries Sectors in the UK

Advertising	Interactive leisure software (electronic games)
Architecture	Music
Arts and antique markets	Performing arts
Crafts	Publishing
Design	Software and computer services
Designer fashion	Television and radio
Film and video	

Source DCMS, 1998

Then, Chris Smith, the Culture and Heritage Minister, made the comment in line with the project of Mapping Document that:

“The role of creative enterprise and cultural contribution is a key economic issue. The value stemming from the creation of intellectual capital is becoming increasingly important as an economic component of national wealth ... Industries, many of them now, that rely on creativity and imaginative intellectual property, are becoming the most rapidly growing and important part of our national economy. They are where the jobs and the wealth of the future are going to be generated” (Smith, 1998).

The Creative Industries Mapping Document in 1998 identified the creative industries as contributing a large and growing share to the UK economy. It observed the following statistics (DCMS, 1998):

Creative Industries in the UK:

- Generating an estimated £ 60 billion a year in economic value added (almost 5% of total UK national income);
- Employing 1.4 million people;
- Generating an estimated £ 21 billion in economic value added in the city of London (as contribution of creative industries in this city was even greater than other parts of the UK);
- Accounting for 500,000 direct or indirect jobs, for one in every five new jobs created in city of London, making the creative industries the second largest economic sector after financial and business services in London (Knell and Oakley, 2007)

This approach that these sectors were crucial to Britain’s post-industrial future economy was a basic trend during Labor under Tony Blair; and also continued till 2007, under Gordon Brown. Tony Blair believed in largely investing in these

sectors as his assumption was that their "... aim must be to create a nation where the creative talents of all the people are used to build a true enterprise economy for the 21st century – where we compete on brains, not brawn" (Blair, 1999).

In 2001, the second Mapping Document for these sectors was launched by DCMS. Then, the related policies were developed in the areas such as education, regional policy, entrepreneurship and trade. Chris Smith remarked in this regard "The creative industries have moved from the fringes to the mainstream" (DCMS, 2001).

This orientation was also continued during the new Prime Minister, Gordon Brown who affirmed that "... in the coming years, the creative industries will be important not only for our national prosperity, but for Britain's ability to put culture and creativity at the center of our national life" (DCMS, 2008a), although the economic situation changed fast during the Prime Minister-ship of Gordon Brown. The modernization project of Tony Blair's "New Labor" including the new paradigm of creative industries was a significant shift, though in the UK's economic discourses, which had become hegemonic in British public policy under the previous Conservative government (Flew, 2012). The pivotal significant next step was a novel arrangement of arts and media policies with economic policies, and giving a more attention to cultural sectors in more extensive economic discourses to the extent that we can claim the creative industries in the UK, in terms of policy rhetoric was per se an outstanding British export element.

How all those attempts surrounding policy-making development for the creative industries led to contribution to the UK's economy, were realized in practice, can be seen in (Table 2.2). These data, which were provided for the year 2004, illustrate the share of creative industries in the UK's GVA (Gross Value Added), their average annual rates of growth, their contribution to exports and the number of people employed in these industries.

Table 2.2 Economic Contributions of UK Creative Industries, 2004

Industry	Contribution to UK GVA (%)	Annual rate of growth 1997 – 2004 (%)	Value of exports (£ Million)	Number of people employed
Advertising	0.7	3	1,100	223,400
Architecture	0.5	2	570	108,200
Art and antiques	0.06	7	2,200	22,900
Crafts	n/a	n/a	n/a	95,500
Design	0.5	n/a	550	n/a
Designer fashion	0.05	2	n/a	115,500
Video, film and photography	0.3	0	940	63,800
Music and the visual and performing arts	0.5	2	150	236,300
Publishing	1.2	2	1,500	253,300
Software, computer games and electronic publishing	2.7	9	4,700	596,800
Radio and television	0.9	8	1,300	108,700
Total	7.3	5% average	13,000	1,824,400

Source: DCMS, 2007

After the definition of the DCMS model of creative industries in the UK, the debates around this new born approach started. Following, the arguments will be expanded in details:

Debates and Critiques surrounding the First Definition of Creative Industries

The definition of the creative industries has evolved over time and there are different approaches later adopted by various scholars and governments. However, the original list-based approach classified by DCMS in 1998, described as “ad hoc” according to Terry Flew (Flew, 2012), has always remained as a hallmark in this domain. The first classification for creative industries by DCMS (table 2.1) is a kind of unrefined and incomplete, and a heterogeneous package of sectors identified as creative industries. This taxonomy provoked a set of debates and critiques in both academic and policy-making environments surrounding the concept of creative industries:

- Critiques by the Ones, who are always concerned about the Excellent Position of Culture (What I myself call “Culture Worrywarts”): O’Regan (2002) criticized the one-sided focus of the model, which is commercially oriented and has the risk to lose discerning the complex cultural sphere.

- Critiques on Validity of “Creativity” and not Distinguishing between the Industries in the Model: A range of critiques of DCMS model emerged from the more pragmatic policy perspective, in particular associated with the validity of “creativity” as policy issue, which can collect together the different industries under one set called creative industries.

Some argued that DCMS model is not able in the first place to distinguish the industries in its set as well as from other industries on the basis of their creativity adoption, as “every industry would surely lay claim to some measure of individual creativity, skill and talent” (Bilton and Leary, 2002).

Pratt (2005) claimed, “It would be difficult to identify a non creative industry or activity”, since “any innovation – including scientific and technical innovations of any sort in any industry is creative, and, in such terms, any industry is, therefore, potentially a “creative industry” (Galloway and Dunlop, 2007). The resulting danger of this perspective is the extension of the concepts of culture and creativity “beyond breaking point” (Hesmondhalgh and Pratt, 2005).

Terry Flew observes the DCMS original model as drawing together the “highly capital-intensive” industries (e.g. film, radio and television) with “highly labor-intensive” (which are art and antiques, crafts, designer fashion, music, the visual and performing arts) (Flew, 2012). He also adds that this categorization confounds the industries that are driven by commercial and business dynamics such as advertising and architecture with those that are not.

- Critiques on its Political Arrangement – The Art Lobby: The DCMS approach is sometimes observed as a political arrangement and sort of “the arts lobby” through which the Mapping Documents “opened a door to Treasury funding and gained an economic respect for the sector it had never had before” (Pratt, 2005). Pratt had also argued that the analysis on creative industries in this way, would be a new way of data collecting that are not found in SIC (Standard Industry Classifications) model and were not seen “either as part of the state-supported sector, or viewed as somewhat peripheral to the ‘real economy’ “ (Pratt, 2004a).

Garnham (2005) observed that DCMS creative industries approach was not only political pragmatic, but also has developed in line with boosting the cultural sectors to strategically extend its trajectory to the more sophisticated policy areas associated with information society and knowledge economy. He believed that a part of the focus on creative industries has been the fruit of the endeavor of “the cultural sector and the cultural policy community to share in its relations with the government, and in policy presentation in the media, the unquestioned prestige that now attaches to the information society and to any policy that supposedly favors its development” (Garnham, 2005). Garnham concluded that this way of approach had two major consequences: First, it was the reinforcement of the copyright protection in general for so-called copyright industries such as software, media and entertainment thanks to the link to cultural employees. Accordingly, the IP (intellectual property) regime can act as a fetter on innovation, especially in digital content domains (Flew, 2006). The strong IP regime result is also seen in policy documents such as “Digital Britain” with the focus on strong IP laws as a pillar of creative industries development (DCMS/DBIS, 2009). Second, there is a risk to deviate the focus of policies away from the cultural goods and services and towards creativity side as the supply side of artistic works, considered as a primary operator of the cultural policies by mistakenly hypothesizing the concept of artists a “model creative worker” for human capital formation in the realm of economy. And, it has the risk of insecure employment atmosphere, which might transfer the position of creative artists to “new entrepreneurial paradigm” for the knowledge workforce (Ross, 2007).

- Critiques on the Argument why the Model doesn't Include “STEM”¹: Howkins (2001) criticized DCMS model that has limited creativity more to the areas of arts and culture and has neglected the science and engineering, and generally technological innovation. Also the industrial design in its whole range could be discussed. One can argue if the application of fashion design to clothing industry identifies a creative industry, why not the interior design of a BMW be considered as a creative industry.

- Critiques on “Breadth Question” (Pratt, 2005) (Generic “Cookie Cutter” – “One Size Fit All” – “Everything is Creative” Approach) and their “protean form”

¹ STEM: Science, Technology, Engineering, Technology and Mathematics

(Flew, 2012): DCMS model of creative industries has a generic approach and too broad according to some scholars. They believe based on the definition of DCMS and considering the link between creativity and the output, “everything is creative”. This fails to identify the distinctive and specific aspects of cultural sectors and leads to a “one size fit all” approach for media and cultural policy. The critics argue that such a broad approach fails the deep understanding of the specificities of each industry, and thus “the most effective policy interventions to further their development. They criticize that the term creative industries can encompass all existing industries in the world, or at least a wide range of them and that “everything can be creative”. (Oakley, 2004; Pratt, 2005; Galloway and Dunlop, 2007). Later, in section 2-3, where the creative industries versus cultural industries are being discussed, this view that “everything can be creative” Vs. “everything can be cultural” will be better perceived.

Another problem with breadth question about the creative industries policies is that the creative industries policies discourse has been materialized out of a broad ambiance where and when the economy’s cultural and symbolic aspects have gained greater attention and understanding. Creativity has been detected as an increasingly significant source of sustainable competitive advantage in the globalized and knowledge-based economy of business world today. Besides, the cultural and symbolic facet of economy is also growing rapidly through mechanisms like “aestheticization of everyday life” according to sociologists such as Featherstone (1991), or what Lash and Urry interpreted as “culturalization of the economy”, where “ordinary manufacturing industry is becoming more and more like the production of culture” (Lash and Urry, 1994).

One controversial critique around the “creative industries” is their “protean form” (Flew, 2012). That is, one can claim that these industries over-expand the size of their sectors, and at the same time, they have the proto-typical scale of global capitalism depending on flexible production and legitimated through neo-liberal ideology (Harney, 2010).

- Critiques on Problem in Size: There is a problem in measuring the size of the creative industries workforce. There are many individuals who work in the sectors defined as creative industries but their jobs are not considered really creative such as an account manager in advertising agency; whereas there are

others who are known as “embedded creative” (Higgs and Cunningham, 2008) who are performing the creative jobs in other sectors, which are not creative such as a graphic designer in a financial service company.

Moreover, creative industries workforce owns particular and unique characteristics, rarely seen in other industries labor. The high level of freelancing and self-employment is observed in these areas. There is a vague border for workforce wages, and a growing number of “pro-am” workers and actors in these sectors (Leadbeater and Miller, 2004); which has been accelerated by the diffusion of the Internet and digital media technologies (Hartley, 2009).

- Critiques on Inclusion / Exclusion Question: There are the discourses of exclusion and inclusion of the model. There are the critics of DCMS approach arguing that this model is at the same time too broad and too narrow.

There are scholars reflecting on the reason why the sectors such as heritage, tourism and sport, which have been “excluded” from the DCMS list (Hesmondhalgh, 2007). The exclusion of sport is strange after much attempt on drawing sport within DCMS! However, the exclusion of the group of GLAM sectors (Galleries, Libraries, Archives and Museums) is much stranger! This exclusion could be justified in this way that they have not been considered because they might not be in line with the economic modernization project of Tony Blair era and its forward-looking approach; and instead, they might be the representatives of retrogression and Britain as an “old country” (Wright, 1985); as the economic value of Britain’s cultural institutions (such as British Museum, National Gallery, British Library, Tate Modern, Victoria and Albert Museum etc.) are clear any way and not questioned. Although it is noteworthy that at the same time there is a focus on crafts and antiques! Furthermore, the sectors such as telecommunication, sport as mentioned earlier and entertainment, and more generally the knowledge-intensive service industries (Cunningham, 2002), which the logic behind the creative industries production and organizational performances align with these sectors, are excluded in DCMS model.

There are others who observe that the “inclusion” of the software sector in the creative industries realm, there would be a fake economic importance due to aligning the arts to the stronger “information society” policy discourses (Garnham, 2005). The figures in table 2.2 show that the sector defined as “Software, computer games and electronic publishing” in 2004, has accounted for

37% of the economic output of the UK creative industries, 36% of its exports and 33% of creative industries jobs. Considering these numbers representing the economic significance of this sector, it is not surprising why there have been the concerns and debates surrounding the question of inclusion and exclusion of the sectors in this model.

Howkins also has made critique on DCMS approach, arguing that it doesn't make sense the inclusion of advertising within the framework, but the exclusion of marketing, as he believes that the former cannot exist without the latter. He doesn't either understand the tendency of DCMS definition of creative industries in opposition to manufacturing industries and interpreting the rise of the former as the result of declining the latter. At the same time, he criticizes about the inflated figures related to size of the creative economy. He argues that the contribution of creative economy, which was worth \$ 2.2 trillion globally in 2000 (7.3% of global GDP), is thanks to the inclusion of scientific and technical R&D (Research and Development) and software sectors. These two sectors have been estimated to be worth over \$ 1 trillion and contribute 46% to the global creative economy, while the sectors related to the arts (arts, crafts, music and performing arts) are worth only \$ 139 billion (6% of global creative economy) (Howkins, 2001). He also argues the lack of focus on the cultural dimensions of the policies.

There are still the arguments surrounding the scope of creative industries and which industries are exactly included under these sectors. For instance, Research and Development (R&D) are watering today's creative industries like in other advanced industries. But whether science and research are among the components of creative economics is still a matter for debate. Aside from the economic benefits of intellectual property that are generators of scientific research, and it is easy to understand its logic, almost no empirical research has been conducted that analyzes the relationship between research, science, and the development of the creative economy. UNESCO dealt with this position in the framework of increasing partnerships between science and industry as well as between the public and private sectors to promote scientific research for long-term goals, placing it at the forefront of the creative economics discourse at the World Science Conference in 1999 (Kayghobadi, Fakhrai, Alavi, Zavvari, 2008). As stated in the conference statement, both the private and public sectors must work together and complement each other. However, a review of the activities of this

section reveals that scholars in the public and private sectors associated with the creative community have not yet explicitly stated this type of cooperation; although the private sector benefits directly from scientific innovation and science education, and a growing share in research and development budgets in the creative industries is provided by the private sectors in developed countries.

It is interesting to know that in 2002, Nintendo, the maker of video games, alone spent more than \$ 140 million on R&D, more than double the federal government's total spending on research and innovation in education (Kayghobadi, Fakhrayi, Alavi, Zavvari, 2008).

Sport and its increasing role in the economy are also controversial. Some of the categories of creative industries include also sport beside other branches. The reason for this is that the Ministers of Culture of the countries are also in charge of sports affairs, and this is accepted, given the fact that sport is an important source of income and has a positive impact on other economic sectors. Another rational and methodological reason is that in state budgeting systems, sport is classified as "rehabilitation services". Although depending on the type of approach to creative industries, adopting UNCTAD model as an example, it is believed that sport is more like a tool for recreating the body and spirit, getting organized and creating a sense of competition within individuals and groups rather than having creative content. However, in most countries, sports fall under the category of creative industries, and their economic impact is increasing.

The criticisms made surrounding the original DCMS approach to creative industries built the further evolution of the more sophisticated models on creative industries, and elaborations of the policies for these sectors, which will be further described in the section 2-6. Afterwards, the term attracted policymakers when the British government, with the help of the British Ministry of Culture, Media and Sports (DCMS), launched the project of the group of "creative industries" to revitalize Great Britain's economic-political hegemony.

The following paragraphs map out the regionalization of creative industries in the UK, and how they marked the benchmark for other nations after the DCMS model, by illustrating how these sectors evolved in the UK, passing three

milestones, refining the first model as the result of reflections and critiques around them.

In the early 2000s, there were some major changes in creative industries policies in the UK. However, there was no challenge for regional diversities, and also the benchmark findings vis-à-vis other nations (Pratt, 2004a). Although this gap was considered in the second Creative Industries Mapping Document in 2001, which was almost simultaneous to some changes and establishments in the government such as the Scottish Parliament and the Welsh Assembly in 1999 and the formation of some regional governance such as Regional Development Agencies (RDAs). These changes led to emergence of a set of initiatives for developing cultural quarters and creative clusters in different parts of the UK (Jayne and Bell, 2004; Roodhouse, 2006).

Nonetheless, London continued to remain Britain's center for creative industries. The dominant sectors have been the media, electronic games, advertising, music and fashion; and publishing industries (De Propris et al., 2009).

Another major evolutionary issue in the DCMS model for creative industries was the affirmation on giving priorities related to promoting the arts in the cadre of DCMS.

O' Connor (1999) and Pratt (2004a) argued the issue arose from the relationship between DCMS economic focus and established branches such as the Arts Council of Great Britain (which is now the Arts Council of England), and the commercial creative industries considered by many within arts community, as in opposition to the arts.

The DCMS Mapping Documents were interpreted as "nothing less than a new manifesto for cultural studies" (Hartley, 2003), as it is argued that these documents have flattened the traditional hierarchies and orthodoxies of cultural features and observe them all at the same level: being arts next to the architecture, the software beside Shakespeare and so on.

A distinction, then between culture and entertainment in DCMS policies re-appeared, accordingly. And, a study was conducted on excellence into the arts, and how to "free artists and cultural organizations from outdated structures and

burdensome targets, which can act as milestones around the neck of creativity” (DCMS, 2008b).

Then, some adjustments had to be made to demonstrate “balanced scored” against DCMS Performance Indicator Framework for renewing the funding from one year to the next year (Eckersley, 2008) as Garnham (2005) proposed, the shifts towards an artist-centered, supply-side framework for promoting cultural creativity, bringing back the concept of excellence for public subsidy independent of public accountability in the British cultural policy.

The final major development with UK creative industries in policy discourses in the 2000s was developing the strategies for creative economy in Britain. There was a critique stream surrounding creative industries adopted by DCMS arguing that it was overstating the extent of non manufacturing industries in order to shift Britain economy to a post-industrial economy and more “classless” society (e.g. Heartfield, 2000; Elliott and Atkinson, 2007). The evidences are:

The Cox Review of Creativity in Business clearly focused on how creative abilities were at the center of Britain capacities to compete within the emerging economy over the next five to ten years. It emphasized on the capability to link creativity with innovation through the effective promoting of design capacities, with developing greater innovation among the Britain’s SMEs as a key supply side to British economy (HM Treasury, 2006).

In 2006, and 2007, two reports were prepared on creative industries in the UK, respectively by National Endowment for Science, Technology and the Arts (NESTA), and The Work Foundation. Both reports were developed aimed at mapping creative industries more subtly than before. Each report expanded its own model, which will be described later in the section 2-6 related to creative industries models.

DCMS policy document in 2008, “Creative Britain: New Talents for the New Economy” underlined this assumption that “The creative industries must move from the margins to the mainstream of economic and policy thinking, as we look to create the jobs of the future” and that the creative industries become the “national identity” and “brand” of the UK in “ten years time” (DCMS, 2008a).

In 2009, DCMS and the Department for Business, Innovation and Skills, jointly launched the “Digital Britain” report discussed that the policies for promoting digital infrastructure could be in a way to enable Britain to become “a global center for the creative industries in the digital age, delivering an ever wider range of quality content, including public service content, within a clear and fair legal framework” (DCMS/DBIS, 2009).

The atmosphere and circumstances of the era when New Labor of Tony Blair took place in the UK hasn’t been ineffectual in the emergence of the new phenomenon of creative industries. Labor Party came to power after 18 years of Conservative governments.

The economic modernization project of Tony Blair with the focus on the role of markets as the catalyst to arts and culture, which was in line with a third alternative known as “Third Way”, as something between Thatcher age of free market economics and traditional social democracy, which was nonetheless more accommodating of the role of markets and global capitalism than traditional British Labor Party doctrine (Giddens, 1998); The late 1990s also experienced more economic revenue in Britain’s music industry than some traditional manufacturing industries such as car, steel and textile industries (Howkins, 2001), as one of the features of the post-de-industrialization period of Western Europe; The arguments on public support of art and culture in terms of their economic impact since 1980s onwards, after a “cold climate for the art” under Conservative governments as a result of their devaluation of the role of the public sector in British economic and social life (Flew, 2012); the reflection on which industries and what kinds of jobs could replace traditional mining and manufacturing sectors with the orientation towards re-branding Britain to a modern “Cool Britannia” in order to exploit other values of human for producing wealth, instead of only sticking into the declining traditional industries; on the one hand; And, the emergence of academic policy literature on “new” or “weightless” economy, promoted by policy think-tanks such as DEMOS and Comedia, and the notions of “New Economy” and “knowledge society” driven by globalization and information technology, individual creativity, social and cultural entrepreneurship and meritocratic spirit; which all were identifying “creativity” as being the

foundation of post-industrial cities, regions and nations in the globalized economy (Mulgan, 1997; Coyle 1998; Leadbeater, 1999; Landry, 2000; Flew, 2012), on the other hand, all and all made the emergence of the creative industries and this concept kept going as a growing trend from the mid-1990s to the late 2000s as a policy discourse in the United Kingdom.

The “New Labor” project initiated by Tony Blair in the mid-1990s, ended when labor government led by Gordon Brown from 2007 to 2010 was defeated in the General Election in May 2010. A Key issue in this turn in the government was the dramatic influence of the global financial crisis on the economy of Britain. Consequently, Britain experienced a long economic recession over the period 2008 – 2009, as one of the longest in OECD economies; and, as a result, the sharp reduction happened in government expenditure led to funding cut in cultural and creative industries by the new Conservative – Liberal Democrats government. This period was not a promising time for cultural and creative industries and their employment in the UK, as O’Keeffe expressed an obscure hope wishing “in the next few years of economic austerity will ring a creative renaissance” (O’Keeffe, 2009). And, it was a period when “after 10 years, the direction of UK creative industries policy is looking increasingly bleak” (Banks and Hesmondhalgh, 2009). In these circumstances, the question, which was arisen is that how much creative industries could be on the basis of their own autonomous development.

In the analysis of Andy Pratt about the impact of financial crisis on British cultural and creative industries, it was illustrated that these industries were among the sectors, which came out of the crisis quite early. A part of it was because of the major projects, which were fast-paced because of counter-cyclical public funds measures (Pratt, 2009a). These findings were not in consistent with the ideas that culture is more associated with consumption rather than production and employment; and that British creative industries wax and wane depending on British finance capital, and also the assumption that creative industries are not “proper” industries and are reliant on surpluses produced in other parts of the “real” economy. Pratt criticizes that policy makers and analysts in this regard that, they may still not have well understood that how pivotal the cultural aspect of products and services are, and that “culture” is not, indeed, an added extra, or

candy floss, and it cannot be removed easily from the product (Pratt, 2009a).

On the other hand, the “Ingenious Britain” report provided for the Conservatives by Sir James Dyson before the May 2010 Election, was kind of complaint and warning for the terms “post-industrial” and “creative industries” in the favor of the importance of science and engineering for the British Economy, believing these contemporary sectors “must go” (Dyson, 2010).

Brown Review of Higher Education Funding also proposed the withdrawal of all funding associated with teaching in humanities, arts and social sciences (HASS) courses, and instead, more public support for science, technology, engineering and mathematics (STEM) courses (Browne, 2010). Therefore, such policies most probably make 2010s a tough decade for creative industries in the UK. It probably would be the “Wimbledonization”² of the creative industries (Flew, 2012). It may be happen like tennis, also for the creative industries, to have their place of birth in Britain, but then their growing global shift to other places of the world, with keeping the brand of Britain on the concept. Nonetheless, according to Sir Peter Bazalgette’s review on creative industries, these “Industries are more representative of the UK society: attractive and accessible to a diverse range of people”. He has forecasted that the Gross Value Added of these sectors in Britain, account for £ 128.4 billion by 2025 (i.e. 39% year-on-year increase); and thanks to the “higher than average growth rate” of these industries, they would bring about one million new creative jobs by 2030 (Sir Peter Bazalgette, 2017). The Creative Industries exported £19.8 billion of services in 2014 (9% of the UK total export), while the imports accounted for £ 8.7 billion in 2014 (DCMS Economic Estimates, Aug. 2016). According to the ranking of Britain’s mid-market private companies with the fastest growing overseas sales by HSBC International Track 200, almost a third of the companies operate in the creative sectors (HSBC

² The term “Wimbledonization” refers to areas where Britain has maintained a strong symbolic association with those areas, although much of the ownership and the performance have moved elsewhere (Fay, 1997; Peston, 2009). First, the term was coined in relation to the British financial industry, to show the role of British figureheads as the public image of banks, which are now owned by foreign interests. The origin of the term lies with the annual Wimbledon tennis tournament, which has remained the world’s leading tennis spectacle, even though British players themselves rarely appear in the final rounds of the tournament.

International Track 200, 2017). This demonstrates the Creative Industries' huge potential to contribute more to export growth.

Considering the clear link between exporting and productivity demonstrated by the researches, highlights the reasons why in the UK, they need to focus on growing exports in the realm of the creative industries. Sir Peter Bazalgette points out how significant "this will be to the United Kingdom through the uncertainties of the next five years" (Sir Peter Bazalgette, 2017).

However, with the "Brexit" phenomenon, there are a number of problems, which have emerged for every sectors and there is no exception in the art, culture and creative sectors. There are many issues have been raised will across the cultural, educational and heritage areas. Keeping the cultural links with Europe marks beyond symbolic value. Exchanges ideas and experiences in arts and culture make stronger relationships and help people to be united working together and build more democratic patterns.

The Creative Industries Federation has published a report alarming the UK's art, design and cultural industries to be located "at the heart of government thinking" as the nation is leaving the European Union. This is a 76-page "Brexit Report", aimed at putting pressure on the UK government to give attention to its sectors with the fastest economic growth in all Brexit negotiations; and an "interim report of red-line issues and recommendations", underlying both the opportunities and the threats of changing the country's relationship with the EU. "It has taken two decades and more to turn our creative industries from an afterthought to a key driver of wealth and global success," said designer John Sorrell, who has established the Creative Industries Federation. The report suggest short-term, mid-term and long-term solutions for the problems resulted out of Brexit, among which is to create an upgraded visa system that facilitates and prioritizes world-class talents over high salaries in these sectors.

To explore the evolution and future life of the creative industries, we will review what has happened to this interesting concept, which was born in the UK, and then grew up internationally! We will discuss this in the section 2-8 of this chapter.

Almost all of the thirteen industries that fall under the DCMS classification can be described as "cultural" by DCMS definition (Table 2.1). However, the British Government has preferred to use the term "creative industries" instead of cultural industries. With this initiative, the British Government openly avoids the challenging and empowering discussions that are likely to be made because of impact of the use of "cultural industries". The interpretation of creative industries does not arouse the sensitivity of the cultural community!

To better understand how the concept of creative industries started to exist, it is necessary to look back almost three decades before its official birth in the UK in 1997, and to review "cultural studies" in the late 1950s that in a way can be considered as the mother of "creative industries". More precisely, we need to apprehend the relations between contemporary culture and public policy discourses as creative industries drew upon the policy discussions. The fundamental factor is contemplating on the notion of "culture" and analyzing the study around it. Therefore, the conceptual account on cultural studies and its evolution to cultural policy studies, culture industry, cultural economy and finally creative industries will be elaborated in the following section.

**2-2 History of Creative Industries – Theory-Oriented
(From Culture and Cultural Studies to
Cultural Economy and Creative Industries)**

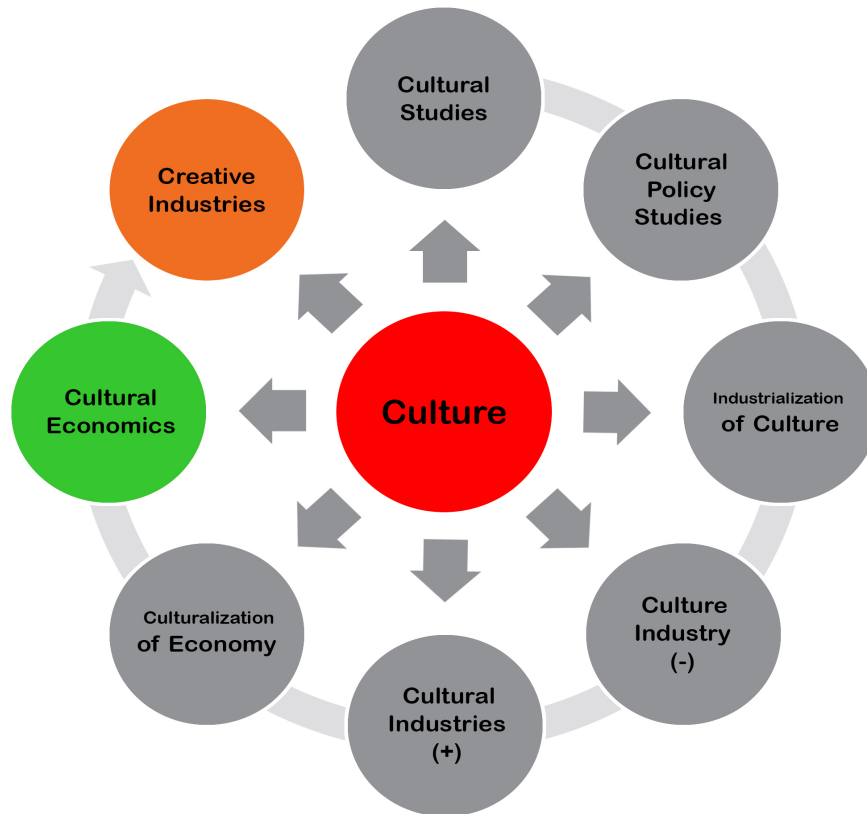


Figure 2.1 Conceptual Route of Creative Industries
(From Culture and Cultural Studies to Cultural Economy and Creative Industries)

The concept of creative industries has its formal origins in pragmatic and policy discourses as was described above. However, it is rooted in theories and reflections on culture. The creative industries phenomenon was constituted out of the studies on “Culture”, its definition as its modern sense, the arguments and critiques by the intellectuals around it. Although what is considered at the moment as the creative industries is different from pure cultural studies, but the field is strongly and directly associated and intertwined with culture and the studies on culture. “Creative Industries” in fact, is a concept that emerged out of the continuity in themes evolved from “cultural studies” (Hartley, 2003, 2004, 2005).

By culture, we intend the familiar idea comes into our mind talking about classical “culture”; it means particularly: art, culture as its popular implication, Media etc.

The studies of culture started to rise up since late 1950s and have being discussed to present time. The works of some British academics, cultural theorist, critics and novelist such as Raymond Williams, Richard Hoggart, Stuart Hall triggered intellectual and political critiques on cultural studies. Hence, since then the debates on cultural studies were developed and shifted the culture from an isolated notion being disconnected from a range of intellectual fields such as anthropology, sociology, philosophy, art theory etc. to a universal “project to democratize our understanding of culture” (McGuigan, 2009). “Cultural Studies” has been an academic work over the last 50 years. Grossberg et al. have defined cultural studies as “an interdisciplinary field, committed to the study of the entire range of a society’s arts, beliefs, institutions, and communicative practices” (Grossberg et al., 1992). During (1993) and Hartley (2003) believed that cultural studies are concerned with “contemporary culture” in the modern industrial context of the societies as well as people and communities’ experience in mediated culture of this context built upon anthropological approaches to culture as part of every day life. The cultural studies have been involved with the power and political questions as well as social relations and institutions, in a way that the experts observe the cultural studies “not simply as a chronicle of cultural change but as an intervention in it, and see themselves not simply as scholars providing an account but as ‘politically’ engaged practitioners” (Grossberg et al. 1992).

Hartley observed that cultural studies should be incorporated into political economy and economics as a whole that “culture might be investigated as a “cause” rather than an “effect” of economic circumstances and political outcome” (Hartley, 2003). He argues that there was a shift in what he refers to as ‘value chain of meaning’ in the societies in the late 20th century and the early 21st century from pre-modern authority linked with religious texts, to modernity-based texts or “the thing itself” (i.e. modern literary criticism, scientific semiotics and empiricism in social sciences), addressing the crowd as “consumers-citizens” and developing their analytical abilities and power towards more precisely

consumption/influence of/on cultural products and cultural markets, through media technologies.

The reformist perspective on cultural studies started to get shaped, although there were yet critiques around it. This perspective moved toward thinking about the studies of culture connected with other fields by giving cultural values to the cultural patterns. This way of perception of culture was claiming that studies of culture should not only be considered as a discrete field but also it is a phenomenon that can confront socio-economic discrimination and the system of cultural production and consumption is strongly connected with political systems. In fact, cultural studies have to be grown in a way to politicize the humanities. (Gibson, 2007)

This mindset on cultural studies turned the studies of culture to “cultural policy studies” proposing that the field has the potential to become more practical potent giving attention to the public policy matters related to it. The work of some intellectuals such as Michel Foucault on governmentality and the modern liberal state (Foucault, 1991; Gordon, 1991), Ian Hunter (1988, 1994), Tony Bennett (1992, 1995, 1998) and Stuart Cunningham (1992, 2010) who had a different look at culture discourses enabled more development of the cultural policy studies. These critics around the contemporary cultural studies brought about minding cultural fields that their existence and contribution make a considerable difference in progressive social and political changes. These cultural fields include: education policy, media policy and museums.

This attitude toward culture, not to see it only as an ideological hidden phenomenon but more as a democratizing engine in the society, formed the political institutions for encouraging these ideas. The government viewpoint to the matter was important in formation of these organizations, as the history of cultural policy is much broader in European Union than the United States. The policies surrounding cultural concepts in the twentieth-century were made based on the mindset, which often separated arts and commercial markets. From the 1970s onwards, with the extension of rules and regulation for broadcast media, a set of drivers of change emerged associated with new political rhetoric, new turning points in economic patterns, global trade compliances, technological

breakthroughs, and the re-assessment and awareness of the economic values of the culture.

Till here, it has been discussed that “culture” is not separated from other fields, including economics. The more cultural forms are produced and consumed, the more economic dynamics are needed to arrange these cultural patterns; and the more industry-related issues are linked to the cultural production, distribution and consumption. That is, indeed, the channel through which eventually the field of creative industries was shaped.

Despite the widespread production and trade of "cultural goods" around the world, there is a sense of suspicion among some of the experts, and even the artists themselves as the creators of cultural goods. This is largely due to the utilization of the instrumental capitalist world of cultural products and services, especially in the field of modern media. Capitalism, over almost past 500 years since its emergence in Europe, has shown that its life sometimes depends on the unlimited accumulation of capital at the cost of losing some values. It seems that during these long years, the duty of "art" or "culture" in its original forms has always been to obstruct the unlimited accumulation of capital at any price and injustice resulting from it, and a light for enlightenment for the lashes of the massive wounds of people who suffer from poverty. Yet, in the age of capitalist economy, it is entirely normal and obvious that also cultural goods might sometimes be subject to capitalist rules and in the ways that conflict with the goals and responsibilities of the noble art and transcendental culture. Indeed, Theodor Adorno and his colleague Max Horkheimer of Frankfurt School³ who first used the term "Culture Industry" in 1947 after World War II, intended to uncover this danger and show that the capitalist economy has embraced and sacrificed everything including art and culture in its abattoir commercial and business purposes. Subsequently, authors such as Herbert Marcuse continued the argument.

³ Adorno and Horkheimer were German critical – Marxist philosophers who were forced to leave Germany and the Institute for Social research, at the University of Frankfurt, after the rise of Nazis to power in 1933. They re-established the Institute in the United States, at Columbia University. This group of intellectuals, also including: Erich Fromm, Walter Benjamin and Herbert Marcuse were known as the “Frankfurt School”.

At that time, the "culture industry" was a flag of protest and a warning. It was believed that culture and industry were two opposite issues, and that "industrialization of culture" meant the birth of mass production of cultural goods, such as films, and purely for the purpose of entertaining people leads to nothing but cultural vulgarity. This continued until the word culture industry was used as a literary profanity to demonstrate the dislike for newspapers, movies, magazines, and popular music that entertained the masses.

The most famous work of Adorno and Horkheimer on the "culture industry" was "The Culture Industry: Enlightenment as Mass Deception", published in 1947, and was written when they were in exile, in the United States (Adorno and Horkheimer, 1979). They objected that the culture industry is performing like a powerful ideological and propaganda instrument, applying the new mass communication technologies to impose ideological manipulation and control on the mass population as cultural consumers.

Since the term "industry" from the beginning of the twentieth century is synonymous with "mass production," the term "culture industry", as a kind of destructive and bitter criticism of "mass entertainment", meant the production of a lot of unpopular cultural goods, which, on the one hand, deceived the people by raising the meaningless marginalized issues, and on the other hand, billions of dollars were pocketed every year by the "culture industry" companies. This was precisely the political abuse of art, culture and cultural goods Adorno believed. In 1991, in his writings on cinema, radio, television, popular publications and music under the rule of unbridled capitalism, he even claimed that art and culture were entirely transmuted in the economy. As a radical cultural critic, he went so far as to equate the US culture industry with European fascism. In his opinion, the Fordist mass production system moved from the factory to the realm of culture to use it as a powerful ideological tool. Adorno used the term "culture industry" as a warning to world nations at a time when the world was being fueled in the World War II, and the Nazism ruling Germany, along with European fascism, benefited most from modern cultural goods and tools such as cinema and the mass media watched their ideologies propagate and cheated crowds.

But can abusive capitalism of art and culture, what Adorno calls "the culture industry", be a justification for the critiques on the production and trading of genuine cultural goods? So what can be said is not the negation of the production or sale of cultural goods; but the abuse of cultural goods.

After the Second World War, the situation changed to a large extent; various types of ministries and cultural foundations in European countries came up, with the simultaneous emergence of the new perspectives on the subject of "cultural policies." The new culture industry rising out of the ashes of war also sought popular and entertaining themes, as well as the "superior art"; it enticed a large number of people using advanced journalistic techniques, and made some others think. However, as noted above, governments, international institutions, and later the NGOs, and even prominent intellectuals, cultural and artistic personalities paid more attention to the culture and its derivatives.

If we would like to count two major political outcomes of the Second World War in order of importance, they are: politicization of technology and culture, and as a result the apparent emergence of compiled technology and cultural policies by governments, which show the political, social and economic importance of these two post-war subjects.

Regardless of the role that technology and culture, as two separate entities, played in the societies emerging from warfare, their growing interactions created new challenges. In particular, it should be noted the two families of advanced technologies, the electronic and digital technology, and Information and Communications Technologies (ICTs) that have led to massive and unexpected developments in the mass media, and ultimately revolutionized the way of production, distribution and profit of the most cultural goods.

As a result of these technological changes, the people's taste as consumers of cultural goods gradually changed, and as the time passed, they wanted "more attractive" products. The thirst of people to use attractive cultural goods had economic implications. Now mass production of cultural goods could be as an economic activity, cost-effective and profitable. In addition, improving the economic conditions in advanced industrialized countries has created new needs beyond the livelihoods of the people; the needs that can generally be called

psychological needs, which have been theoreticized in the Human Needs Hierarchy Theory according to Abraham Maslow, the prominent psychologist of the twentieth century. And cultural goods were in fact, instruments to meet these growing needs. It is, indeed, for this reason that the contemporary Chinese thinker, Ms. Jin Zhouying defines "cultural industries" as the industries whose output is to refine and cultivate the mental and psychological aspects of mankind (Zhouying, 2005).

The result is that the two growing forces, the attractiveness of cultural goods and the real need for such goods to meet the human mental and psychological needs, came up with the emergence of a new concept titled "Cultural Industries". In other words, the concept of "culture" experienced a turning point from "culture industry", a pessimistic, nostalgic, simplistic, backward, one-sided look on "industrialization of culture" by "culture worrywarts", towards "cultural industries", an optimistic, modern, more descriptive, forward, pluralistic look, aimed at informing policy makers of their significant active roles in developing the strategies for the technical, economic and political operation of these industries with maintaining their cultural values at the same time.

If Adorno's "culture industry" was a critical metaphor for the misuse of cartels and transnational corporations from culture and cultural goods, the term "cultural industries", instead, referred to a spectrum of soft industries that had well-defined social functions, and like any other industries, and even more than most existing industries, they could have been generators of economic added value.

The prominent feature of these industries is that they use the intellectual and taste-connected mankind facades that have artistic and cultural nature to produce their desired goods instead of utilizing natural and mineral materials. Therefore, cultural goods, unlike other goods, do not have physical and material value, and their actual value is determined by their "content". Hence, cultural industries are also referred to as "content industries" or "content-related industries".

This new perspective was more strategic-based for policy makers, and less moralistic as well as less (according to what Girard referred to as) "the aesthetic point of view" (Girard, 1982) of cultural mass production, distribution and consumption in capitalist societies (Flew, 2012). In fact, it was a more

“conceptual shift” to a more “empirically based understanding of the complex and variable dynamics at work in the production of culture” (O’Conner, 2007).

UNESCO and French government had important role in this awareness and shift.

The term "cultural industries" refers to a wide range of human activities today from publishing activities to media activities (writing, visual and auditory) and artistic activities such as literature, cinema, music, theater, visual arts, museums, fashion design, the production and cooking of local food, sports, entertainment to tourism and even handicrafts that have important implications (as being an industry), each of which is sufficiently worthy of attention, especially from the point of view of policy making for their development. These implications include:

- "Industry" involves the systematic production, consumption, distribution, market and trade of products and services, applications of technology and is associated with more advanced and sophisticated activities rather than the ones done in workshops and simple working places.
- "Industry" implies a set of "scientific - engineering" exercises and not purely experimental master-apprentice experiences. Therefore, the above-mentioned activities can then be truly instances of cultural products, when their activities and processes are generally subordinate to modern engineering and industrial methods and depart from traditional workshop styles.
- "Industry" is built on the foundation of "technology" and intertwined with it. In other words, technology can be considered the life and essence of industry. Technology usually comes in two ways. The successors study it through the "technology transfer" of their predecessors, whereas the predecessors obtain it through what is called Research and Development (R&D). R&D requires the creation of R&D units within firms, and the establishment of research centers at national and sectional levels. The important point is that merely the purchase of advanced equipment for publishing books, newspapers, or the production of film and music album recording and so on, absolutely cannot mean having advanced technology in the field of cultural industries. One of the most important issues to consider when discussing about cultural assets and their development is the issue of cultural technology.
- As it will be outlined in this dissertation, the industry needs to define a "value chain" on which we are able to design the "supply chain". In the conventional industries (which are called hard industries), the supply chain refers to the various

stages during which the raw materials, components and accessories needed for each product are supplied. For example, a variety of small, medium and large businesses must work and interact together to provide the raw materials, components and accessories needed to produce a car. The same is true of cultural industries: The higher the quality of an industry's supply chain, the better the overall quality of that industry and its end products.

- Placing a broad spectrum of activities under the "cultural industries" umbrella means that their management and development require comprehensive and coordinated planning at national, sectional and urban levels. Although it may be that the production of each branch of the cultural industries is with a particular device or an organization, policies and strategies for the development of the cultural industries need to be formulated in an incorporated way. That is why the cultural industries are called "interdisciplinary industries", which should be "interdisciplinary" in the sense of politicization.

Indeed, it has been the “KulturKritik” – the various criticisms surrounding Adorno and Horkheimer’s pessimist viewpoint on the “industrialization of culture” in the advanced capitalist societies – that shaped the foundations for the blossoming of the academic observations, which in the end, gave birth to the concept of “creative industries”.

The advantage of reviewing these critics apart from the historical account is, that all these discussions made the reflection on cultural policies, which was developed in the second half of the 20th century, and that the concept of creative industries was built out of those policy arguments. In line with these debates and the cultural policies discourses, Augustin Girard has observed that “far more is being done to ‘democratize’ and ‘decentralize’ culture with the industrial products available on the market than with the “products” subsidized by the public authorities” (Girard, 1982).

One of the critiques on Frankfurt School’s culture industry was that Adorno and Horkheimer had a one-sided understanding of the cultural commodities and they had the “exchange-value” approach to cultural commodities, which is ignoring the extent to which the human needs the cultural meaning and features which is referred to as “use-value” perspective of mass cultural production. Moreover, their idea was criticized as Garnham (1990), observed that the fact that capital

may utilize the cultural mass production as the deceptive exchanging instrument, “it does not follow that these cultural commodities will necessarily support, either in their explicit content or in their mode of cultural appropriation, the dominant ideology” (Garnham, 1990). In addition, their simplistic view on cultural production was questioned. Intellectuals such as Miège (1989) and Ryan (1992) argued the complexities of the scope of cultural production and distribution processes, rather than a simple dimension Frankfurt School theorists seems to have considered and because of that they were so concerned about cultural values. Mattelart and Piemme explored in the work of Adorno and Horkheimer the idea of “nostalgia for a cultural experience [necessarily] untainted by technology” (Mattelart and Piemme, 1982).

Many of critics of the debates on culture/cultural industry(s) were among the community of political economy, and their concern on media and communication, and the relationship between the governmental sectors and commercial entities and the trends towards “commodification of cultural life” (Murdock and Golding, 2005).

There is still the dispute over the interpretation of culture as an industry. For some, the concept of "cultural industries" is reminiscent of the contradictions such as the culture of the elite versus the culture of the masses, the superior culture over popular culture, and the fine and transcendent arts over commercial entertainments. However, the dominant aspect is that the cultural industries, as industries producing cultural goods and services, are being more or less accepted. For the descriptive dimension of the term cultural industries, as mentioned earlier, we can underline the role of UNESCO and French government in the development of the concept, as well as the development of these industries at national level plus the collection of statistics on cultural areas, since the 1960s; and then the in depth significant attention of UNESCO on the importance of relationship between culture and socio-economic development (UNESCO, 2004, 2006, 2009). The term "cultural industries" later was developed out of these attempts – referring to "classical" cultural industries, including film, non-live music, radio and television and publication in order to insert these commercial entertainments frameworks, which had been mass-produced, into cultural policies

of government. It was a feeling that made French government and UNESCO interested in the cultural industries in late 1970s and early 1980s (Garnham, 1990; Flew, 2002; Towse, 2002).

In UNESCO, for example, cultural industries are those industries that deal with "creation, production and commercialization of intangible contents having cultural nature. These contents are typically supported by copyright and can take the form of goods or services." An important aspect of the cultural industries, as defined by UNESCO, is that they are very important in terms of "promoting and safeguarding cultural diversity and ensuring democratic access to culture" (From Portal UNESCO). This dual nature - the combination of cultural and economic aspects - gives the cultural industries a different visage.

In France, too, the "cultural industries" are defined as a range of economic activities that combine the functions of idea and content creation in the cultural sphere with industrial functions such as production and mass commercialization of the cultural goods (Département des études, de la prospective et des statistiques, 2006).

This definition can be the beginning of a process that leads to a broader interpretation of the cultural industries, and separates them from what is traditionally called "cultural sections."

It is worth pointing out that the cultural industries are now in the focus of advanced countries, to the extent that some economists had predicted in the Futurist Journal that the great economy of the USA would remain in the predominance of the cultural industries till the year 2005. The cultural epidemic has even spread to poor developing countries, and has created new hopes and promises in terms of wealth generation, overcoming poverty and unemployment in these countries.

Cultural Economy

Many statesmen and academics, especially in Europe and Latin America, use the term "cultural economics" when dealing with economic aspects of "cultural policy". Most importantly, many artists and intellectuals do not feel good discussing the creative industries and economics with a focus on their commercial aspects. "Cultural economy" is the use of economic analysis for all creative

display arts, cultural heritage, both public and private. Cultural economy is associated with the economic organization of the cultural sector and the behavior of producers, consumers, and governments in that sector. This subject consists a broader range of the radical and neoclassical approaches and perspectives on welfare economics, public policy, and institutional economics.

While the economic and theoretical analyzes in this essay are based on the principles of cultural economics as a method, we aim to gain a better understanding of the dynamics of creativity and its overall interactions with the economy at the urban, national, and global scales.

One striking example of this is the well-known process of "globalization," which will be addressed later in more details.

Cultural economics as a new approach to the field of economics with the focus on culture, cultural goods and services; the emergence of creative economy; and creative industries, appeared all along the culturalization of economy mechanism, after the cultural industries debates. However, there are not neat borders between them, nor they are accurately orderly subsequent events. There are dynamic interactions between them, they are strongly intertwined and sometimes one is used instead of another. For instance, the term creative economy is being adopted instead of creative industries; although, creative industries could be in fact the subset of creative economy. Thus, there are arguments on whether culturalization of economy is associated with the rise of neo-liberalism as policy debates arrangement, or whether it is the result of a deeper turn to the global economy. Stated differently, expressing in Marxist framework, are the creative industries principally an element of the ideological superstructure of contemporary global capitalism, or the creative industries mark now the core component of economic base in neo-liberal context?

Culturalization of industries, indeed, has been a new paradigm, which took place steps forward the industrialization of culture. Some scholars, particularly, Lash and Urry (1994) argued that (some industries) have become "culturalized".

Returning back to the origin of these conceptual debates, i.e. cultural studies, we observed the disagreement of two veins of intellectuals: those who see "popular culture as an essentially democratizing force in society" and those who consider

culture as an ideological issue. For creative industries, there are the similar division between the ones who perceive these sectors for better perception of the economic flows and, the ones who understand creative industries in order to analyze their cultural and social impacts in the society.

The above-mentioned shift from culture industry to cultural industries along with more attention on creative arts; plus the shift in post-industrial capitalism from “processing of thing” in large-scale manufacturing to the “processing of information”, “commercialization of idea” and services sectors,; in addition to new media technologies turn, which transformed the users from “read only” consumers to become “story-tellers” and “content co-creators” producers; and emergence the new forms of media including on line video sites such as “You Tube”, and the collective ongoing interaction-based websites such “Wikipedia”; and finally taking different approaches to policy formation to the established post-industrial economies, which led to the significant shift in public policy, which drew the attention of officials on new sources for wealth creation as the competitive advantage in the global market; all and all, led to the rise of the new paradigm of “creative industries”, in continuous of the debates and studies on culture (Figure 2.1).

The growth of creative industries is indeed associated with dynamic relationship between economics and culture. There are growing body of work on cultural economy, derive from some social theorist, who have observed cultural economy from cultural studies, sociology and geography (du Gay and Pryke, 2002; Amin and Thrift, 2004; Scott, 2008a, 2008b); cultural economists (Throsby, 2001; Towse, 2010); political economists (Hesmondhalgh, 2007; Winseck, 2011). There are also the studies with the perspective of the work force of the creative industries, the industry potent, export capacities and their geographical aspects (Higgs et al., 2007; de Propris et al., 2009). These studies have been the witnesses that there has been major growth in creative sectors, and they constitute the “pragmatic new growth industries of post-industrial capitalist economies” (Flew, 2012).

According to McGuigan (McGuigan, 2009a), who observes the field of creative industries as a positive valorization of current cultural forms, creative industries

emergence marks a phenomenon neo-liberal “cool capitalism”, where the oppositions are consolidated back into frameworks of what Jeremy Rifkin referred to as “cultural capitalism” (Rifkin, 2000), dislocating the Marxist model of industrial capitalism’s orthodoxies based on isolated labor, which has been majorly moved from the advanced capitalist economies to the developing economies, most remarkably China.

2-3 Creative Industries Versus Cultural Industries

The application of the terms “cultural industries” and “creative industries” has been controversial subject, since the inception of DCMS model of creative industries and the policies linked to these sectors in Britain, in the late 1990s. The terminology of the concept of creative industries has been sometimes changed across places through the evolution of this concept. Apart from “creative industries”, it has been also referred to as “cultural industries”, “cultural – output industries”, “copyright industries”, “digital content industries”, “cultural and creative industries”, “cultural creative industries” as in China and Taiwan, for instance; and sometimes it is also referred to as “experience industries” and “experience economy” as in Nordic countries, particularly in Sweden. The term “creative economy” and “cultural economy” have also been used, implying “creative industries”, and it has been entitled as “orange economy” in Latin America and the Caribbean (Buitrago and Duque, 2013). “Comprehensive Industries” has been observed referring to creative industries, either, pointing to their wide range of diverse and superior advantages.

The use of “cultural industries” instead of “creative industries” has been more common, although they are not the same. As described in detail in above section, the creative industries phenomenon has been built upon “cultural studies”, which encompass cultural industries, as well. And, in some approaches to the “creative industries”, “culture” and “cultural industries” is indeed the core of these sectors. That even brought about the criticisms surrounding this alternating application of the term “cultural industries”, particularly from the “culture worrywarts” cohort’s side.

Here, in this section, some attempts have been made to illustrate the differences in “creative industries” and “cultural industries” in order to better perceive the concept and application of these replacements; as they have been used alternately in academics and practices within the policy discourses in the nations.

The term "Creative industries" is sometimes used as synonymous with cultural industries and sometimes encompassing them. “Creativity” as a general feature and the backbone of innovation can be relevant to any industry. So, it is assumed that the "creative industries" are all industries that are adorned with creativity, whether in the automotive and construction industries or in the modern media industries that can all be highly creative. But the truth is that the "creative industries" as a specific name, merely refer to a specific range of industries, generally having the cultural attitude.

In the 1990s, the British and Australian governments developed a long-term perspective for their country, in which the Australian and British people became a "creative nation" with the economic base, which was "creative industries" whose raw material was individual or collective human creativity. By creative industries, they intended almost cultural industries. However, they used the term “creative industries” instead of using the term "cultural industries" which could be associated with the negative arguments around culture and "cultural industries". The British government preferred to use a new term that did not arouse political-cultural controversy in their society. In order to make some sort of rational distinction between the cultural and creative industries and not being accused of merely dressing up an old conceptual sense, they also added a new branch of activities to the cultural industries, such as the design industry (industrial design of any kinds of commodity, of which London is its center.); and the research and development industry with the aim of producing knowledge, both of which depend on human creativity.

This action of government of the United Kingdom, which was even seen in the modern outlook of this country for the new millennium as the "Creative Britannia", had various consequences. On the one hand, it led to acceptance of this term, “creative industries”, by many countries, economic and cultural experts and even reputable international institutions such as UNCTAD; although in the core

branch of the creative industries, two or three disciplines of new human activities such as design (design of different types of products), architecture, and even R&D processes, which exist at the heart of most industries of today, also to be expanded to the current classification of cultural industries at the time so that the shift from the concept of cultural industries to the concept of creative industries, makes less verbal disputes in society. On the other hand, this action of the British Government raised questions, critiques and opposition in various academic, research and cultural circles.

But what really matters is that almost all the concepts in today's world are undergoing some form of change. Furthermore, we need to know whether our present project is concerned with discussing the verbal issues of cultural/creative industries, or obtaining a clear understanding of social, economic, cultural, military, and other functions of these industries.

The term "creative industries" also filled the gap between "art" and "industry". It is noteworthy that the term "creative industries" extended the domain of cultural goods to literary and human sciences, and further drew the attention of the statesmen to the main spirit or core of the creative industries, that is cultural industries (United Nations Conference on Trade and Development, São Paulo, June 2004).

The increasing use of the term "culture" by public and the question of pulling the cultural industries to the realm of broader creative industries both arose from the growing tendency towards the "knowledge economy". Knowledge economy analysis says that the competitive advantage is gained greater and greater through intangible capital, especially by the information production. This information may be practical or scientific, but some of the trends have led to this theory that "knowledge intensity" is an increasing significant competing tool in a widespread consumption market. One of the information sets that are important in terms of competitive advantage in such marketplaces is "cultural information".

There is much debate on how the knowledge economy affects the cultural and creative sectors (Cunningham, 2001; Flew, 2002). But what is closest to the intent of the critics of the term "creative industries" is that a greater interest in enhancing the economic gains of knowledge is clearly evidence that distinctive aspects of the

cultural sector have disappeared from the creative industries agenda; Culture at the moment is seen more as an "asset in the knowledge economy" (Galloway and Dunlop, 2007). The main problem is what has been aforementioned: No distinction between culture and other creative activities. This lack of distinction, in the political arena, leads to two problems. First, the ability to measure the true share of cultural (or symbolic) goods in the knowledge economy is lost. As an example, we don't know advertising or opera, that both known as the "creative industry", which one has the most eye-catching economic impact. More importantly, blending culture with other creative activities doesn't ratify distinct aspects of symbolic culture. There are two factors that distinguish cultural products, one of which is the political / ideological factor and another is the economic factor. These factors differentiate cultural goods from the broader set of creative industries and have important implications for government policy in the field of cultural industries

The bottom line however is that we can confidently use creative industries as a new name for cultural industries, with or without some additions to it. What is important in this connection is that, firstly, the term "creative industries" is becoming more and more applicable with respect to cultural industries. Secondly, the creative industries have come up with modern, valuable, and futuristic concepts such as "creative economics", "creative nations", "creative communities", "creative cities", and "creative areas" that each can be one of the most important choices for shaping the future of economies, communities and cities. As an example, Britain formulated a vision of a "Creative Britannia" that would be structurally based on the creation of ten creative regions or cities in the country. London, as a creative city, strives to become the cultural capital of Europe; and this corresponds to the general outlook for England, which would like to be the hub of cultural industries or, in other words, the hub of creative industries on the continent of Europe.

In the first place, it is important to note that since we are investigating the concept of "creative industries" from the economic and management and more pragmatic point of view, we are not too much focusing on which terminology it is being used. Then, as described above, the concept of "creative industries" is some steps

forward with respect to “cultural industries” over the evolutionary trend of creative industries, starting from culture and cultural studies and cultural policy studies, then culture industry and cultural industries, and cultural economy, and then to creative industries (Figure 2.1). Therefore, we can observe that Creative Industries encompasses Cultural Industries. According to some academics, the concept of creative industries yields a broader, more inclusive and more contemporary perception of the field, although some critics argue that the scope of creative industries is too broad and imprecise; and it downgrades the position of cultural rhetoric to these industries, and linking culture with some industries such as ICTs and sciences in an artificial way.

Indeed, still, many studies need to be done for better measuring the size and implications of the creative sectors for agreement on the benchmarks to what exactly construct these industries. These works are significant as Standard Industrial Classification (SIC) statistics were originally designed for manufacturing-based economies rather than more modern industries, which are service industries, knowledge-intensive industries, and now creative industries. Therefore, the data on cultural and creative economics is missing under SIC taxonomies.

Ruth Towse’s (2010) in her textbook has split between “traditional arts and cultural economics”, and the newer sets of models associated with the concepts such as new technologies, trade, contract, industry, labor market, international cultural trade, intellectual property etc., which lie with creative industries.

Cultural industries, which are in fact the result of industrialization of the culture, emerged out of the debates and critiques surrounding cultural studies and the idea of mass production of the cultural goods. Some intellectuals, the most reputable and the leaders among which are the theorists of the “Frankfurt School”, criticized the “industrialization of the culture” and interpreted it as an instrument of propaganda of the capitalist system. There were, then, others who observed it as a positive form of democratization and accessibility to the cultural contents. However, they stopped to this point and at most they could accept these dynamisms within the borders of the territory of cultural, humanity, cultural heritage, arts and social studies under “cultural industries” studies, and not

agreeing with the relocation of the field to the business and economics faculties, what is more referred to as “creative industries”.

Depending on the viewpoint towards the field, the terminology, which is preferred to use changes. The economists, for instance, focus more on the goods and services being bought or sold, the production, distribution system and consumption in the trade market, rather than having concern whether one refers to as “cultural industries” or “creative industries”. In cultural studies and critical humanities, instead, the distinction is significant and it is crucial to reflect on the right mission of culture and cultural studies. Cunningham (2002) and Hartley (2005) have been among the most notable intellectuals in this vein. For instance, Cunningham (2002, 2005) argues that “the concept of creative industries is trying to chart as historical shift from subsidized ‘public arts’ and broadcast era media, towards new and broader applications of creativity ... creative industries can lay claim to being significant elements of the new economy in and of themselves” (Cunningham, 2002). And, he prefers the term creative industries as it is about the economic value of the arts (Cunningham, 2002). He observes that cultural industries are associated with re-shaping industries, and cultural policies were focused on the already established sectors such as arts and broadcast media; while creative industries approach is reliant upon new paradigm about the relationship between large-scale enterprises and the plenty of the small to medium size enterprises (SMEs), which are the drivers of innovation, and creative industries policies were interested in emergent industries at the intersection of arts, design, media and digital technologies (Mitchell et al., 2003; Cunningham, 2005). And, Hartley believes that “‘Art’ needs to be understood as something intrinsic, not opposed, to the productive capacities of a contemporary, global, mediated, technology-supported economy” (Hartley, 2005).

In his “Cultural Analysis”, Jim McGuigan has interpreted creative industries (both as intellectual and policy discourses) as a concept that points out the “convergence of consumerist Cultural Studies with ‘cool capitalism’ ”, and the creative industries field including both its conceptual and practical dimensions, is in fact the cultural studies making “its journey from the humanities and social science

faculties all the way over to its resting place in the business school” (McGuigan, 2009a). (We can observe that this “journey” is in line with the figure 2.1.

In political economy, for instance, the preference is more towards using the term “cultural industries” rather than creative industries. That reflects their argument on the term creative industries as “effectively abandoning the notion of critique” (Miller, 2004).

No matter what terminology one is using, the fact that “creative industries” were born out of “cultural industries”, and cultural and creative industries academic literatures, both are based on the common fields such as cultural studies, institutional economics, political economy, cultural economy research, cultural economic geography, and the sociology of culture (Flew, 2012) is indisputable. The original DCMS model of creative industries and the transformative approaches afterwards, defined, classified and formulated these sectors not in a fixed way, some considered cultural sectors as the core area, others in parallel with the sectors which are creative and necessarily cultural. Some added the sectors such as ICT and sports, and some deleted them out of their classifications. Some criticized that “every thing can be creative”, and some responded that if we look carefully, we will come to the simple conclusion that "everything can be cultural", and so the cultural industries can be a literal term that applies to all human activities from eating too all kinds of goods (Galloway and Dunlop, 2007). In general, we can observe that cultural industries may have more direct relationships to the arts; whereas the creative industries utilizes the creative inputs to produce the outputs that may be associated to other areas of economy. This approach is close to European Union perspective to cultural and creative industries and UNESCO. Instead, in approaches such as UNCTAD, East Asian countries, Australia and New Zealand, this distinction has not considered that important. As has become commonplace in the Western world, UNCTAD uses the term creative industries more often than the term cultural industries.

Caves (2000), defined the creative industries as “supplying goods and services that we broadly associate with cultural, artistic, or ... entertainment value” (Caves, 2000). Towse (2003), defined cultural industries as those sectors that “mass-produce goods and services with sufficient artistic content to be considered

creative and culturally significant. The essential features are industrial-scale production combined with cultural content” (Towse, 2003). Then, in her later works, she dropped the distinction between cultural and creative industries, referring to creative industries that are based in cultural markets (Towse, 2010).

There are significant discussions surrounding the terminological applications of cultural or creative industries, which are still continuing. In short, why these contemplations on different approaches towards the argument on creative industries are important? Although, not having consensus on a fixed definition and terminology for this paradigm, has made some problems, but these debates can lead to valuable implications for academics and theory, analytical and policy making discourses and practical applications.

Now, we limit ourselves to this point about the reflection on pure cultural and humanities sciences, as the economic dimension of these sectors are our concern, although we are aware that culture and cultural dimension remain as core element. Moreover, the content and meaning as well as the contexts and types of application sometimes carry more importance message than which terminology we would like to use. Whatever term it is being used for this, the concept is associated with the 1990s and 2000s new approaches such as “New Labor”, the “Third Way”, the “New Economy”, and “Cool Britannia”.

2-4 Academic Route of Creative Industries

The concept of creative industries was officially born out of policy discourses, as argued earlier. Nonetheless, this concept draws upon a wide range of diverse academic fields including: sociology, cultural studies, policy studies, geography, humanities, critical theories, economics, management and business, and recently futures studies and so on. However, as an organized methodical field of study at university level with economic and business perspective, it rested “place in the business school” (McGuigan, 2009) very recently. Academically, the field of creative industries is a new discipline. Terry Flew is leading international figure in creative industries researches. He played important role in establishing the world’s first Creative Industries Faculty in Queensland University of Technology (QUT), in Brisbane, Australia, in July 2001. Its first intake of students was in 2002 and

the first executive dean of new faculty was Professor John Hartley. Then, this trend started and the discipline of creative industries were formed randomly in some universities, yet not so extended. There are the higher education curricula in this domain in which the programs such as “media and communication, digital media, film and television, journalism, public relations, advertising” (Flew, 2012) are being offered and they are growing. In Australia, there was a growth of 16% for enrolments in media and communication courses over 2002 – 2007 period (Flew, 2012).

The relevant fields such as cultural economy research is also academically growing. There are relatively new academic journals appearing, such as the “Journal of Cultural Economy”, aimed at understanding “the role played by various forms of material cultural practice in the organization of the economy and the social, and of the relations between them” (Journal of Cultural Economy, Aims & Scope).

Other academic journals dedicated to the field of creative industries include: International Journal of Cultural Studies, The Information Society on Creative Industries, International Journal of Cultural and Creative Industries (IJCCI), Creative Industries Journal, Journal of Creative Industries and Cultural Studies JOCIS, Journal of Cultural Economics.

The fact that, yet, we are at the beginning of the academic growth of this interdisciplinary field within the university frameworks, sometimes makes some trouble for making the international research in the field, trying to look for a right places where officially perform these studies in the cadre of the standard university programs and under the title of the term creative industries. However, hopefully, the confusion will decline with the more attention on the field in the near future.

2-5 Back Again to Creative Industries – In-depth

Now, that the conceptual and historical background of creative industries has been discussed, we can continue the discourse of creative industries in more details with better perception.

Creativity

With the profound changes in the terms and conditions of world trade, the dynamics of the economy, and the shift of cities in global rankings, every day the concept of "creativity" is more valued. Hence, the present age may be called the "Age of Creativity".

There is no simple definition that encompasses all aspects of this marvelous phenomenon. Even in the field of psychology, where one studies in detail about individual creativity, there is no theoretical consensus on whether creativity is an intrinsic attribute or the process by which original and pure ideas are produced. So far, the only thing that can be done in this regard is to explain the characteristics of creativity in different areas of human endeavor. For example we can say:

- Artistic creativity encompasses the imagination and ability to create innovative ideas and novel ways to interpret the world in the form of text, sound and image.
- Scientific creativity entails curiosity and thirst for experience and building new relationships to solve the problem;
- And economic creativity is a dynamic process that leads to innovation in technology, business practices, marketing, etc. and is closely linked to the pursuit of "competitive opportunities" in the economy.

All three types of creativity mentioned above involve more or less technological creativity, and as Figure 2.2 shows, all kinds of creativity are interconnected (not independent of each other) and technological creativity is their intersection point. No matter how we define and interpret creativity, there is no doubt that it is one of the key elements in defining and recognizing the cultural industries, creative industries, and creative economy

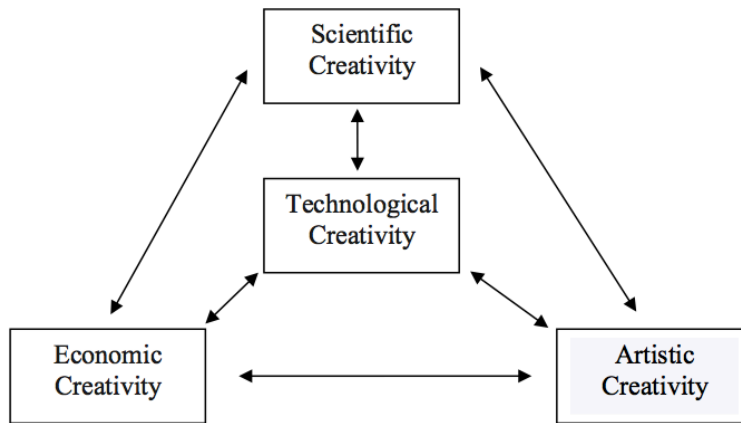


Figure 2.2 Creativity in Today's Economy – The Complexity of Creativity
 Source: KEA European Affairs, 2006

Another approach to creativity is to consider it as a measurable social process. The reality is that from an economic point of view, the link between creativity and socio-economic development is not well known; especially yet, we do not know how much creativity contributes to economic growth. In this case, it is important not only to measure the economic outputs of creativity, but also to consider that the creative activity cycle through the interaction of the four types of capital of the society (social, cultural, human and structural or organizational capital) as effective factors in creativity growth is important. The cumulative effects of these factors are called "creativity outputs". This is the "creativity index" known also as the 5Cs model, seen in Figure 2.3. This model was first developed by a research team of the Centre for Cultural Policy Research of the University Creativity Index, University of Hong Kong, in 2005).

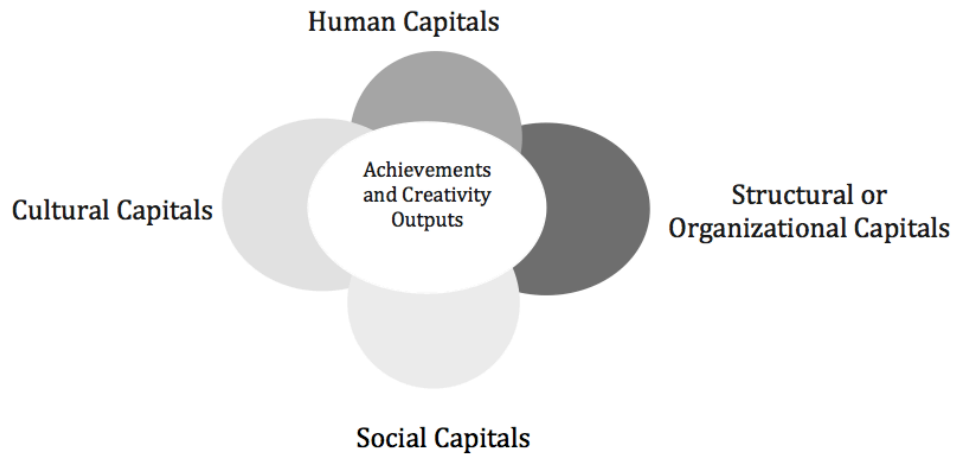


Figure 2.3 “Five C” Interactions: Creativity Outputs + 4 Types of Capitals
 Source: A Study on Creativity Index, 2005

"Creativity" can also be defined as the process of the creation of ideas, and the crystallization of them into valuable physical objects (Boston's Creative Economy, BRA/Research, United States of America). But "innovation" means the creation of something that did not exist before. And, finally, creativity is not intelligence. Creativity and intelligence are two different phenomena, although they might be interconnected. Creativity involves the ability to blend, something like a change in data, perceptions, and information to get something new and useful.

Creative Knowledge

Knowledge, if conditions such as society, tradition, and scientific communications are provided, will ultimately be communicated through creative people. However, creative thinking is needed to produce knowledge. Produced knowledge is publicized by a public group, i.e., if an idea is social, political, legal and so on, they promote it and insert it into social relations, political institutions, legal texts etc.

It is natural that also this stage does have the social context like earlier stage and later stages. But there must still be individuals, which through their actions and performances, knowledge is developed; or in the cases dealing with industrial and economic ideas, the knowledge become commercialized and the invention is operated in an innovation form, and is used in the society and find the market.

However, any discoveries, inventions, innovations, or any kind of produced

knowledge, which have been developed in the society in an innovative way, require the users. This way, we can say that the innovative products (in general, including products, services and social innovations) need the consumers.

Usage and consumption is also a kind of knowledge. Finally, the last type of knowledge in this classification is the knowledge of improvement or modification that by adopting the knowledge of production, publicized and used, confirms it, generalize it or even reject it and suggests a new knowledge. A part of critical knowledge rests in this type.

Critical knowledge may not be so creative to lead to a solution but negate prior knowledge. However, this kind of knowledge is needed in the knowledge cycle of society to reach again the creative type of knowledge. It is clear that these are typical and ideal examples of knowledge, and that any kind of knowledge in the real world may be a combination of these. A summary of the four types of knowledge and the knowledge production cycle in the society can be visualized as Figure 2.4.

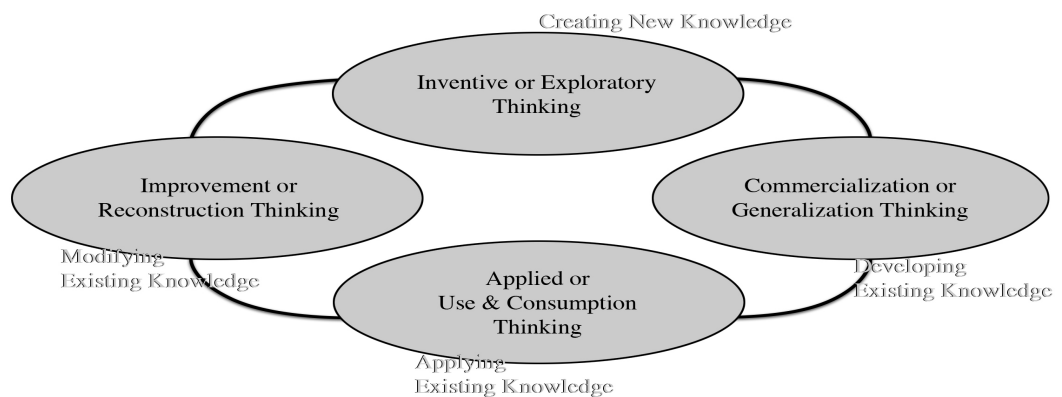


Figure 2.4 Knowledge Production Cycle in Society
Source: (Malekifar and Peyvasteh, 2018)

Production of Culture – Cultural Economy

A set of studies surrounding the production of culture and cultural economy emerged after the criticisms and discourses on industrialization of culture. The origin of these studies is observed in the work of Richard Peterson (1976) linked with the cultural production and market and the issues related to occupation and organizations; and then the work of Howard Becker (1982) about “art worlds”.

More recently, the intellectuals in the applied researches in the framework of creative industries, such as Andy Pratt (Pratt, 2004b), have discussed the concept of cultural economy, trying to integrate the reviews on cultural production, distribution and consumption with the economic and policy dimensions. The works of UNESCO on Cultural Statistics, which has been discussed before, have been a major attempt for empirically generation of the policy relevant figures, for cultural sectors and their impact on economy, reinforcing the notion of cultural economy. The framework for the concept of the “culture” was proposed by UNESCO (2009), aimed at capturing the value creation process within and across the cultural/creative fields (Figure 2.5). The relation between these phases varies across the kinds of creative industries.

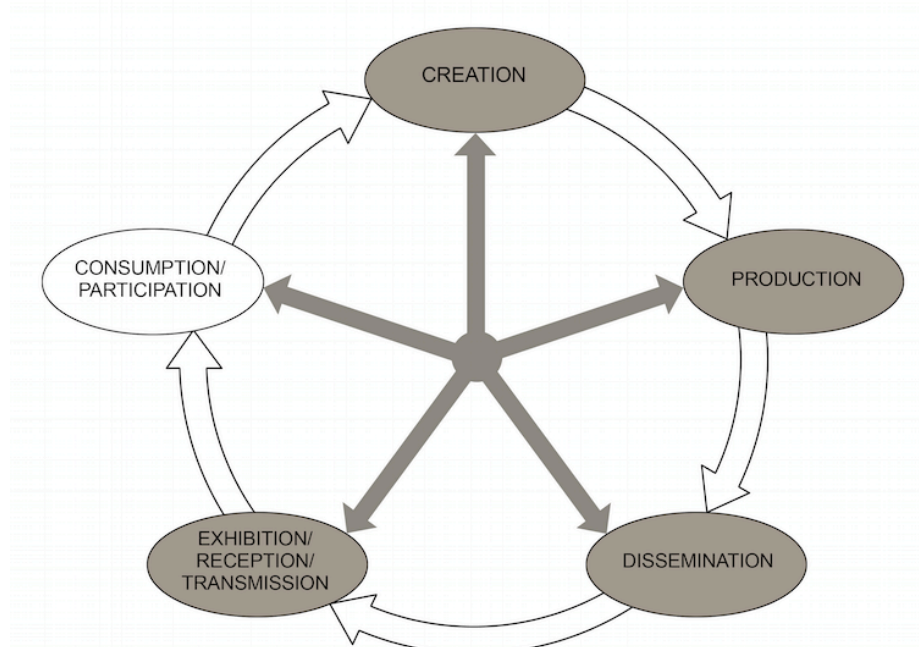


Figure 2.5 UNESCO Model of Culture Cycle
Source: UNESCO, 2009

The cultural economics is not associated with the traditional features of economics, but rather with the trends emerging out of cultural studies, political economy, cultural and economic geography and institutional economics, which shaped the paradigm of “culturalization of the economy”, or what is also called as “cultural economy” (du gay and Pryke, 2002; Amin and Thrift, 2004). In this regard and growing vein of literature, there is a contemplation on whether

economic dynamism become more “cultural” over time, or whether there would be the increasing awareness on the intersections of culture and economics. This growing interdisciplinary field goes much deeper of the culturalization of the economy than what is argued by the neo-classical and neo-liberal economists. It is interesting to note that, the most famous economist of the twentieth century; John Maynard Keynes was maybe, the founder of “cultural economics” in its contemporary meaning. He was the founder of chair of the Council for the Encouragement of Music and the Arts (CEMA), which would become the Arts Council of Great Britain (Flew, 2010).

Cultural and Institutional Economics

The cultural studies, and then the urgency of policy debates around the questions of arts and culture in the domain of economic, has generated the arguments and the criticism that “the economics”, say “neo-classical economics”, as a discipline needs, in order to “do economics better than the economists”, as the intellectual in the cultural studies, Lawrence Grossberg (2006), has reflected. Hesmondhalgh (2007) interprets neo-classical economics as a field “not concentrated with determining ‘human needs and right’, nor with intervening in questions of ‘social justice’, [but, instead, with] ‘how’ human wants might be most efficiently satisfied, [and what] equates the well-being of people with their ability to maximize their satisfactions”, that is the positive outcome to the wider economy rising from public pragmatic support for the art and culture, which is “cultural economics”.

Creative Product and Service

The scope of the creative economy is determined by the breadth of the creative industries. The definition of "creative industries" in academic literature and in policy-making circles is a controversial and conflicting argument, especially in relation to the similar concept of "cultural industries", which has been discussed in details earlier.

In some documents, we sometimes see differences in the concept of creative industries and cultural industries; and sometimes we find that both terms are used

in the same sense. A sensible way to advance the discussion and understanding the differences and similarities between creative and cultural industries is to begin by defining the goods and services that these industries produce.

The concept of "cultural products" can be used wherever the word "culture" is intended either in the anthropological or its functional sense. Under these circumstances we can say that cultural goods and services such as works of art, music, literature, film and television programs, and computer games have the following similar characteristics:

- Their production requires the input of human creativity. In other words, human creativity plays the role of "raw material" in the production of cultural goods and services;
- Cultural goods are the means of conveying "symbolic messages" to those who consume them. The purpose of their production is more than mere profitability and often serve a larger and more important communication purpose than profitability;
- They are, at least potentially, subject to intellectual property that belongs to the producer or the group that produce the goods or services. Because it is difficult to prove and maintain the intellectual property of some cultural goods and services even in today's technologically advanced conditions.

An alternative or additional definition of "cultural goods and services" derives from the concept of "value" as embedded within them. The question is that in addition to the commercial values that determine their economic value, such goods and services also carry "cultural values" that may not be fully measurable with money. This valorization has social and cultural reasons, and what belongs to "cultural values" of cultural goods and services may be far more than their economic value. These reasons may stem from aesthetic considerations or the role of cultural activities in understanding each community's cultural identity. In fact, "cultural value" is the distinctive face of cultural goods and services and other goods and services.

The definition of "cultural goods and services" in either of these two ways can be considered as a subset of a broader group of goods and services called "creative goods and services." These are the kind of human-made products that require a high level of human creativity.

Therefore, the scope of "creative goods" is beyond "cultural goods" as defined above, and encompasses the services such as the "design" of a variety of products, and the production of various software. Creative products and services can be essentially considered as commercial goods whose production requires a level of creativity.

Cultural commodities include and convey cultural value in addition to commercial value. But creative goods are created solely for the purpose of producing commercial value. What makes cultural and creative goods fit into one family is that their production both requires a certain level of creativity. This distinction between cultural goods and creative goods can serve as a basis for distinguishing cultural objects from creative industries.

Creative Economy

Regardless of the way creative industries are defined and classified, there is no disagreement that these industries are at the center of a structure that can be labeled as "creative economics."

The term "creative economy" was first coined in John Howkins' book in 2001 on the relationship between creativity and the economic system. According to Howkins, creativity is not something new, neither is the economic system; what is new is the nature of their relationship, the breadth of this relationship, and how they combine to create added value and produce wealth. Howkins uses the term "creative economy" in a broad sense in a way that includes 15 creative branches from the arts to the broader fields of science and technology. According to his estimates, in 2000, the value of the creative economy was \$ 2.2 trillion globally and its annual growth had been 2%.

Howkins believes that there are two types of creativity: one that is related to people's satisfaction as individuals, and another that produces a product. The former is one of the characteristics of humankind found in all societies and cultures. The second type of creativity, however, is stronger and more visible in advanced industrial societies that value more the innovation, science and technology, and intellectual property rights. In fact, one is individual creativity, and another is industrial creativity - and what matters in the modern creative

economy is the industrial creativity that society has to create in the process of its development.

There is no single definition for "creative economy". This is a concept that is still under development. What we are seeing is an increasing convergence around a core group of creative industries and their interactions both at the level of individual societies and international levels.

For developing countries around the world, the developmental dimension of the creative industries and the whole concept of the creative economy are new. The 11th UNCTAD Conference, which was held with the participation of the Ministers of the Member States, was a decisive step in this direction.

It is conceived that through the process as a result of the attention of international bodies such as UNESCO and UNCTAD given to the field and the international conferences held around the world on this subject, the concept of "creative economy" has evolved over the past almost 20 years in several ways. First, as a means of drawing everyone's attention to the role of "creativity" as a fundamental and powerful force in today's economic life; and to understand this point that cultural and economic development are not two separate phenomena, but are part of a larger process of "sustainable development" where both economic growth and cultural growth happen in intertwined way.

The idea of creative economics, especially in the developing world, draw people and policy makers attention to the creative assets and sources of cultural wealth that are abundant in all developing countries. The creative industries that use these resources not only enable countries to tell their own stories and to recognize and introduce their unique cultural industries to themselves and the world, but these industries can be a new source of economic growth and create thousands of new jobs. In addition to all this, the creative economy plays an effective role in promoting cultural diversity and human development.

In most theories and approaches to economic development, culture is seen as a driving factor with an indirect impact on economic development. But the perspective of the creative economy emphasizes on the direct influence of cultural production on the economy and not just its indirect impact. One of the important implications of this view is that more attention should be paid to the designation

of strategic goals of economic development and their evaluation.

The developmental dimensions of the creative economy have complex interactions with each other (Fig. 2.6). A number of concepts have been rooted in discussions on the growth and dynamics of the creative economy. Above all, the "policy framework" of creative economy that is multidisciplinary in nature, and ideally requires integrated inter-groups governmental policies that require inter-departmental actions.

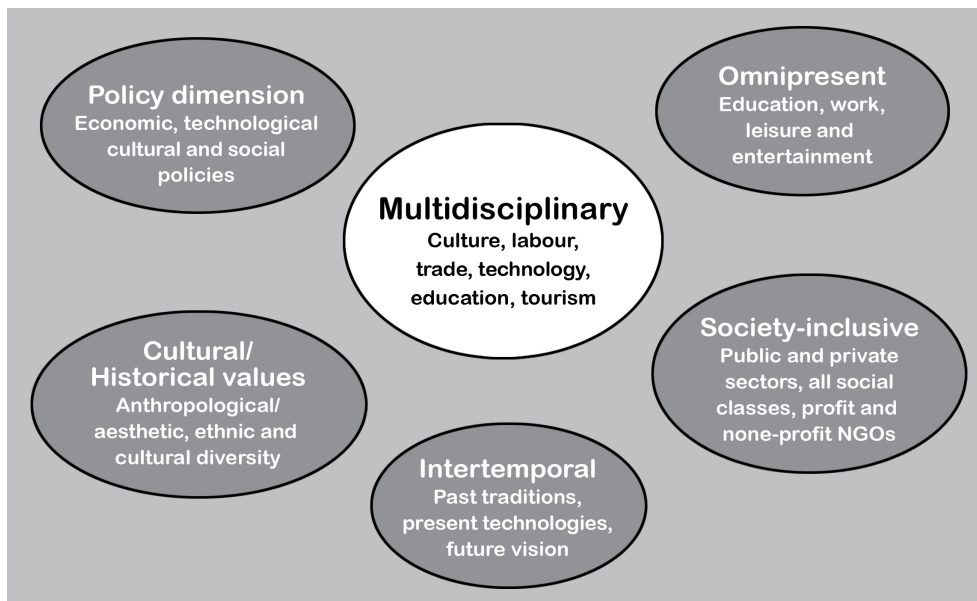


Figure 2.6 Development Dimension of the Creative Economy
Source: UNCTAD (Creative Economy Report, 2008).

Important Drivers of the Creative Economy Worldwide

Significant drivers for creative industries growth around the world can be found in technology and the economic system. Technological developments in communications, following the digital revolution, have combined with the economic environment that shaped this revolution and provided the conditions for this growth. The drivers are:

Technology

The convergence of multimedia technologies and telecommunications has resulted the integration of tools through which creative content is produced, distributed, and consumed; while at the same time has created new forms of artistic and creative expression. The removal of government approval from the media and

telecommunications industries and the privatization of formerly state-owned firms also opened the way for the growth of private sector investment capital in the field, which all its effects are evident.

One prominent example is the Republic of Korea; which is on the wave of new technology-based growth in video games, animation and other audio and video services. As a result, for example, Korean television broadcasting has increased five times over the period 1999 – 2003. (Rising from \$ 12.7 million to \$ 37.5 million) (Shim, 2006). A key factor in these developments can be seen as a general trend in economic policy-making that has led to a new understanding of the concept of “innovation.”

Demand

The growing demand for creative products has also been an important driver of the growth of the creative economy. There are several factors behind this demand pressure. First, the emergence of real incomes in industrialized countries has increased the demand for income-related products, including creative goods and services. Another factor contributing to the growth of the creative economy is the changing patterns of cultural consumption. Again, new communication technologies lie behind this evolution. New generations of consumers of the Internet, cellphones, digital media, and so on use the ways that not only expand the range of cultural experiences, but also turn them from passive recipients of cultural messages into active content creators group. The emergence of consumers as creators or creators group of creative products has led to a dramatic increase in cultural interactions. Part of these interactions has been managed by companies that have engaged with consumers in the integrated process of producing goods and services. An obvious example is open source software developed in collaboration with users, unlike closed source software, in which the user cannot interfere with it.

Tourism

The uninterrupted growth of tourism worldwide has in recent years contributed to the growth of creative industries that offer creative goods and cultural services to

the tourism markets. In 2004, the number of international tourists entering European territory was over 416 million, while for the Asian and Oceanic countries it was over 153 million. Only 33 million people have traveled to the whole continent of Africa. The cultural sector contributes to the development of tourism by creating a demand for visits to cultural heritage, museums and exhibitions and festivals, as well as intensifying the interest of tourists in attending music concerts places, theater and opera in most cities and towns.

According to the UNESCO World Heritage List that advocates many countries' cultural heritage, this list exceeds 850 items. These are: more than 66 cultural assets, almost 170 natural assets and 25 combined assets (both cultural and natural) in more than 140 countries. By October 2007, 184 state members have joined the Convention concerning the Protection of the World Cultural and Natural Heritage. International organization such as UNWTO (United Nation World Tourism Organization) and UNCTAD are actively working to design governments and their tourism development policies to protect both culture and natural environment.

Traveling to Petra as an example, can be more than a simple trip to a historical place and will take you to the depth of two-thousand-year-old ancient culture of Jordan. The strategy of Jordan's National Tourism Industry had estimated that, this country's tourism industry revenue would grow at a staggering rate, from approximately \$ 807 million in 2003, to \$ 1840 million in 2010. In the same period, the number of jobs related to the tourism industry will double.

The Developmental Dimension of the Creative Economy

All over the world, when it comes to creative economics, most attention is focused on advanced economic systems; where the creative industries are fully consolidated and their creative products have visible presence in global markets. In developing economic systems, however, the story is different. The development of creative industries like other economic developments must be analyzed in harmonious with the “Third Millennium Development Goals”; as these goals speak for a global political environment and the strategies to be performed for the development of national economies.

“The eight Millennium Development Goals – which range from having extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education, all by target date of 2015 – form a blueprint agreed to by all the world’s countries and all the world’s leading development institutions. They have galvanized unprecedented efforts to meet the needs of the world poorest. The UN is also working with governments, civil society and other partners to build on the momentum generated by the MDGs and carry on with an ambitious post – 2015” (from: <https://www.un.org/millenniumgoals/>).

The above eight goals are the result of a "holistic" view on development, which is reflected in concepts such as "Human Development Index", "habitable societies" and "national vitality". The Millennium Development Goals address the challenges of development both independently and as an integral part of the global economy and communities.

Since the MDGs era has come to the conclusion with the end of the year 2015, right after the United Nations launched “the 2030 Agenda for Sustainable Development”. Fulfillment of these goals requires innovative and interdisciplinary approaches to development and serious consideration of issues such as culture, environment and social development. Disregarding how much MDGs have been achieved in the due time, which is not the argument of this essay, from a policy perspective for the creative economy and the characteristics of the creative and cultural sectors and the consequences of attention given to them; which have been already described, the creative sectors in developing economic systems can achieve at least six goals out of the eight Millennium Development Goals, and thus have very high capacities in this regard.

Multiple Dimensions of Creative Economy

The creative economy is not one-dimensional, but has many dimensions and contributes in many ways to the economic, social and cultural development of countries.

Economic Dimensions

Economically, world trade is one of the key components of the creative economy. According to UNCTAD, the global trade of creative industry products has grown

rapidly in recent years. From 2000 to 2005, the trade of creative goods and services averagely has grown 8.7% annually. As an example, global exports of the visual arts rose from \$ 10.3 billion in 1996 to \$ 22.1 billion in 2005, doubling in less than ten years. The export of audio and visual products tripled during the same period. Much of the business in audio and visual products is in the form of copyright transfer as a means of buying and selling creative content. This again reflects the importance of intellectual property regimes in the growth of the creative industries. In a country where there is no strong intellectual property regime, the development of creative industries faces difficult challenges.

Social Dimensions

Employment can be considered as one of the most important social consequences of cultural industries development. It is important to remember that the creative industries require both "knowledge workers" (that is to say, the workforce needs specific skills and high-level professional qualifications); and "physical workers", like theater and cinema, which all rely on the creative workforce. The share of creative industries in employment is usually significant: typically it constitutes between 2 to 8% of the workforce in a country.

Above all, it has been seen that the quality of the jobs created through the creative economy may lead to employee satisfaction more than the usual jobs, because of the creative endeavors and psychological effects and consequences that have a particularly positive impact on skillful workers.

In the United States, for example, in 2003, the creative industries accounted for about 2.5% of total employment. The highest density of creative staff existed among freelance artists, writers and actors and in the publishing industry.

Another important social aspect of the creative industries is their role in promoting social cohesion. To the general public, the creative economy consists of a set of cultural activities that can contribute to the formation of social groups in societies and social integration. Societies that are exposed to social strife and different types of internal tensions can be cured through participation in cultural rituals.

As many women work in the fashion, art and craft industries, the creative

economy can play a catalysis role in enhancing gender balance in the creative working environment, especially in developing countries.

In addition, the creative economy is closely linked to educational systems, both in developed and developing countries.

Cultural Dimensions

The term "culture" whether to be interpreted in an anthropological sense to mean and intertwine the shared values and traditions that represent a community or a nation; or has a more functional concept to represent artistic experiences, the creative economy, as a provider of creative goods and services, clearly has deep cultural implications. Here the cultural value of "identity" is of particular importance, whether it is at the level of a country, a region, a city, a village, or expressed in some other groups.

"Diversity" is one of the cultural aspects of the creative industries that has been discovered in recent years. As the processes of "globalization" progress, the value of cultural diversity is becoming more and more apparent, and the role of the creative industries in promoting it is more clearly recognized. The Universal Declaration on Cultural Diversity, adopted by UNESCO, in 2001, defines "diversity" as what is crystalized in the "uniqueness and plurality" of the different identities of communities and groups, and the common heritage of mankind.

Sustainable Development Dimensions

Creative industries also contribute to sustainable development. Every day, it is becoming increasingly clear that the concept of "sustainability" is much broader than environmental protection. The intangible and intangible cultural capital of a society, a nation, or an area of the world is something that should be preserved for future generations, just like the resources and ecosystems that need to be preserved to sustain human life on the planet Earth. The creative industries pose no danger to the environment. Because the raw material of creature activities comes more out of the mind than the natural resources such as mine or land. Obviously, the development of creative products usually does not require heavy industrial infrastructures and environmental pollutants; and all policies aimed at

developing creative industries do not, in principle, conflict with environmental goals.

Obstacles to Deployment of the Creative Economy

Despite the promising prospects for the growth of the creative economy among developing countries, there are also problems. Many opportunities for wealth creation, employment, technology improvement and market development in the creative sectors in developing countries are burnt due to obstacles such as lack of capital, lack of entrepreneurial skills and insufficient infrastructure for supporting the growth of creative industries. As a result, the achievement of developing countries to gain the benefits of participating in the global creative economy would become impossible. In fact, there is this risk that when these countries connect to global market networks with the help of international big corporations, they tend to fall into the lowest chains of added value in production chain process. Here are some of the major problems that developing countries face in terms of expanding their creative economy:

Lack of Capital

Forecasting demand for creative goods, such as film and books, is usually more difficult than more standardized industrial products, as governments and private equity investors typically look at producing such commodities as projects at high risk. Banks and other financial and credit institutions do not open any accounts for creative businesses, especially cultural businesses, and consider them almost unofficial.

Lack of Entrepreneurial Skills

Starting and managing creative businesses requires specific skills in the fields of entrepreneurship, art or culture. In developing countries, skill development programs and vocational training courses can address these problems, but the progresses do not accelerate and weigh that much. Furthermore, there is often no recognition of the “value chain” of creative industries and the duties and responsibilities of the responsible in each circle of the value chain.

For example, African artists have successfully made their way to the World Music Club, but have recorded their albums internally and need intermediaries to distribute their albums internationally. For this reason, the vast profits from their art are poured into the pockets of international agents, and not much is left to their own countries!

Lack of Infrastructure and Necessary Rules

The problem of lack of infrastructure and regulations is particularly evident in the weakness of the supply chain of creative processes, the lack of networks distribution for efficient marketing of products, and the lack of support mechanisms. These problems eventually lead to the regulatory environment in which the creative economy operates.

For example, a reasonable legal framework governing the formulation and implementation of contracts is necessary for regular professional work in the field of art and similar areas; this framework may not exist or be effective in some countries. In particular, any legal failure to distinguish intellectual property rights raises enormous problems for creative works. Without an effective intellectual property regime, creative producers will never have access to their real and fair rights, and therefore their incentive to continue working will be killed.

The Interdisciplinary Nature of the Creative Industries

Creative industries because of their interdisciplinary nature require shared inter-ministerial policies. The creative economy deals with a wide range of political responsibility areas and executive agencies. Although many governments have designated specific ministries, agencies, or units to manage and direct the creative industries at macro level, no doubt that almost all government policy areas interact with these industries. Some of the most important of these interactions are:

- Since these industries contribute to economic development, so it is natural that they could be at the center of the attention of central bank, the ministries of economy, and the planning departments of the countries.
- Creative industries are growing industries in international trade. Therefore, they are under the political supervision of the Ministers of Commerce, Foreign Affairs and International Relations.

- Because of the regional growth of these industries, they are particular target for development strategies in the patterns of regional economic planning.
- The creative industries can play an important role in employment. Thus, in the employment policies, they could be considered as an attractive area.
- In terms of foreign and domestic investment, private sector Investment in creative industries could be promoted.
- Given the importance of new communication technologies in creative sector, monitoring services of telephone, Internet, Media, satellite communications is significant.
- Regarding Culture, the principal functions of creative arts have been supported several times by governments, following economic and cultural goals.
- In tourism field, as already described, there is a strong link between creative industries and tourism in economic growth of cities and regions in many countries.
- Concerning social affairs, the policies dealing with poverty, social pressure on minorities, youth and gender issues can be argued into the creative economy framework.
- And finally, in the education domain, professional training for people working in the creative industries; as well as more general aspects of art in education are discourses considered by governments.

The Need for Dialogue with Multiple Stakeholders

In addition to the inter-group nature of political and administrative responsibilities, if one looks at the different sectors of the economy that are engaged with the creative industries, there is a similar multiplicity of actors in these industries. Individuals and organizations involved in cultural activities and participate in the creative economy work in the following areas:

- Public sector (cultural institutions such as museums, exhibitions, government agencies, broadcasting, etc.);
- Private-profit sector (a wide range of commercial operations in all areas of production and distribution of creative and cultural products);
- The non-profit sector (including theater halls and art galleries, festivals, music and music ensembles, crafts workshops, etc., some of which may be government-subsidized); and
- Civil Society (NGOs, Foundations, Cultural Centers, Artistic Associations, Sectoral Organizations, etc.)

It is very important that there are processes for the participation of all these actors in strategic decision making and planning.

The Need for Effective Legal Mechanisms

The multidisciplinary nature of the creative industries means that there is an inevitable tendency for diversity of fields and groupings when formulating policies and strategies. If this leads to the application of fragmented standards, there is a risk that the work will be finished with overlapping or conflicting policies and strategies. What is needed is an integrated and coherent approach to promoting the creative industries and thus the creativity economy in making and implementing policies and strategies. And applying this approach (to coordinate policies across all institutions, and even firms active in the creative industries) requires effective legal mechanisms.

Financing Creativity

One of the significant outcomes of different approaches on creative industries and the identification of typologies of these areas are the crucial discourse of “financing” various sectors of these industries. Williams (1981), Lee (1993) and Flew (2012) have commented in this regard that in the cultural production processes, there is a phase, collecting creative talents, technologies, budgets and capitals, which are obtained by means of financial resources allocation to these sectors. The finance debates could be put in the differences between the production of the creative works, and the production and distribution of the acknowledged creative works (i.e. having success in terms of sales, profits, prestige, awards, etc.). The budgeting and financial question in the domain of creative industries marks out significant importance. First of all, because there is a high cost in creative works and low reliance upon cultural settings provided through returns on individual creative works. And, then financing is important as creative industries are characterized by the complex and unstable relationships between creative performances and the management level for these activities. Another reason is associated with the markets for cultural and creative production, as increasing rate of growth moving from local level to national markets, and then

global level requires the high costs related to geographical relocation.

UNCTAD has recognized that access to financial investments is a particular problem for creative industries, especially in the developing countries where lots of talents and skills associated with the “creative economy [yet] have not been recognized as business categories in legal terms. Because of this, many small creative industries do not have access to credit facilities or to the loans and investments that would make their businesses more viable” (UNCTAD, 2008).

Creative Industries (Consumption – Markets – Technologies – Cultural Trade)

Consumption: The consumer society is associated with the rise of modernity and capitalism. The beginning historical time is what is linked with the questions about “mass behavior”, “collective form” activities, and “mass culture” and “mass society”, which since the mid-nineteenth century were increasingly lying with “mass media”, “mass communication” and “popular culture” (Bennett, 1982; Thompson 1991, 1995; Strinati, 2004; Flew, 2012).

Consumption is a phenomenon more linked with buying and consuming products and services provided by others, and less involves the products and services of one’s own activities. Stated differently, what is consumed will become commodities which are bought and sold in a commercial market, by means of monetary exchange.

Adam Smith, the eighteenth-century moral philosopher and political economist, commented that:

“Consumption is the sole end and purpose of all production and the interest of the producer ought to be attended to, only in so far as it may be necessary for promoting that of consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it” (Quoted in Flew, 2012).

Karl Marx analyzed consumption as a commodity-form in capitalist economies. He discerned between societies with simple commodity production and those with capitalist commodity production. In the latter, Marx believed, that the purpose of consumption is not only exchange, but also the “profit”. The divers drivers for economic system associated with “exploitation” of labor by capital for achieving

surplus value, the expansion of markets, and the accumulation of capital through these processes (Marx, 1976). In this setting, the consumption extent would be broadened and may lead to the manipulation of the consumers by capitalist enterprises in the processes of production, distribution and publicity. The contemporary idea of Marx interpreting that “consumerism, that is the active ideology that the meaning of life is to be found in buying things and pre-packaged experiences ... has become the major ideology that legitimates modern capitalism” (Bocock, 1993).

Jean Baudrillard interpreted Marx’s theory of “exchange value” that its weak point is the “use value” dimension (Baudrillard, 1988). Baudrillard observed that “exchange value” is something associated with concrete historical and social context; instead, “use value” marks out historical and anthropological sides of human needs, something that exists independently of the social context. He puts the harmonic equilibrium “exchange-value / use-value” in the commodity pattern as well as the “signifier / signified” interaction in semiotics. Lee (1993), has observed that:

“Baudrillard’s ideas [linked with the relationship between commodities, ‘culture’ and consumption] draw our attention to the complex manner in which commodities function as signs and symbols in the sphere of consumption, as well as their potential as regulating agents in the domain of culture. This represents the logic of ‘sign-value’, where through advertising and marketing especially, commodities acquire certain cultural meanings” (Lee, 1993).

This marks as the starting point for our understanding of “cultural consumption”. Then the debates surrounding industrialization of the culture, mass cultural production, the criticism vein of “culture worrywarts” including Frankfurt School theorists and the idea of “culture industry” and false needs for popular cultural goods and so on, which have already described in details before.

Later on, Slater (2003) has argued about the economic globalization, which is linked with culture consumers moving in the direction to accommodate a latent “romanticization of the pre-modern” and to presume “an opposition between pristine indigenous cultures existing before the intrusion of consumer culture, and their afterlife as commodity culture – a fall from grace” (Slater, 2003).

Markets: Creative industries products and services and the consumption desire of the individuals come together in markets. To better understand the market sphere, we need to have an understanding of the fields of economics. Two facets of the field of economics, which are related to cultural and creative products and services, are “cultural economics” and “media economics”. Cultural economics, as it can be observed in the “Journal of Cultural Economics”, deals more with cultural manifestations and even the tendency towards “high culture”, rather than creative sphere. Media economics has been developed as the application of conventional neoclassical mainstream economics theories to media. This branch of economics is defined as “the study of how media industries used scarce resources to produce content that is distributed among consumers in a society to satisfy various wants and needs” (Albarran, 1996). In contrast, in the sphere of critical political economy, the concern is more the general interaction between economic organization and political, social and “cultural” life, and “it starts with a set of social relations and the play of power”(Murdock and Golding, 2005).

The literature on the range of interpretations surrounding cultural economics and media economics let to our better understanding on the key matters linked with nature of markets for creative industries. The insights derived from organizational theory into the way the competition is shaped in media and cultural industries market help us better perceive the structure and formation of the firms in those industries. We are able to make reflection on the “structure-conduct-performance” (SCP) model to identify how the numbers of the firms in a market, the type of their products and the obstacles for the entry of the new competitors as well as supply-chain integration are being shaped. In addition, we realize the “demand uncertainty” associated with the creative industries markets. The creative industries launch new creative products. This means that the consumers are not informed of the new product. Moreover, the cost in their production process is high for each new product, needs to be invested on the knowledge for novelty and not repeated cycles.

Technologies: It has been already argued earlier that technologies are one of the important drivers of the creative economy worldwide. The technological breakthroughs within the production and consumption spheres are fundamental to

the creative industries economics. New technologies were significant for pivotal issues for the media industry oligopolies. In the late 1990s, for example, it was not possible to think that Apple would become the leading player in the music market, but it took place with the mass spread of iPod and iTunes.

The neoclassical economics have observed technology “as something formed outside the market system, an ‘exogenous force’ arising from the scientific world that then acts upon supply and demand relations. Yet there are many alternatives economic theories that see a far closer and more symbiotic relationship between technological change and the capitalist market economy” (Few, 2012).

The economic historian, Robert Heilbroner observed that capitalism is identified by “soft” technological acceptance at the international level powerfully imposing “itself on the structural organization of the productive side of society” (Heilbroner, 2003). And, Joseph Schumpeter (1942), the Austrian economist, had made critique surrounding the neoclassical models of his time failing to realize the importance of technological changes for capitalist economies dynamisms.

One crucial perspective on technology analysis is the social formation and “the socio-economic patterns embedded in both the content of technologies and the process of innovation” (Williams and Edge, 1996), and the claims that technology shapes the society. Therefore, the government, institutions, military and corporations have important role in technological development and applications.

International Trade in Creative Goods and Services: The creative industries have been characterized as one of the considerable source of economic growth in the international trade. According to UNCTAD, the world exports of creative industries goods and services accounted for US\$ 424.4 billion in 2005 (3.4% of the world trade); that the share of creative goods exports was US\$ 335.5 billion with the annual growth rate of 6.1% over a decade period; and creative services contributed US\$ 89 billion, with an annual growth rate of 8.8% over 1996-2005 period. The annual growth rate of the trade in creative industries goods and services was 6.4% during 1996 – 2005, and was 8.7% over 2000 – 2005 period (UNCTAD, 2008).

It is noteworthy to know that developing countries accounted for 41% of the total exports of creative goods (Table 2.3), illustrating that developing economies play

an important role in the creative industries at the global level, although we can observe that China alone contributed 19% to this share. We can also observe that the largest export sector has been “Design”. We need to note that design includes both: “low-value-added” and “high-value-added” goods. Therefore, if we consider these kinds of statistical bias, for instance in this case, we look only at “the high-growth subgroups of creative industries with higher value added, such as audiovisuals and new media, are exported mainly by advanced countries” (UNCTAD, 2008). We need also to consider that the major parts of the world don’t import creative goods and services; the major exception is East and Southeast Asia, particularly China. Another point, we need to note is that the value of creative exports grew slowly in Latin America and Caribbean region as well as in the Small Island Developing States (SIDS), and declined in the Least Developed Countries (LDCs), over the 2000 – 2005 period, while the creative goods exports grew overall by 73% of developing countries during 1996 – 2005.

Table 2.3 Creative Goods: Exports by Economic Group and Region, 2000 and 2005

Economic Group and Region	Value (\$ US million)		Change %
	2000	2005	2000-2005
Worldwide	228,695	335,494	47
Developed Economies	136,643	194,445	42
Europe	99,201	149,825	51
United States	20,703	25,544	23
Japan	4,803	5,547	15
Canada	10,413	11,377	9
Developing Economies	89,827	136,231	52
Asia – South, Eastern, Southeastern (incl. China)	79,316	119,839	51
China	28,474	61,360	115
Western Asia	2,747	5,947	116
Latin American and Caribbean	6,769	8,641	28
Africa	973	1,775	82
Least Developed Countries (LDCs)	648	211	-67
Small Island Developing States (SIDS)	133	153	15
Economies in Transition (Post-communist Eastern Europe)	2,226	4,818	116

Source: UNCTAD, 2008.

Table 2.4 shows the rate of growth of imports of creative goods by the types of

goods for developed, developing and East European transitional and post-communist economies.

Table 2.4 Creative Goods: Imports by Economic Group, 1996 and 2005 (\$US million)

	Worldwide		Developed Economies		Developing Economies		Economies in Transition	
	1996	2005	1996	2005	1996	2005	1996	2005
All Creative Industries (incl. Creative Services)	190492	350884	163257	282558	27074	60759	161	7568
Arts and crafts	15679	25091	12680	20174	2984	4390	15	527
Audio visuals	333	650	255	526	78	116	0	7
Design	120603	228428	101451	184052	19057	39257	95	5119
Music	4851	16419	4442	13737	406	2413	3	269
New media	6250	13402	5683	10718	564	2465	3	220
Publishing	31242	45783	28225	34740	2973	9735	44	1308
Visual arts	11534	21111	10521	18610	1011	2382	2	118

Source: UNCTAD, 2008.

It is estimated that the cultural and creative goods and services will keep on growing in the international trade in the near future.

Ernest Engel, the nineteenth century German economist, had claimed that as people's overall income rises, their expenditure of food and other basics rises by smaller proportion. In other words, according to his thesis, which is termed "Engel's Law", they have more selective income to spend on luxury items. Stated differently, cultural goods would have a positive income elasticity of demand. That means it is forecasted that their demand for the creative industries goods and services would increase, as global average incomes rise, and in particular, as more people being in middle – income status.

Another reason that can perform as an important impulse in cultural and creative goods and services international trade is obviously Internet and the new media technologies.

The international conventions such as UNESCO convention on Cultural Diversity,

the international organizations such as WTO as well as the international trade agreements such as GATS have had a major impact on the circulation of the cultural and creative goods and services in the international trades. However, it should be noted that these institutional arrangements are not capable to form the consumption in the cultural and creative products and services. There should be yet much analysis done on the models of development of the cultural / creative goods and services commerce as well as their consumption across the nations in the age of economic and cultural globalization particularly in the developing and emergent economies. We need to examine the complexity of production, distribution and consumption infrastructures of cultural goods and services in the global trade networks, what UNESCO refers to as “culture cycle) (Figure 2.5).

Creative Industries and Public Policy

It was described earlier that creative industries were born out of the policy debates in the 1990s in the UK. It is argued that cultural policy was historically originated in the French Revolution era. One of the important movements of the 1789 French Revolution was the project of collecting distinctive works of art from the nobility palaces and transferring them to the public museums and galleries, such as relocating the Royal art collection from the Palace of Versailles to the Louvre (Hobsbawm, 1990). This new mindset that the art works and historical monuments have to become the property of the people as “Patrimoine Culturel”, identified the new responsibility for the state, and then the establishment of the new institutions and places for displaying the cultural and artistic works to the whole population, and in fact, the transformation of institutions such as galleries and museums into “instrument which, through the education of its citizens, was to serve the collective good of the state” (Bennett, 1995). This cultural mobilization to see the “culture” and arts “as a resource that might be used to regulate the field of social behavior” (Bennett, 1995), became the recurring attitude and methods at the government level in Europe during the nineteenth century for foundation, arrangement and preparation of the public libraries, galleries, public museums, cultural events and festivals etc. This was also followed by a large-scale education and investment on improvement the behavior of the population, in particular the

middle and lower classes, towards understanding of the common culture, and finally reinforcement of the authorities of the state in line with supporting these cultures. Therefore, the debates and regulations on cultural policies started to be in practices even before the term of “cultural policy” was coined.

In the UK, the Council for the Encouragement of Music and the Arts (CEMA) was founded during the World War II. In France, after their Fifth Republic foundation in 1958, it was a fruitful period for the development of the cultural policies. The “Ministère d'État Chargé des Affaires Culturelles” with Andre Malraux, the famous author, as the head of this Ministry, was established under the leadership of Charles de Gaulle. Andre Malraux identified three major tasks for a national cultural policy, which are: Heritage, Creation, and Democratization (i.e. activist responsibility for cultural policy to compensate socio-economic inequalities through cultural means). The “Patrimoine: Heritage” concept identified a task for the state in distributing the “eternal products of the imagination” all over the population. This approach on cultural policies raised the debates and questions whether cultural policy has with itself “l'action culturelle”, or the policy makers are there to support the cultural institutions and activities to lessen the distance between them and people and societies, referred to as “l'action socioculturelle” through which the culture is perceived as a concept is fundamentally built by the independent and self-motivated performances of people and communities, with the presence of policy makers in order to formulate and adjust the role and goals of cultural policy (Looseley, 1995). Such perspective and arguments were so influential in the formation of UNESCO. Then, UNESCO started to develop the different policy agenda and protocols surrounding the theme of national cultural policy. UNESCO has argued the purpose of cultural policy as “to establish conditions conducive to improving the means for the expression and participation of the population in cultural life” (UNESCO, 1982).

Flew (2012) has outlined ten drivers of change in media and cultural policy, emerging from the 1980s to the late 2000s. The ten factors are (Flew, 2012):

- Technological change;
- The impact of budget constraints;
- Broadening definitions of culture;
- The impact of political shifts;

- Re-valuing the arts (Table 2.4);
- Globalization and international trade agreements;
- Growing interest in content industries as growth industries;
- Rethinking innovation policy (Table 2.5 and Figure 2.2);
- The implications of information abundance; and,
- The new politics of copyright

Table 2.4 Claimed Impacts of the Arts for Individuals, Communities and Society

-
- Develops self-confidence and self-esteem
 - Increases creativity and thinking skills
 - Improves skills in planning and organizing activities
 - Improves communication of ideas and information
 - Raises or enhances educational attainment
 - Increases appreciation of arts
 - Creates social capital
 - Strengthens communities
 - Develops community identity
 - Decreases social isolation
 - Improves understanding of different cultures
 - Enhances social cohesion
 - Promotes interest in the local environment
 - Activates social change
 - Raises public awareness of an issue
 - Enhances mental and physical health and well-being
 - Contributes to urban regeneration
 - Reduces offending behavior
 - Alleviates the impact of poverty
 - Increases the employability of individuals
-

Source: Jermyn, 2001.

Table 2.5 Five Stages of Innovation Policy

Historical phase	Innovation model	Core feature	Government policy implications
First Generation (1950s-1960s)	Science push	Supply-Driven focus on new invention	Government investments in ‘big’ R&D (e.g. nuclear engineering, space exploration)
Second Generation (1970s-1980s)	Market pull	Customer demand-driven	Make science more responsive to industry
Third Generation (1980s-1990s)	Coupling	Interaction between science push and market pull	Promote partnering between industry, government and research institutions (e.g. universities)
Fourth Generation (1990s-2000s)	Integrated	Integration between science, markets suppliers and customers	Promoting clustering as a source of competitive advantage (‘silicon valley model’)
Fifth Generation (2000s-2010s)	Network model	New sources of knowledge, creativity and learning are highly distributed	Promoting open innovation models and engaging in ‘global competition for talent’

Source: Dodgson et al., 2005.

2-6 Creative Industries Models

In recent years several different models have been proposed as tools to gain a systematic understanding of the structural characteristics of the creative industries. Creative industries were originated and developed in the UK, and internationally afterwards based on different strategies and comparative analysis. Therefore, speaking about fixed templates of creative industries is difficult. However, in very general, we can expand the approaches and models adopted by different nations. As described earlier in the section

2-1 of this chapter, the criticism around the primary model of creative industries defined by DCMS in the UK made further evolution of the concept of creative industries both in the UK, and globally.

The next paragraphs will examine the eight models to illustrate different classification systems, which are used in the creative economy. Each model is based on a specific underlying assumptions about the purpose and mode of operation of industries and leads to some lightly diverse pattern for classifying

industries into two levels of "principal" and "subordinate" sectors within the domain of cultural economy.

Here, some approaches have been analyzed; whereas, it is obvious that there is no intact and fixed framework for creative industries and the approaches are not limited only to these eight models.

The eight models are:

1. Symbolic Text Model
2. World Intellectual Property Organization (WIPO) Model
3. NESTA Model
4. The Work Foundation “Concentric Circles” Model
5. European Union Model
6. UNCTAD Model (strategies for developing countries)
7. Hourglass Model
8. DSDI Model

1. Symbolic Text Model

This model is a kind of approach to the cultural industries that emerges from the critical cultural studies tradition, as it is common in Europe, and especially in England. This approach considers 'superior' or 'serious' art as the context of cultural and political work, and thus focuses its attention on popular culture.

In this model, the processes by which a society's culture is shaped and transmitted are attributed to the production, distribution, and consumption of symbolic texts and messages that are transmitted by various media such as cinema, radio, television, the press, and the book. (Simply put, cultural industries are seen as industries that shape the culture of society by producing and publishing various texts and messages used by society.)

2. World Intellectual Property Organization (WIPO) Model

This model is based on the industries that directly or indirectly involve the creation, production, publication, and distribution of works that are subject to copyright (WIPO, 2003). Thus, this model focuses on intellectual property as a creative expression of the copyrighted products or services. There is a difference

between the industries that actually create intellectual property and those that are necessary for the transfer of cultural goods and services to the consumer.

The focus of IP found in the UK case can be expected to be significantly modified in other countries, particularly developing nations where historically the IP regime is very critical issue and different from one in the UK (Drahos and Braithwaite, 2002).

3. NESTA Model

After the definition of creative industries by DCMS in the UK, the arguments started to arise around understanding of this term. One of the critiques for the definition of DCMS was that it was list-based and it didn't give a broad description on creative industries. So, later on in the UK, in 2000s, two reports on creative industries came up as the results of these critiques sought to present the alternative interpretive schemes with more nuanced perspective on the field.

The first report was prepared in 2006 by National Endowment for Science, Technology, and the Art (NESTA), the report "Creating Growth: How the UK Can Develop World Class Creative Businesses" (NESTA, 2006).

The second report was provided in 2007 by The Work Foundation, the report "Staying Ahead: The Economic Performance of the UK's Creative Industries." (Work Foundation, 2007), known as concentric model of creative industries, which will be described in creative industries model number four.

NESTA report expanded an economic-based perspective modifying DCMS framework with the focus on commercial growth, as it was believed that the definition of DCMS was still raw and not satisfactory in terms of economic factors, criticizing that:

- DCMS definition for these sectors are too broad by inserting industries such as software and computer services;
- All 13 industries listed in DCMS framework have equal weights in terms of economic performance and growth;
- In DCMS model, they have only given attention to the output and not other economic dynamism such as commercial value chains, market structure, distribution systems and consumptions forms;
- It is not distinguished which parts of the sectors are more commercial-based and

generated through public subsidy.

Therefore, they reshaped DCMS definition by adding more explanation through the following four interlocking but distinct groupings (Flew, 2012); claiming that it led to more economic development and better promoting in private sectors (Figure 2.7).

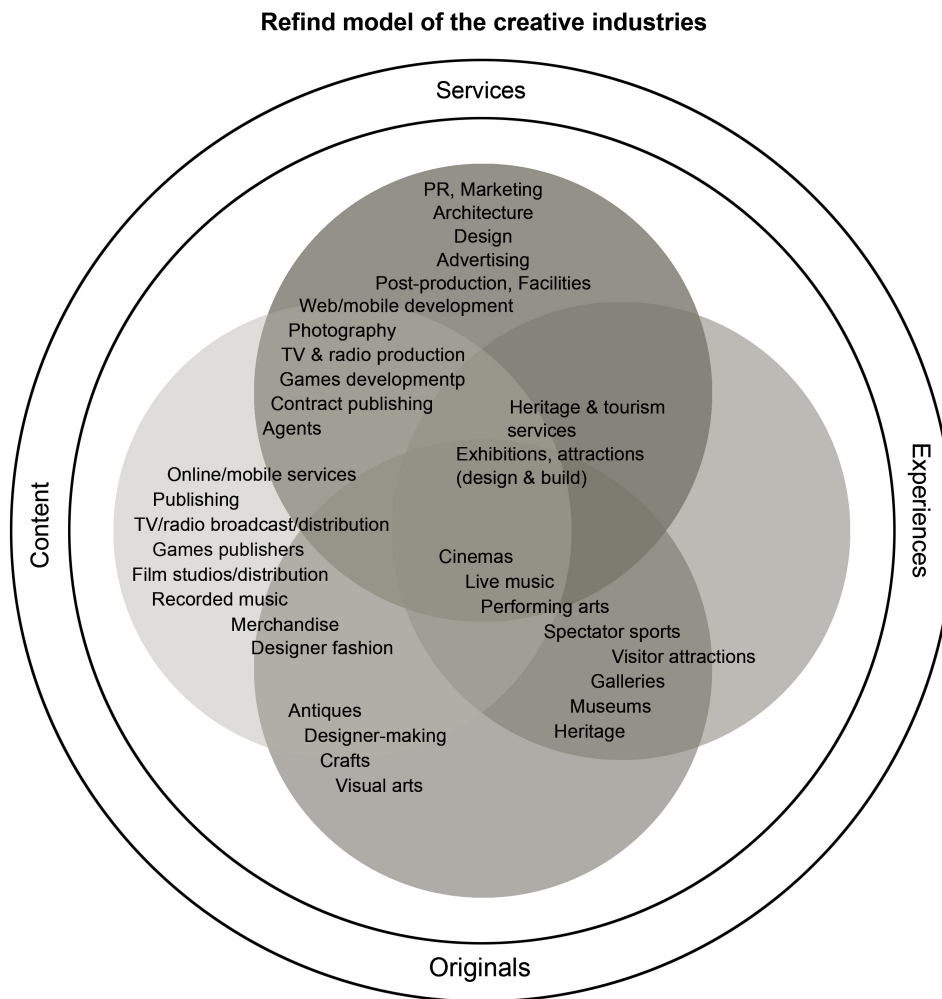


Figure 2.7 NESTA Model of Creative Sectors

Source: NESTA, 2006.

- “Creative Service Providers” whose incomes are by applying intellectual property (IP) to other businesses. These sectors include: advertising agencies, design consultancies, architecture practices, and new media agencies.
- “Creative Content Producers” who invest capital up-front to generate IP-protected outputs, which are distributed to consumers and audiences. Their earnings are through a combination of direct sales, advertising and subscriptions.

These activities include: film, television, theater production companies, computer and video game development studios, music labels, book and magazine publishers, fashion designers.

- “Creative Experience Providers” sell the right for consumers to experience particular activities, performance and location in a specific time and place. These sectors include: theater, opera and dance operation companies, live music organizers, live spectator sports promoters, festivals, cultural institutions, tourist promotion.
- “Creative Originals Producers” who deal with the creation, manufacture or sale of physical artifacts, whose value is derived from their perceived cultural or creative, exclusivity and authenticity, i.e. they are typically one-offs or produced in limited production. This includes: visual arts, crafts, designers and makers.

Based on this model, a distinction can be done between simple cultural goods and complex cultural goods.

It has been discussed this model underlines this issue that “the creative industries as industrial sectors rather than a set of creative activities based on individual talent” (NESTA, 2006).

NESTA report has also been accused of ignoring the economic significance of creative experience sectors in British economy. As a result, the economic policies for encouraging successful industries and new form of IP would be more reinforced than the policies to support arts and cultural sectors. Stated differently, the policies related to sections associated with the global content industries would be overvalued, seeing it as considering the UK as a modern society, while the valorization of cultural heritage and events would be degraded presenting the UK as an old-fashioned country.

4. The Work Foundation “Concentric Circles” Model

This model (Figure 2.8) is based on the idea that what distinguishes cultural objects is the cultural value inherent in cultural goods. Therefore, the greater the cultural content of a product or service, the more it is attributed to the cultural industries (Throsby, 2001).

This model emphasizes that creative ideas emerge within the creative arts in the form of sound, print, and imagery; then these ideas and their effects are

transmitted outwardly through a series of layers or "concentric circles", in a way that moving outward from the center of these circles, the proportion of cultural content to the commercial content of ideas declines.

This model draws upon the cultural input and is more influential model with respect to NESTA model in terms of being more in line with the concept of the creative industries conceived by the European Union. In fact, this model locates the arts at the center of the basis of their original and copyrightable form.

There have been the critiques on this model. Terry Flew believes that this model “presents a set of recurring problems for understanding these sector [creative industries], which tend to push the creative industries concept back towards being a form of de facto arts policy.” (Flew, 2012).

Another critique is that this model identified a link between the rise of creative industries and knowledge economy in a way that “better educated and richer consumers ... looking for experience and psychological rewards ... are co-architects of the knowledge economy” (Work Foundation, 2007). Opposite to NESTA framework, The Work Foundation Model discerns the creative activities on the basis of the centrality of the notion “expressive value”. Expressive value is defined as “every dimension, which in its broadest sense, enlarges cultural meaning and understanding” (Work Foundation, 2007); that is, in fact, the usual discrimination between the high culture and popular culture.

However, The Work Foundation, negates this interpretation claiming that:

In the first decade of 21st century, expressive value is no longer confined to traditional art forms. Expressive value (in the sense of symbolic value) is represented in software programs and video games such as *The Grand Theft Auto* and *Metal Gear* series where engrossing narratives combine with performance-driven play and increasingly naturalistic graphics. Expressive value (in the sense of social value) is represented in the range of interactive; user generated cultural material found on the Internet (Work Foundation, 2007).

The Work Foundation inserts industries such as music, publishing, films, and computer games in the realm of cultural industries; whereas it considers creative industries encompassing the sectors such as industries advertising, architecture, design, fashion and computer software. The Work Foundation report was

consistent with DCMS approach to creative industries with the “centrality of the arts to creative industries and public support for cultural excellence rather than being seen as a “Ministry for Fun” or a department of applied cultural studies” (Flew, 2012).

Another critique is locating media industry within creative industries framework whose pivotal element is expressive value questioning whether media contents can cover these values and if yes, what is the objective criteria for that?

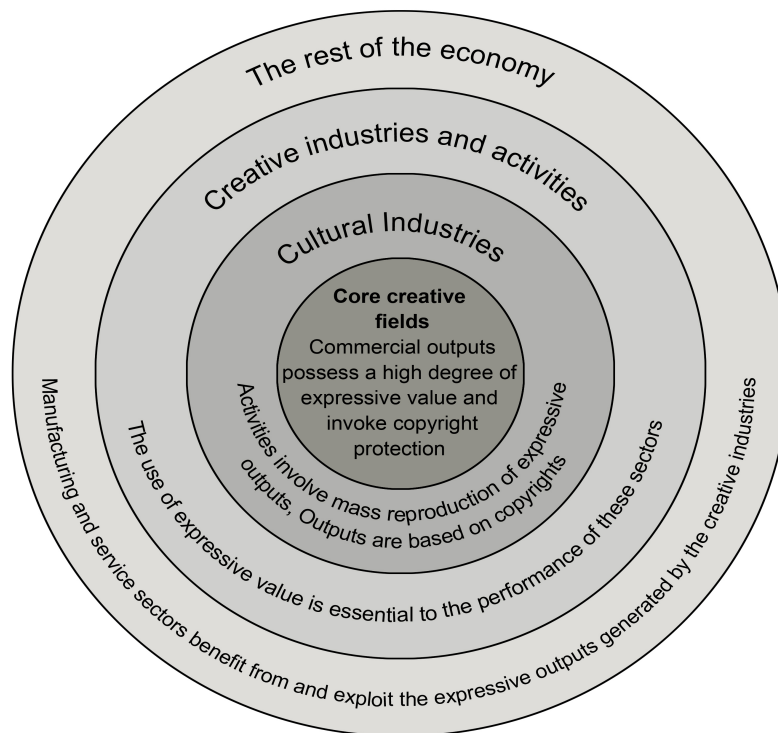


Figure 2.8 The Work Foundation “Concentric Circles” Model
Source: Work Foundation, 2007

5. European Union Model

The approach of the Work Foundation Concentric Circles model as described above was the base for the model presented by European Commission. The European viewpoint on cultural activities is also built upon its location in regional and international politics. Europe has provided a significant ground for apprehending the policies associated with creative industries.

Culture is, in fact, as a crucial component for European international diplomacy. It has been noticed an “ambassador” and as a vehicle for European values

(tolerance, democracy, diversity and pluralism, etc.) and its “way-of-life” (KEA, 2006). The European Parliament in 2006, called on European Commission to “clarify what constitutes the European vision of culture, creativity, and innovation and to elaborate political measures ... in order to develop European creative industries, incorporating these in a genuine European strategy for culture” (European Commission, 2010).

Therefore, in line with this concern and alongside with the support of the UNESCO Convention on “Cultural Diversity” in Europe, in 2006, a study was commissioned by the European Union titled: The Economy of Culture in Europe. This study was launched by KEA European Affairs, identified the cultural and creative sectors as contributing 2.6% to the Gross Domestic Product (GDP) of the European Union in 2003 (KEA, 2006). According to the data and statistics in this field, it is being demonstrated how at the time that there was a decline in manufacturing industries in Europe, the employment, instead, in the cultural sections was notable; and as a result European Commission sought to define frameworks surrounding cultural and creative industries and the policies associated with them.

The KEA followed adopted the concentric circles model for better understanding the cultural and creative sectors in the cadre of European Union Model. According to this model, “cultural industries” are defined as:

“those industries producing and distributing goods or services which at the time at which they are developed are considered to have a specific attribute, use or purpose which embodies or conveys cultural expressions, irrespective of commercial value they may have”;



While this model defines “creative industries” as:

“those industries, which use culture as an input and have a cultural dimension, although their outputs are mainly functional” (European Commission, 2010).

Pursuant to this model, the arts, broadcast media, film, music, video games and publishing are considered in the classification of cultural industries; and advertising, design, architecture and fashion in the creative industries division (Table 2.6).

Table 2.6 European Union Model of Cultural and Creative Industries

CIRCLES	SECTORS	SUB-SECTORS	CHARACTERISTICS
CORE ARTS FIELD	Visual arts	Crafts, Paintings, Sculpture, Photography	* Non-industrial activities * Outputs are prototype and “potentially copyrighted works” (i.e. these works have a high density of creation that would be eligible to copyright but they are however not systematically copyrighted, as it is the case for most craft works, some performing arts productions and visual arts etc.)
	Performing arts	Theater, Dance, Circus, Festivals	
	Heritage		
CIRCLE 1: CULTURAL INDUSTRIES	Film and Videos		* Industrial activities aimed at massive reproduction. * Outputs are based on copyright.
	Television and Radio		
	Video Games		
	Music	Recorded Music Market, Live Music, Performances, Revenues of Collecting Societies in the Music Sector	
	Books and Press	Book Publishing, Magazine and Press Publishing	
CIRCLE 2: CREATIVE INDUSTRIES AND ACTIVITIES	Design	Fashion Design, Graphic Design, Interior Design, Product Design	* Activities are not necessarily industrial, and may be prototypes. * Although outputs are based on copyright, they may include other intellectual property inputs (trademark for instance) * The use of creativity (creative skills and creative people originating in the arts field and in the field of cultural industries) is essential to the performances of these non-cultural sectors.
	Architecture		
	Advertising		
CIRCLE 3: RELATED INDUSTRIES	PC manufacturers, MP3 Player manufacturers, Mobile industry Etc.		* This category is loose and impossible to circumscribe on the basis of clear criteria. It involves many other economic sectors that are dependent on the previous “circles”, such as the ICT sector.

 : “The Cultural Sector”
 : “The Creative Sector”

Source: KEA, 2006

6. UNCTAD Model (with the Focus on Developing Countries)

The United Nations has had a powerful share at an international level in development of the policies for creative industries. It has performed this especially through:

- The United Nations Educational, Scientific and Cultural Organization (UNESCO); and
- The United Nations Commission on Trade, Aid and Development (UNCTAD)

Before exploring the UNCTAD account on creative industries and presenting its model, the UNESCO approach on this phenomenon will be studied:

UNESCO Approach on Creative Industries

UNESCO has always had the concerns on the discourses associated with cultural development and trade since its establishment in 1945. One of its main missions has been “to advance, through the educational and scientific and cultural relations of the peoples of the world, the objectives of international peace and of a common welfare of mankind” (UNESCO, 2004).

Since 1970s onwards, this organization, through the New World Information and Communication Order (NWICO) proposals, very clearly has shown its stance surrounding the relation between culture and development. It, then, sought the needs for cultural policy in line with “endogenous development” strategies for the enhancement of economic development and political independence of the newly developing nations (UNESCO, 2004; Mattelart, 1994; Roach, 1997; Flew, 2007).

In recent years, UNESCO has reinforced the principle of cultural diversity by protecting diversity between and within nations through a Convention on Cultural Diversity.

In 2005, 146 states members advocated the United Nations Convention on the Protection and Promotion of the Diversity of Cultural Expressions (UNESCO, 2005). That was to “formulate and implement their cultural policies and to adopt measures to protect and promote diversity of cultural expressions and to strengthen international co-operation to achieve the purpose of this Convention” (UNESCO, 2005).

In 2009, UNESCO published its updated Framework for Cultural Statistics (FCS)

(UNESCO, 2009). Since 1986, UNESCO has committed itself to deal with the development channels in nations such as contribution of culture to economic and social development; the importance of cultural policies from the perspective of industry and economic development; the convergence of previously detached sectors associated with digital technologies; the urgency for mapping of the cultural sectors and their interrelationships and the impact of globalization and the dramatic growth in international cultural trade.

UNESCO has preferred to refer to the cultural industries rather than the creative industries, although it has used both terms.

According to UNESCO:

The cultural industries are defined as:

“Industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature ... [the contents of these industries] are typically protected by copyright and can take the form of a good or service ... [these industries] generally include printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and designs” (UNESCO, 2006).

The creative industries include:

The cultural industries plus “those in which the product or service contains a substantial element of artistic or creative endeavor and include activities such as architecture and advertising” (UNESCO, 2006)

UNCTAD Model (with the Focus on Developing Countries)

While UNESCO, as described above, has been involved with the questions regarding accessibility, inequality and development in cultural sectors, UNCTAD has oriented itself more towards this belief that the creative industries are as new dynamo of economic growth in developing countries.

The High-Level Panel on creative industries convened by UNCTAD in São Paulo, Brazil in 2004, observed that:

Creative cultural asset and rich cultural resources found in abundance in all developing countries, based on inexhaustible human creativity and intangible assets, could be transformed into economic value and a source of economic development through the formation of coherent integrated sectorial policies that

include a rapprochement between culture and trade policies ... the age of globalization offers new opportunities for developing countries in this area while at the same time containing potential threats to cultural diversity and creativity ... a balance [should be] sought between achieving national cultural objectives and achieving international trade policy objectives (UNCTAD, 2004).

According to UNCTAD, the creative industries are defined as:

The cycle of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs;

A set of knowledge-based activities, focused on but not limited to the arts, potentially generating revenues from trade and intellectual property rights;

Tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives;

At the crossroad among the artisan, services and industrial sectors; and,

Comprising a new dynamic sector in world trade (UNCTAD, 2008).

In its study on creative economy and developing nations, in 2008, UNCTAD has also declared the key domestic policy points for these nations that later in chapter 3 will be discussed.

In the model of UNCTAD for creative industries, the idea of placing the cultural industries as the core for other industries is rejected. Instead, this model indicates nine interconnected sectors. These sectors perform across the sectors of heritage, the arts, media and “functional creation” (Figure 2.9).

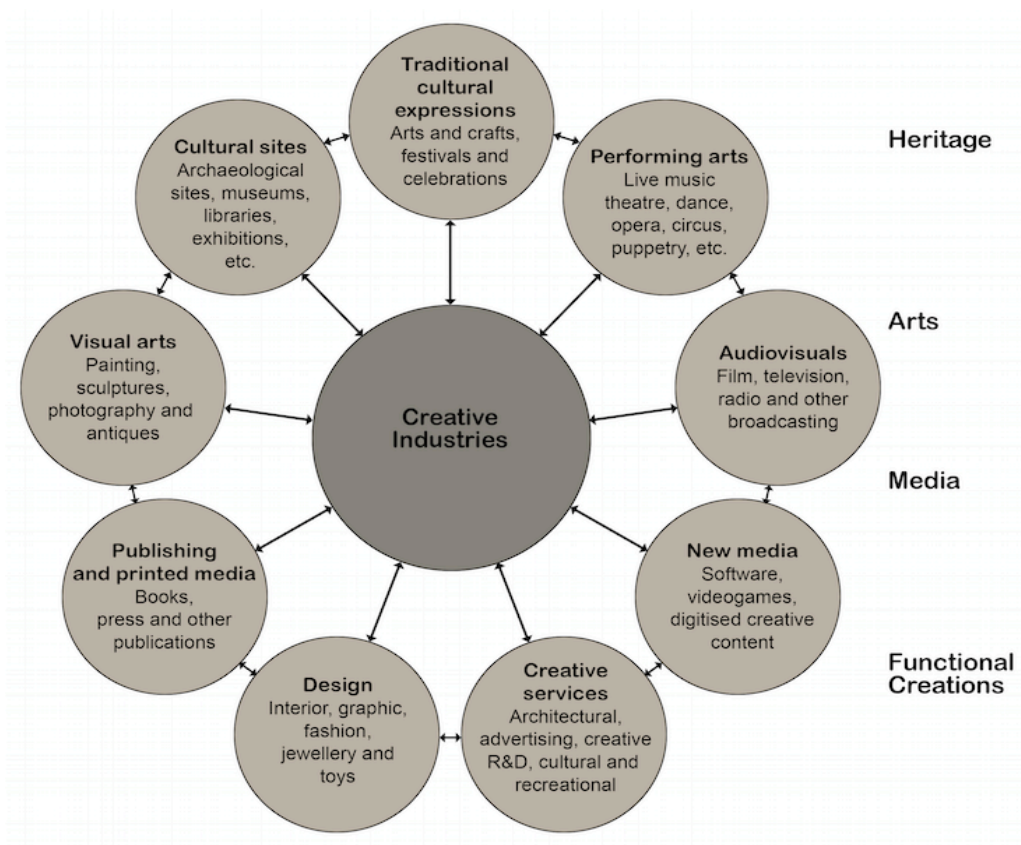


Figure 2.9 UNCTAD Model of the Creative Industries
Source: UNCTAD, 2008.

7. Hourglass Model

There is an approach to creative industries, is termed “Hourglass” model. This model underlines mostly the structure of the industry and value chain of these sectors, rather than the creative sectors themselves. This structure is identified with:

- A large number and scattered content creators and producers, SMEs, sole traders and micro-businesses, while;
- A small number of centralized and in many cases multinational distributors

This framework has been interpreted by political economists such as Garnham (1990) and Hesmondhalgh (2007) arguing the relations between the production organizations details in creative industries. The tendency of creative industries for taking the form of “hourglass” structure approach, illustrates their inclination towards “oligopolistic” in the highly competitive market context. Pratt has

observed this structure as certain “domination by a handful of major international corporation, and sitting below them are many thousands of companies – these companies are very small ... micro-enterprises comprising self employed and two or three person businesses. There is a ‘missing middle’ of small – and medium – sized enterprises [SMEs], which leads to some challenges in terms of coordination” (Pratt, 2008).

8. DSDI Model

The Department of State Development and Industry (DSDI), in Australia, developed this framework in 2003. Higgs et al. (2007) and (2008) have suggested six groups including various areas of creative industries activities. These groups include:

- Advertising, Graphic Design and Marketing;
- Architecture, Visual Arts and Design;
- Film, Television and Entertainment Software;
- Music Composition, Publishing and Performance;
- Performing Arts;
- Writing, Publishing and Print Media

We can observe that considering Cave’s approach of the division of simple / complex cultural goods plus creative [originals, content, experience, service] setting, the DSDI model is in line with NESTA model in the following three sectors:

- Film, Broadcast Media and Entertainment Software, representing creative content sectors;
- Performing Arts (theater, dance and opera), representing creative experience sectors;
- Advertising, Graphic Design and Marketing, representing creative service sectors

There is no 'right' or 'wrong' model of creative industries; the difference is in the interpretative methods of the structural characteristic of “creative production.” Thus the attractiveness of different models may differ depending on the purpose of the analysis.

What is clear, from the perspective of the statistical and policy-making needs of

each country, a set of standardized definitions and an appropriate classification system as the basis for designing a framework is required to be adopted to position the creative industries within the country-wide macroeconomic system.

The ideas of creative industries and creative economics have been followed by / in intertwined interaction with the emergence of the concepts such as “creative age”, “creative idea”, “creative class”, “creative entrepreneurs”, “creative clusters”, “creative spaces”, “creative ecosystem”, “creative hubs”, “creative nation”, “creative societies”, “creative regions”, “creative cities” and “creative cities network”, and “creative economy”.

2-7 Globalization and Creative Industries

Globalization has been created as a global trend, due to the advancement of communications technologies and ease of global transportation, a process that, as Marshall McLuhan says, reduces the world to a small “global village”. Sometimes, Western capitalism, with the design and implementation of a “globalization project” (making the world globalized), is embarking on a “natural globalization process” (becoming globalized). One of the natural consequences of the globalization process is the formation of a common global culture; and the United States tries to impose its culture as a universal culture on contemporary humanity through a globalization project.

Globalization is one of the main concepts of the 1990s and the 2000s. There are some definitions of the globalization among which is that this phenomenon has emerged as “the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa ... Local transformation is as much a part of globalization as the lateral extension of social connections across time and space” (Giddens, 1990). For some, the significant driving factor of this phenomenon has been the globalization of economic activities, which is observed as reducing the capacity at the national state to balance their national economies towards ends that are in the best appeals of their citizens (Scholte, 2005). The rise of multinational corporations (MNC) since World War II, which started to have some parts of their performance abroad and outsource the production processes through the global

production networks, has been a feature in economic globalization (Henderson et al., 2002). It has been observed that the internal transactions between different MNCs and their related and sub-enterprises account for the most part of the world exports, and there has been a fast speed globalization of financial markets with the annual turnover over 30 times of world GDP (Held et al, 1999).

Some have underlined the political dimension of the globalization, arguing for instance, the impacts operations undertaken in one nation on other states such as the debates surrounding environmental degradation, climate change, migration regulations, public health issues and so on.

Then, there has been an attention on “cultural” globalization, its junction with ICTs networks (Giddens, 2003; Tomlinson, 2007). Globalization has been seen as a driver for promoting cultural trade, as greater exhibition to the other nations’ cultures through media, travel and tourism, education etc. and a catalyst to consumption of their cultural products and services against inclining towards the local cultural consumption, associated with language, historic grounding in the culture and ignorance of other nations’ culture (Schulze, 2003).

The economic geography dimension of the globalization is associated with the rise of creative cities strategies in the 2000s. The empirical work of Doremus et al. (1998) on the impact of the cultural and institutional environment of their “home” base, helped Dickens (2003) to examine that the “place and geography still matter fundamentally in the ways in which forms are produced and how they behave ... country of origin continues to matter a lot for the behavior of MNGs” (Dickens, 2003). That of course does not mean that the globalization is only a “myth”, but to underline the analytic and not simplistic view on the MNCs contexts and constraints and better understanding on how in reality the globalization is forming the industries and economic development.

Globalization, Cities and Creative Spaces

Cultural Economic Geography

From the perspective of “cultural economic geography”, there has been great influence on understanding the creative industries, particularly, in better recognition of geographical clusters, the formation of global production network, and the creative, cities and regions in the context of economic globalization.

Economic geography was formed in the 1970s and 1980s by Marxist political economy, and the issues concerned with the scrutiny review of the “historical geography of the capitalist mode of production” (Scott, 2003).

These “Marxist turn” and “cultural turn” in economic geography and cultural geography of economic production were important in the development of regional differentiation, local entrepreneurship and the idea of competitive advantage in globalized economies as well as economic advantages of geographical proximity between producers, distributors, service providers and workers, and the clusters agglomeration; and, the importance of these clusters to innovation.

One of the factors in the development of cultural economic geography has been the emergence of “actor-network theory” and the post-structuralist work, which explores “the heterogeneous interactions, translations, associations, and mediations between human and non-human actors [which construct] economic networks” (James et al., 2008).

Scott recognized the Southern California region, in particular Hollywood area as an example of locational clustering and agglomeration in the industries such as global media and entertainment. Hollywood experienced outsourcing a range of in-house activities after the fall of the its studio system challenging with “antitrust laws” in 1948, after the World War II, thereby it could see the new organizational production system based on project-based jobs and the agglomeration of clusters of firms active in the film industry and TV production (Scott, 2005). Then, the (paradoxical) instability of this new system caused Hollywood as a magnet absorbing the creative people around the world to become as a “pools of talent” even in the relative industries such as fashion, marketing, digital visual effects, catering and so on.

Cultural economy geography stimulates significant issues such as “durability” and “transferability” lying with creative industries models from one location to another geography. It is linked with the questions about “off-shoring” to low-wage economies, “de-territorialized” economic development arising from economic globalization. This field also describes the restrictions of replication of models in the successful stories such as “Hollywood” and “Silicon Valley”, elsewhere in the world.

Globalization and Cities

Cities have always had pivotal position in capitalist modernity. The development of manufacturing industries and the factories have been linked with mass migration of people from suburbs to urban areas, where more businesses have been agglomerated and grouped as clusters to profit of different resources, economy of scale, infrastructures, knowledge etc. One globalization dimension has been its relationship with the roles played by cities.

Cities have also been the spheres for cultural modernity, as places for sites of incubators and the atmospheres that absorb new ideas, talents, and people from different culture.

What is central to better understanding the economic importance of cities is the concept of “clustering”. Clustering can emerge either localizationally and industrial district-based, or urbanizationally in large-scale cities.

Malcolm Waters (2001) observed “a social process in which the constraints of geography on economic, political, social and cultural processes recede”, and this global turn has advanced from a manufacturing to a cultural or more symbolically based economy, as “symbols can be proliferated rapidly and in any location” (Waters, 2001).

The locationally specific assets rooted in the cities are so important for the creative industries emergence and further development, and the “cognitive-creative economy”, termed by Scott (Scott, 2000, 2008a, 2008b).

Creative Industries, indeed, came up in the globalization context, and when the population worldwide became increasingly urbanized.

The role of the cities to furnish the necessary and particular incubators for the development of the creative industries is significant. The thesis associated with creative cities and creative clusters have been formed such beliefs, although “the degree of correlation between such theories and actual development of creative industries in cities” is yet questioned (Flew, 2012).

Global Cities and Creative Cities

Economic globalization along with new ICTs have promoted the concentration and combination of the resources (although) associated with global dispersal of

activities to what is referred to as “global cities” where there are the order spots in the organization of the world economy; there are places as key marketplaces for leading industries, particularly financial and professional service industries; they are appropriate sites for production and innovation for high-value-adding services (Sassen, 2000). Hall’s earlier definition of “world cities” as “certain great cities in which a disproportionate part of the world’s most important business is conducted” (Hall, 1966), later led Sassen for her reflection on the global cities. London, New York, Tokyo, Paris, Los Angeles, Beijing and Shanghai have been on the ranking list of world cities based on some criteria associated to the existence of headquarters for multinational and international corporations and financial institutions, the size and the rate of growth of business and professional service sectors, the basic infrastructural development, population size, being politically capital etc.

The point is to understand whether the cities that are centers of commerce and financial corporations are also the centers for culture and creativity?

In cases of cities of New York and London, for instance, Landry (2005) and Currid (2007) have argued that their universal centrality emanates from their cultural and creative histories and stories such as their dynamic theater districts, fashion and the visual arts landscapes, the multicultural diversity of the cities, the stories of punk rock and disco etc. On the other hand, despite cities of Frankfurt and Paris are both great centers for financial issues at the international level as well as transportation hubs, but they are not indeed, as strong as New York and London for their cultural and creative dynamism.

In the US, Los Angeles and San Francisco are the two major urban centers in the West Coast area. The cultural networks and settings have evolved in two different ways. Hippie and gay movements are so different compared to the culture settings surrounding Hollywood, celebrity culture and media industries.

Some urban cities have emerged as creative cities, while others have struggled the obstacles in this regard. Seoul, as an example was recognized as a great global cultural center following the “Korean Wave” in film, TV programs and digital media cultural products and its large-scale exports to the other parts of East Asia during the 2000s period; while Hong Kong has challenged a lot for gaining

cultural success.

The “creative city” describes an Urban Complex whose cultural activities of various sectors constitute a component of the city's economy and its social function. These cities are built on a solid cultural and social infrastructure and, through their superior cultural facilities, attract the center of creative employment and investment.

In his valuable works on the concept of creative city, Charles Landry believes that cities have one vital resource: their people. In modern cities, creativity has to be substituted by indigenous natural resources and market access. (Landry, 2000; 2003; 2005)

He notes that today, many cities in the world are facing periods of transition largely due to the force of globalization. These transitions vary from region to region.

In areas like Asia, cities are growing, while in other areas such as Europe, old industries are disappearing, and the added value in cities is achieved rarely through industrial (factory) production and more through intellectual capital (= intellectual property), which is manifested in products, processes and services (Landry, 2000). That means creative cities are suitable context for reinforcing creative industries. Richard Florida believes that creative industries need hip, “inner-urban milieu” in order to flourish. For this, kind of urban policies are required to be made to help more sustainable embellishment of the creative industries in the cities. This urban policy includes the whole resources of the city for those who live in inner city area rather than suburbs. This approach is not in line with British urban scholar, Kate Oakley’s “cookie-cutter” urban cultural policy model (Oakley, 2004). In the creative city, it's not only artists who are involved in the creative economy. Anyone equipped with the weapon of inventive thinking and vision can be a boiling fountain of creativity, from a businessman to an engineer, scientist, or sweeper. Interestingly, composite groups with different attitudes produce the most original ideas. And that means the creative city is entirely a dreamer. Through fostering creativity and creating the right legal framework for the use of imagination at different levels in different fields, a bank of ideas is created that includes potential solutions to urban issues.

Creative cities harness the potential of their creativity in different ways. Some cities serve as a venue for creating "cultural experiences" for residents and visitors. This is done through the presentation of cultural heritage or cultural activities in the field of theatrical and visual arts. Others, such as Beirut, Edinburgh and Salzburg, organize festivals that shape the whole city's identity. Some also seeks broader media and cultural industries to create jobs and income and act as centers for regional and urban growth. In other cases, with the view on the artistic and cultural capacities of the city, a special and superior role is given to the element of culture in the city, which while enhancing the cultural identity of the city and promoting its social cohesion improves also the civil ability of the city as a place for living. The contribution of the "creative sector" to the economic prosperity of cities can be measured by their direct contribution to the outputs, added value, income, employment, and so on through direct and indirect impact; for example, by the expenses spent by the tourists for enjoying, on cultural attractions of the cities.

In addition, cities that have a vibrant cultural life can attract investment from a variety of industries, as investors are eager to establish themselves in cities and regions, which have a more vibrant pleasant, exiting cultural climate for their employees. (Simply put, cities with more vital cultural atmospheres attract more investors and more sophisticated business.)

According to the latest surveys, more than 200 cities in the world have called themselves the "Creative City": from creative Manchester to Bristol and creative London in England; In Canada, Toronto with its cultural plan to become a creative city, Vancouver with its Creative City Working Group, also Ottawa with a plan to transit to a creative city. In Australia we see the strategy of the creative city of Brisbane, as well as the creative Auckland. In the US, there is a creative Cincinnati, creative Tampa Bay, and lots of other creative areas. In 2001, a project called "Creative Cities" was launched in Washington.

In 2003, the University of Osaka in Japan established a faculty of Creative Cities and launched Japan Creative Cities Network in 2005. Yokohama has been also titled a creative city since 2004.

In 2004, UNESCO launched the UNESCO Creative Cities Network (UCCN) within its Cultural Diversity global program, with the aim of connecting creative cities around the world, following the increase of cultural and economic relations and the emergence and development of these industries in the world, with Edinburgh as its first member, and since then many cities have joined the network. As cities grow and become more complex and the urban management challenges emerge, cities are gradually becoming laboratories of producing a variety of solutions - technological, conceptual, and social - for growth issues!

The emergence of the idea of the creative city dates back to the late 1980s. The emergence of this concept came as a result of the struggle of urban managers to restructure cities in response to global developments. In the early 1990s, when the concept became more popular, the underlying logic was that the potential of each region was always greater than it seems at first glance, even though few cities like London, Tokyo, New York or Amsterdam were truly creative. The creative city has creative bureaucracy, creative people, creative schools, creative organizations, creative universities and so on. The creative infrastructure is a mixture of hard and soft infrastructure. Creative city needs creative bureaucracy!

London is a good example of a creative city. The creative industries make up the second largest segment in London's economy. From 1995 to 2001, London's creative industries had faster growth rate than any other industries except commercial and financial services, providing between 20 to 25% of city employment growth during that period.

While many cities around the world know that the creative industries will now play a very important role in the local economy and their social development programs, they do not clearly understand how they can harness the potential of these industries for economic and social goals and how to plan for that. This, in turn, motivated the creation of a network of creative cities. Therefore, the main purpose of this network is to facilitate the creation and expansion of “creative clusters” around the world for the exchange of technical know-how and successful experiences as a tool for local economic growth and social development through creative industries.

Montreal is a case study for processes of incorporated design of cultural areas

development. The concept of "design" is an integral part of town planning strategy. In Montreal, the design goal is not just to create wealth, but also to improve the quality of people's lives. Canadian officials have invited designers and architects to redefine open spaces and rediscover forgotten parts of Montreal based on a new aesthetics and functionalism, to make it more attractive to citizens. But the city of Popayán in Colombia, chosen as the top UNESCO city in the art of cooking, offers a completely different model of development. It has taken extraordinary steps to formalize its informal culinary industry. By simplifying spaces, expanding mobile restaurants in large numbers, attention for hygiene and the quality of food even in the smallest of pavilions, Popayán has rejuvenated its economy and by deliberate support of culinary industry, which is within the creative industries, it has brought many people to jobs and high incomes. This effective development experience can happen to any other city.

Table 2.7 shows 66 new creative cities and their creative areas, added to creative cities network, according to a 2019 UNESCO report on creative cities network. The UNESCO creative Cities Network now consists of a total 246 cities (UNESCO, 2019).

Table 2.7 The new 66 cities added to global creative cities network (UNESCO, 2019)

Creative City	Creative Area	Creative City	Creative Area
Afyonkarahisar (Turkey)	Gastronomy	Lliria (Spain)	Music
Ambon (Indonesia)	Music	Mérida (Mexico)	Gastronomy
Angoulême (France)	Literature	Metz (France)	Music
Areguá (Paraguay)	Crafts and Folk Art	Muharraq (Bahrain)	Design
Arequipa (Peru)	Gastronomy	Mumbai (India)	Film
Asahikawa (Japan)	Design	Nanjing (China)	Literature
Ayacucho (Peru)	Crafts and Folk Art	Odessa (Ukraine)	Literature
Baku (Azerbaijan)	Design	Overstrand Hermanus (South Africa)	Gastronomy
Ballarat (Australia)	Crafts and Folk Art	Port of Spain (Trinidad and Tobago)	Music
Bandar Abbas (Iran)	Crafts and Folk Art	Portoviejo (Ecuador)	Gastronomy
Bangkok (Thailand)	Design	Potsdam (Germany)	Film
Beirut (Lebanon)	Literature	Querétaro (Mexico)	Design
Belo Horizonte (Brazil)	Gastronomy	Ramallah (Palestine)	Music
Bendigo (Australia)	Gastronomy	San José (Costa Rica)	Design
Bergamo (Italy)	Gastronomy	Sanandaj (Iran)	Music
Biella (Italy)	Crafts and Folk Art	Santiago de Cali (Colombia)	Media Arts

Caldas da Rainha (Portugal)	Crafts and Folk Art	Santo Domingo (Dominican Republic)	Music
Cebu City (Philippines)	Design	Sarajevo (Bosnia and Herzegovina)	Film
Essaouira (Morocco)	Music	Sharjah (United Arab Emirates)	Crafts and Folk Art
Exeter (United Kingdom of Great Britain and Northern Ireland)	Literature	Slemani (Iraq)	Literature
Fortaleza (Brazil)	Design	Sukhothai (Thailand)	Crafts and Folk Art
Hanoi (Vietnam)	Design	Trinidad (Cuba)	Crafts and Folk Art
Havana (Cuba)	Music	Valladolid (Spain)	Film
Hyderabad (India)	Gastronomy	Valledupar (Colombia)	Music
Jinju (Republic of Korea)	Crafts and Folk Art	Valparaiso (Chile)	Music
Kargopol (Russian Federation)	Crafts and Folk Art	Veszprém (Hungary)	Music
Karlsruhe (Germany)	Media Arts	Viborg (Denmark)	Media Arts
Kazan (Russian Federation)	Music	Viljandi (Estonia)	Crafts and Folk Art
Kırşehir (Turkey)	Music	Vranje (Serbia)	Music
Kuhmo (Finland)	Literature	Wellington (New Zealand)	Film
Lahore (Pakistan)	Literature	Wonju (Republic of Korea)	Literature
Leeuwarden (Netherlands)	Literature	Wrocław (Poland)	Literature
Leiria (Portugal)	Music	Yangzhou (China)	Gastronomy

Table 2.7 provides some important indicators related to the creative workforce in some of the major creative cities.

Creative Cities and the “Creative Class”

“Warhol’s Factory is an exemplar of a creative cluster, the center for art, music, film, photography, fashion etc. in fact, it could be observed as a significant element of New York’s arts and cultural economy contributing about 4% to all jobs in NY City (Currid, 2007). The underlying point here is however, the charisma of New York City for those who were attracted to clusters led by Warhol’s Factory. The major part of these talents were among the class, which was marginalized from the “mainstream” society including odd musicians, artists, drug users, homosexuals and transsexuals etc. who could flourish only in a context such as New York City. These kinds of incidental events do not occur out of classic and traditional models of urban and cultural policy.

Elizabeth Currid has discussed that:

“The cultural economy is most efficient in the informal⁴ social realm, and its social dynamics underlie economic system of cultural production. Creativity would not exist as successfully or efficiently without its social world – the social is not the by-product – it is the decisive mechanism by which cultural products and cultural producers are generated, evaluated and sent to the market” (Currid, 2007).

This observation on the impact of sociality, intangible cultural components, and unstable relationship of the arts on creativity is associated with Richard Florida’s analysis of the role of the cities in the emergence of what he has termed “creative class”.

Florida has argued that creativity is a mysterious source of human capital as “it is not a commodity”. Creativity arises out of the people. He has analyzed that the size of creative class has grown from 10% of the US workforce in 1900 to 30% by 1990, making the creative class a larger group than the traditional working class (Florida, 2002). He has observed that creative sectors contributed 47% of wealth generated in the US economy, meaning that creative class is forming an asymmetrically major contribution to contemporary economic growth (Florida, 2007).

Creative Class and Creative Entrepreneurs

A broader interpretation of creativity has helped the economic geographer Richard Florida announce the emergence of the "creative class" in advanced societies: A group of professional scientific and artistic staff whose presence, especially in urban areas, contributes to economic, social and cultural dynamics. More specifically, the creative class includes all those working in the fields of science and engineering, architecture and design, education, the arts, music and entertainment, and their economic function is to create new ideas, new technologies and new content. In Florida's approach, creative class also includes a larger group of creative professionals in business, finance, and legal advisors

⁴ Informal social environments mean socializing in the ways such as hanging out, living in the same neighborhoods etc.

(such as judicature lawyers). Whether they are artists, engineers, musicians, or computer scientists, writers, or entrepreneurs, they have a common creative character who all value creativity, uniqueness, difference, and competence. In a nutshell, these are the people who, through creativity, generate economic added value. The values of the creative class are uniqueness and originality, meritocracy, diversity and openness.

Florida estimated that by the beginning of the 21st century, approximately one-third of the United States workforce would be from creative class, and that the creative sector would receive nearly half of the total payroll in that country! That is about \$ 1.7 trillion, equivalent to the total salaries and benefits of employees in manufacturing and services sectors.

In his book, Florida points out that we are entering the "creative age", an age in which creativity becomes a major factor in economics (Florida, 2007). He presents his "3Ts Theory" (Figure 2.10) for economic growth, three economic factors: technology, talent, and tolerance. His theory differs from current theories because he considers "Talent" to be impeller of growth. He, then, goes a step further by adding a third T that is "Tolerance" which symbolizes attracting and retaining human capital.

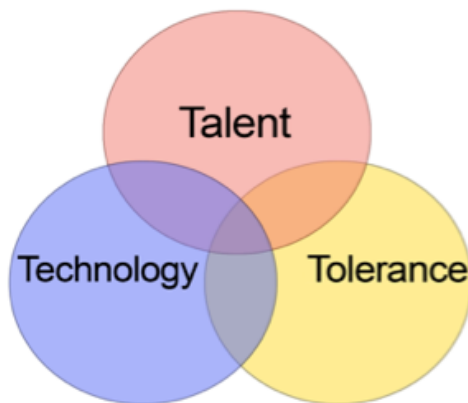


Figure 2.10 Richard Florida's 3T Theory
Source: Martin Prosperity Institute, 2008.

Florida's works have been debated, as they have been argued that he has over-expanded the scope of job categories for the creative class and they are not clear. Nonetheless, the renovation of downtown areas and "gentrified neighborhood"

and the “hipsterization” strategies⁵, which have been central to fascinate the creative class, proposed by Florida, are crucial independent variables in building the migration forms for skilled professional, and it has become clear that he has contributed to advancing the public debate on the emergence of the creative economy. Alongside these fascinating and new discussions, the term "creative entrepreneur" was also found presenting successful and talented people who transform ideas into creative products or services for the society.

Creative Clusters and Networks

“Creative Clusters” are the complexes in which different components of the cultural and creative industries (related universities, research centers, industries, financial institutions and services) are located.

One particular aspect of the growth of creative production in an urban context is the "spillover" effect that is brought about through vicinity for companies and industries. It is not only in cities that we can see such a phenomenon. In general, creative businesses can grow in any location, provided that the elements and components for shaping and development of creative clusters are there.

The tendency of companies producing cultural products such as music, film, visual arts, fashion, design etc. to aggregate into different clusters, illustrates the importance of the economic, social and cultural interactions that form between companies and are the basis for their growth and survival. As Allen John Scott believes, by gathering together, companies can benefit from working closely together as well as the workforce gathering in one area, sit at the table of great information and creative potentials resulted from coming together (Scott, 2005). Michael Porter has also argued that the production of creative goods and services under these conditions can signal efficiency and productivity growth and stimulate sustainable development (Porter, 1998). In the urban context, this has been seen in traditional centers of cultural production and creative activities in cities such as London, Los Angeles, New York and Paris and recently around megacities such

⁵ “Hipsterization” strategies here, refers to the mix of the texture of the neighborhood includes bike paths, pedestrian-friendly main streets, outdoor cafes, live music performances, modish galleries, art spaces etc.

as Mumbai, Hong Kong, Mexico City, Seoul and Shanghai.

The growing importance of the creative economy in East Asia, especially in Hong Kong and China, is evident from the mushroom growth of creative centers and clusters in the region. These cases are often renovated abandoned factories whose manufacturing industries have been completely disappeared or relocated elsewhere. Most of the renovations are done by the government or with the participation of the government and the private sector.

UNCTAD View on Globalization and Creative Industries

UNCTAD (2004) has recognized a set of reciprocal reinforcing relationships between globalization and creative industries growth, which are (UNCTAD, 2004):

- Deregulation of national cultural and media policy frameworks, which promotes cultural trade, particularly in the audiovisual sectors;
- Increasing affluence, which promotes creative industries in terms of demand (growth in demand for discretionary goods and services with high cultural content) and supply (younger people in particular identifying these industries as attractive places to work for both monetary and non-monetary reasons);
- Technological change, which has transformed production and distribution platforms for content, with profound effects on the value chain of many creative industries as they have become increasingly digital;
- Rise of the service economy, which generates new demand for creative industries output in design, advertising and marketing, as well as generating greater returns for intangible investments in human capital;
- Expanding international trade, with global exports of services quadrupling between 1980 and 2002, from about \$US 400 billion to \$US 1.6 trillion, and with a slight increase in the share of exports of services from developing countries.

So far the argument mainly deals with important concepts that are related to the creative industries. Now, let's look at the evidences that show the mounting growth and development of the creative industries worldwide.

2-8 How did Creative Industries Grow Globally?

As described earlier, the creative industries were born in the UK in the late 1990s. According to DCSM definition of creative industries and the belief that these industries encompass the activities “which have their origin in individual creativity”, we are noticing a move to individuals and humans attributes. It is interesting that the shift from human to machine, and then, machine to human, both happened in the same place. In other words, the creation of creative industries in the 4th industrial revolution era happened where the 1st industrial revolution had emerged around three centuries ago. Indeed, understanding what precisely happened in the eighteenth century Britannia, would help better perception of the fourth industrial wave in the UK and the world.

One of the characteristics of Britain at the time that made it a fertile land for the industrial revolution was the use of new technologies in production. Some thinkers consider the institutional features such as the emergence of a stable democracy in parliament, the rule of law, and the guarantee of property rights to be important elements of that era. Others argue that the factors such as Britain's capital markets, skillful adventure sets, and those of cultural habits that encouraged the systematic pursuit of entrepreneurial ambitions, are among the most important. But if these factors were needed for industrialization, are not enough, as many other parts of northwestern Europe have had the same characteristics, but industrialization has only begun in Britain. Thus, economic historians have focused on the demand side of industrialization, the conditions in which firms have realized the value of using untested technologies. Scholars, in particular, have debated the Robert Allen's “high-wage economy hypothesis” (Allen, 2013). Whatever reasons we might conclude, it is a manifestation of some potential fertility and capacity of the territory for the industrial novelties to take place; including the emergence of our subject industries.

After the foundation of the concept and the development of the first models of creative industries in the UK, explained earlier, in section 2-5, this new paradigm started to emerge in other parts of the world. We can say that Australia was the next leader in this domain after the UK. This relatively new term had been already discussed in Australia in 1994 by the delivery of a report of the "Creative Nation."

The Creative Nation report is in fact a national document explaining Australia's new twenty-year vision. It was assumed that Australia to become a creative nation for the next two decades, a nation whose economic and social development would be based on the creative industries, and in other words on the cultural industries.

Then, the creative industries phenomenon was developed at regional level like European Union, then nation-states level globally as well as supranational institutions level such as UNESCO and UNECTAD.

Creative industries have developed with different trajectories and the policies related to them have been formulated being influenced by political structure of each nation.

In Europe, after the UK, there started in other nations inspired by the UK. As in the 18th century, decades after the invention, innovation and the use of machinery in the UK increased efficiency, and then, new equipment became valuable in other parts of the European continent, almost the same way happened for the creative industries. However, countries perceived the concept of "creative industries" in a different way; as for instance, French revolutionary sentiments and British gradual approach are totally two different attitudes.

There is no question that, from a global or national perspective, the creative economy is growing. Data on the creative economy show that this segment of the economy in 1990s in the OECD countries has a growth rate equivalent to two times the growth of the entire service industry and more than four times the factory output growth due to the growth in creative industries with the same ratios.

In period from 1997 to 2004, the added value of the creative industries in the UK was measured, indicating 5% annual growth compared to a 3% growth for the rest of the economy (DCMS, 2006). The growth of employment in the creative industries was also noteworthy. The growth of employment in the UK creative industries was almost double the rate of growth in the creative industries of the other countries in the last two decades.

This is while the average employment growth in the cultural sector of the European continent during the period from 1995 to 2001, has been by 3 to 5% annually.

In many developed countries, the creative economy is now recognized as one of the leading drivers of economic growth, employment and trade.

In Europe, the turnover of the creative economy in 2003, amounted to over € 654 billion, and had the growth of 12% more than other economic sectors. In the same year, employment in the creative industries in Europe has been about 4.7 million jobs. In 2004, in England, the creative industries accounted for 8% of GDP and created jobs for approximately 2 million people.

Denmark is another notable example in which 5.3% of GDP, 12% of total employment growth, and 16% of the country's total exports are allocated to the creative industries.

In Table 2.8, we can observe the share of cultural and creative industries to the economy of the European countries.

Table 2.8 The contribution of the Cultural and Creative Sector to the Economy of European Countries

Country	Return on Investment, 2003 (Including all Sectors) Million Euro	Value Added to GDP (Including All Sectors) %
Austria	14603	1.80
Belgium	22174	2.60
Cyprus	318	0.80
Czech Republic	5577	2.30
Denmark	10111	3.10
Estonia	612	2.40
Finland	10677	3.10
France	79424	3.40
Germany	126060	2.50
Greece	6875	1.00
Hungary	4066	1.20
Ireland	6922	1.70
Italy	84359	2.30
Latvia	508	1.80
Lithuania	759	1.70
Luxembourg	673	0.60
Malta	23	0.20
Netherlands	33372	2.70
Poland	6235	1.20
Portugal	6358	1.40
Slovakia	2498	2.00

Slovenia	1771	2.20
Spain	61333	2.30
Sweden	18155	2.40
England	132682	3.00
Bulgaria	884	1.20
Romania	2205	1.40
Norway	14841	3.20
Iceland	212	0.70
Total EU Countries (25 Countries)	636146	
Total 29 Countries	654288	

Source: (Kayghobadi et al., 2008).

The creative industries have a unique role in creating adding value, production and export revenues and balancing other external payments of the country. In some countries, these industries account for between 2 to 6% contribution to GDP. For example, in Canada, the cultural sector accounted for approximately 3.5% of GDP; and in the UK, approximately 6% of Gross Value Added (Table 2.9).

Table 2.9 The Contribution of Cultural industries to the GDP or Gross Value Added of the Five Countries

Country	Year	Currency	Measured Index	Share of Cultural Industries	
				Value (Million)	Percentage from Index
Australia	1998-1999	AUD	GDP	17,053	3.1
Canada	2002	CAD	GDP	37,465	3.5
France	2003	FRF	GVA	39,899	2.8
UK	2003	Pound	GVA	42,180	5.8
USA	2002	USD	GVA	341,139	3.3
Australia	1998-1999	AUD	GDP	17,053	3.1

Source: Gordon and Beilby-Orrin (2007).

Table 2.9 shows the share of cultural industries in the GDP or the gross value added of five countries.

Table 2.10, instead, shows the contribution of the culture sector to the economy of

eight European countries. In four of these eight countries, more than 5% of gross value added is allocated to these industries; and in two countries, 10% or more of the occupation of the country is thanks to these industries.

Table 2.10 The Contribution of Culture Sector to the Economy of 8 Countries

Country	Year	ROI		Value Added		Employment	
		Billion EUR	%	Billion EUR	%	Million	%
Denmark	2000-2001	23.4	7.3	8.3	5.3	0.170	12.0
Finland	2004-2005	12.6	n/a	4.3	3.8	0.086	3.2
Latvia	2004	0.8	n/a	0.3	4.0	0.041	4.4
Lithuania	2002	0.6	n/a	0.04	0.2	0.057	4.0
Netherlands	2004	8.4	n/a	n/a	n/a	0.240	3.2
Poland	2002	8.7	n/a	17.3	5.2	n/a	n/a
Sweden	2000-	n/a	n/a	17.1	9.0	0.400	10.0
England	2001	165.4	n/a	85.0	6.8	1.300	4.3
	2001						

Source: KEA, European Affairs (2006).

Comparisons of the creative industries with other sectors of the economy are also the subject of the Tables 2.11 and Table 2.12, which illustrate the estimation of the share of creative industries in the GDP of 5 OECD Member Countries.

Table 2.11 Comparison of the Share of Culture / Creative Sector and the Share of Other Sectors in 8 European Countries (Based on the Percentage of GDP)

Country	Culture & Creative Cluster	Production of Food, Beverages & Tobacco	Real Estate Activities	Computer and Related Activities
Denmark	2.6	2.1	1.0	1.2
Finland	3.1	2.6	5.1	1.5
Latvia	3.1	1.5	1.8	1.5
Lithuania	3.4	1.9	1.8	1.3
Netherlands	2.5	1.6	2.6	1.4
Poland	2.7	2.2	2.3	1.4

Sweden	3.2	1.7	2.7	1.3
England	3.0	1.9	2.1	2.7

Source: KEA, European Affairs (2006).

Table 2.12 Estimation of the Share of Creative Industries in the GDP of 5 OECD Member Countries

Creative Industries	Australia (1998-1999)		Canada (2002)		France (2003)		UK (2003)		US (2002)	
	Million AUD	Percent of GDP	Million CAD	Percent of GDP	Million FRF	Percent of GDP	Million Pound	Percent of GDP	Million USD	Percent of GDP
Advertising	2464	0.50	2856	0.30	11858	0.80	5000	0.70	20835	0.20
Architecture	788	0.10	1084	0.10	2524	0.20	4000	0.50	19111	0.20
Photography, Film, Video	2397	0.40	3909	0.40	5155	0.40	2200	0.30	39076	0.40
Performing Arts, Visual Arts, music	952	0.20	2576	0.20	3425	0.20	3700	0.50	30294	0.30
Publishing (Print media)	6590	1.20	19427	1.80	11283	0.80	14950	2.10	116451	1.10
Publishing (Independently)	5640	1.00	n/a	n/a	4851	0.30	6350	0.90	45662	0.40
Television & Radio	3474	0.60	5305	0.50	4878	0.30	6200	0.90	101713	1
Antiques Trading	74	0.00	1082	0.10	413	0.00	500	0.10	195	0.00
Design (Including Fashion Design)	313	0.10	1226	0.10	363	0.00	5630	0.70	13463	0.10
Craft	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	17053	3.10	37465	3.50	39899	2.80	42180	5.80	341139	3.30
Total Economy	542831	100	1069703	100	1434812	100	732395	100	10469601	100
Libraries	7922	0.00	1236	0.10	n/a	n/a	n/a	n/a	1112	0.00
Museums	7164	0.00	550	0.10	148	0.00	n/a	n/a	3294	0.00
Historical Monuments	n/a	n/a	672	0.10	n/a	n/a	n/a	n/a	508	0.00
Digital Games	n/a	n/a	n/a	n/a	8169	0.60	20700	2.80	129636	1.20

Source: (Gordon and Beilby-Orrin, 2007)

For better reflecting on the global evolution of creative industries, I have done a division based on the level of economic development of the nations. First, we are going to analyze these sectors in developed countries. Then, next chapter will uptake the inception and evolution of these sectors and the approaches towards them in developing countries and the transitional economic systems. A brief description about underdeveloped nations will be made. Then, in chapter 5, we examine in detail the story of these sectors in Iran.

The section related to developed nations, which will be expanded in the following parts include: European Union as a whole except the Eastern European transitional economic systems, which will be discussed in the next chapter within developing areas; the United States; Australia and New Zealand; East Asia developed countries such as Japan and fast- developing nations such as Singapore etc.

Next chapter will tell the story of the developing countries, which include: East European countries; Asia-Pacific region; Caribbean region; Latin America; Africa; and The Middle East.

2-9 Creative Industries Evolution in Developed Countries

European Union

In this approach, as seen earlier in the section related to creative industries models, after all, the focus is more on the cultural and social dimension of creative industries and the strategies for their policies. That is why, the terms such as “cultural industries” or “cultural and creative industries” are preferred to use.

Many member states of the European Union have encountered almost equal circumstances to those in the UK in development their cultural and economic missions. The inside production performance of many European strong economic foundations relocated to other parts of the world, since the 1970s that the “offshoring” phenomenon emerged in the context of new global production networks. This led to “de-industrialization” in some European cities, regions and countries; and, as a result their developed manufacturing industries started to struggle and unemployment started to rise all over Europe. In addition, the global financial crisis caused the highly indebted economies of Ireland, Italy, Spain, Portugal and Greece. That brought about the cutting in their spending on major public sectors in order to secure themselves in the new established Eurozone region of 1999. Alongside all theses financial turns and declining in the employment of the traditional manufacturing industries, the growth in the employment in the cultural areas were noticeable. The MKW study, which was commissioned for the European Union evaluated that (MKW, 2001):

- The annual employment growth in cultural occupations was 4.8%, over the 1995 – 1999 period (four times the rate of average EU employment growth);
- 4.6% of the EU workforce was engaged in cultural employment in 1999 (with the fastest rates of growth in countries such as Denmark, Finland, Sweden, which were among the fastest growing EU economies over this period as well.);
- The rate of self-employment of cultural workers in cultural industries was 40.4% (three times the average EU level of self-employment, which was 14.4%);
- The percentage of the cultural workers with a tertiary-level education was 47.2%

(over twice the average for the EU workforce as a whole, which was 22.5%);

- A comparatively high percentage of this workforce (14.2%) has temporary or contract jobs.

The concept of cultural and creative industries and the policies associated with them were developed in some member states in the European Union, more in line with the central pivotal element of these industries, which is the concept of culture, related to more activist cultural policy traditions in these nations, such as Austria, France and Scandinavian countries (cf. Craik, 1996; Vestheim, 1996; MKW, 2001). Diversely, in some other countries, because of their historical “hands-off” approach to the relations between the state and culture (Flew, 2012), the approach towards this concept was less culture-oriented starting from the home town of the creative industries, which is the UK, and that is why the adoption of the term “creative industries” was more preferred. In Finland, for instance, the highly inclusive definition of cultural industries was adopted encompassing all areas involved associated with symbolic production such as telecommunications, clothing, arts and media, all sitting at the table next to each other.

The relationship between culture and industry, as well, is important for the ways through which the cultural and creative industries have been developed. As an example in “in German, the connotations of the word Industries are restricted to mass, industrialized products and, subjectively at least, this was long regarded as almost the antithesis of culture” (MKW, 2001).

Therefore, it is observed that although in the European Union, what the UK experienced in terms of evolution of the creative industries was almost a common trend among many member states, but there are also the major diversities from country to country. That is not surprising in consideration of the European Union’s political project of “unity in diversity” – supported at the international level by the General Agreement on Trade and Services (GATS) on trade in cultural goods services as well as the UNESCO Convention on Cultural Diversity – aimed at maintaining the cultural and linguistic diversity against the storm of global cultural markets, which brings with itself the tendency towards the cultural homogenization, and the dominance of a single language such as English.

This shows that after all, in the European Union doctrine, there has been an innate tendency to consider the cultural dimensions in order to set some regulations for cultural policies and to treat the cultural features in the global cultural markets beyond the idea of only some commodities in periphery (Flew, 2007).

A study commissioned by EU in 2006: “The Economy of Culture in Europe”, which was undertaken by KEA European Affairs, identified the following figures in cultural and creative sectors (KEA, 2006):

- As contributing 2.6% to GDP of the European Union in 2003;
The contribution of the cultural and creative industries sector to GDP was largest in:

- France (3.4%);
- Norway (3.2%);
- Denmark (3.1%);
- Finland (3.1%);
- The UK (3%);
- The Netherlands (2.7%);
- Germany (2.5%)

(Including the correlation between the size of the national economy and the contribution of these sectors)

- These sectors experienced a rate of growth of 8.1%, over 1999 – 2003 period; (12.3% higher than that of EU economies as a whole);
- 4.7 million people worked in these sectors (25% of EU workforce, with an additional 1.17 million employed in cultural tourism);
- The fastest rates of growth over 1999 – 2003 period, were in the newest EU member states, most notably those of the former Soviet Bloc of Eastern Europe, such as:
 - Lithuania (67.8%);
 - The Czech Republic (56%);
 - Romania (29%)

The KEA study also approved the distinctive characteristics of employment markets in the European creative economy, such as high level of self-employment, university-level education, part-time jobs and employees with more than one job.

It presents a comprehensive picture of the status of cultural and creative industries in different countries across five continents, which comparing them could be instructive lesson for other nations.

Scandinavian Countries

The approach in the Nordic countries is different from the models developed in the European Union.

The Scandinavian countries (Denmark, Finland, Norway, Sweden and Iceland) were the leaders in welfare state capitalism development since the 1940s. In the 1990s and the 2000s, they were the leaders in knowledge economy (World Bank, 2008). Companies such as Nokia in Finland and Ericsson in Sweden were leading enterprises in the shift of telecommunication from service provision to content and design in the digital economy. During the global financial crisis of 2008, apart from Iceland, the other Nordic nations stayed strong.

A Creative Economy Green Paper for the Nordic Region, commissioned by the Nordic Innovation Center (NICe) in 2007, analyzed that the Nordic region have the capacity to be the leaders in the global knowledge economy thanks to their power in sectors such as ICT, games and design, and the ability to link novel technologies to innovative content; and also their strong traditions of government support for culture. However, because of the small size of each country in the region, and the fact that they are geographically and linguistically far from the global cultural hubs, and there is also some unwillingness to mix the creative industries into cultural policies, the creative industries may not grow as rapidly proportionate to the potential of the region. Nonetheless, Power has observed that because the economic discourses have been rooted in Nordic considerations on the role of state on supporting culture, the creative industries discourses gradually flourished in Scandinavian policies areas (Power, 2009).

The term “experience economy” and “experience industries” are sometimes used for creative industries sectors and creative economy; especially it is more common in Sweden. Nielson (2004) evaluated that experience industries accounted for 6.5% of the Swedish labor market.

In Finland, for instance, the highly inclusive definition of cultural industries was adopted encompassing all areas involved associated with symbolic production such as telecommunications, clothing, arts and media, all sitting at the table next to each other.

In general, in Nordic countries, the cultural approach is more adopted for the creative industries; and the data shown in under the European Union section, reflect the positions of these nations in the EU.

The United States

In the United State, there are fundamental divided approaches towards arts and culture, on the one hand; and entertainment and copyright industries, on the other hand.

According to American for the Arts, about 3 million people (2.2% of the US workforce) were employed in activities related to arts, in 2008 (American for the Arts, 2008). The International Intellectual Property Alliance (IIPA) estimated that in 2002 the core copyright industries, or the industries with the primary purpose “to produce and/or distribute copyright materials”, account for 6% of the US GDP and 4% of the US workforce, with “related” or “partial” copyright industries account for another 6% of US GDP and 4.5% of US employment (Siwek, 2006).

In terms of the creative industries policies, on the contrary to other parts of the world, there is no impulse for developing a national creative industries policy in the United States. And, paradoxically, the principal exporter of the culture, the USA, is “free of any policy on the matter” (Miller and Yudice, 2002). And, this is in spite of the high innovation productions in the USA related to the link between cultural creativity and the science and business areas, and how greater interaction between the arts, business and the science can be enabled by ICTs surrounding the new settings of creative practices (Mitchell et al. 2003). However, the policy discourse is another story at the national and regional level in the USA. American cities experienced an explosion in extension of the cultural facilities, in the 1990s and 2000s, when other sources of funding for arts and culture both at the state and federal level were cut back. The entrepreneurial urban cultural policy strategies, which was emphasizing on promoting tourism and city “branding” by means of

investment in cultural infrastructure; plus the strategies for the creative class, which enhanced urban cultural development of arts and entertainment districts (quarters, precincts or clusters) and made “The Rise of the Creative Class” in knowledge economy sectors in the new “creative cities”; were the two major strategies that developed what Schuster (2002) termed “sub-national” cultural policies (Florida, 2002; Jayne and Bell, 2004; Roodhouse, 2006; Grodach and Loukaitou-Sideris, 2007; cf. Harvey, 2008).

Florida discussed that the nineteenth and early twentieth centuries were the booming period for “industrial capitalism”, the mid-late twentieth century was the peak for bureaucracy and “managerial capitalism” and the 21st century has been the emergence of “creative economy” and the “creative class”. Creativity is the “decisive source of competitive advantage” in the 21st century global capitalism. But, it is a peculiar resource to expand, because “creativity has come to be the most prized commodity in our economy – and yet it is not a commodity. Creativity comes from people. And while people can be hired and fired, their creative capacity cannot be bought and sold, or turned on and off at will” (Florida, 2002).

The growth of creative economy brings with itself the emergence of creative class, account for 30% of the total workforce and 47% of new wealth in the US economy. There is a significant relationship between the “power of place” and creativity and innovation in global knowledge-based economies, as Florida believes. He argues that American cities such as San Francisco, Seattle, Portland, Boston and Austin are the examples for “second-tier” cities that empowered their embedded fames for diversity, “tolerance” and openness for becoming dynamic creative economy hubs (Florida, 2002) (Figure 2.10).

Florida’s creative class thesis on urban policy had a huge impact on development of regional policies in this regard in the United States, in the 2000s. Afterwards, “in the field of urban policy, which has hardly been cluttered with new and innovative ideas lately, creativity strategies have quickly become the policies of choice, since they license both a discursively distinctive and an ostensibly deliverable development agenda” (Peck, 2005). In 2003, through the “Memphis

Manifesto”, the mayors and city planners of 50 US cities committed themselves to full supporting of creative ideas.

An example of compelling application of Florida’s agenda is the city of New York, and its centrality to global culture and economy, refers to as “The Warhol Economy” (Currid, 2007), as discussed in Introduction; the city of New York, where “People find success in creative industries by casting a wide net through their networks of weak ties, and by being open to structured randomness that such ties bring. By engaging their networks, creative people instigate the dynamics that propel their careers and bring them some measure of economic success” (Currid, 2007). Pratt (2009b) and Evans (2009) have questioned the focus on cultural consumption rather than cultural production network, and the strategies for cultural development from the consumption point of view are reliant on public subsidy of middle-class.

After all, although the regional and city-based cultural policies model and the Florida’s creative cities agenda in the US instead of its development at the national model, led to significant emergence of the creative cities, hubs and classes, they have been the subject to political criticisms both from the side of those on the right, who were seeing his ideas as anti-suburban and anti-family (Kotkin, 2006); and those on the left, who believed his thesis was about “articulating neo-liberal economics with cool culture” (McGuigan, 2009b). Also, the ignorance of endogenous growth factors that made the cities as creative hubs are difficult to be transferred from one city to another (Storper and Scott, 2009). And, the focus on the inner city as creative hubs in major cities, neglects the proportion of workforce located in the suburbs (Collis et al., 2010).

Canada

The creative industries are significant to Canadian economy and its competitive advantage at the international level, and they have the potential to be leader industries in accelerating economic growth in Canada. In Canada, the cultural and creative industries are “a vibrant part of [their] national identity and [their] economy” according to the Report: Real Change – A New Plan for a Strong Middle Class Report – the Liberal Party of Canada, 2015.

Canada has set some cultural plans and strategies in cities such as Toronto, Ottawa, Montreal, Québec City and Vancouver to become creative cities. Vancouver has established Creative City Working Group. Montreal is well known for the design projects of cultural areas development. In June 2006, Montréal was officially designated a UNESCO Creative City of Design, joining the UNESCO Creative Cities Network.

On Oct. 31, 2017, Québec City has been designated the Creative City of Literature by UNESCO's Creative Cities Network. This city is the first French-speaking city, which has earned this distinction; and, on October 31, 2017, Toronto was designated as a UNESCO Creative City of Media Arts.

In 2017, the creative industries contributed \$ 53.1 billion to GDP, that is 2.7% of Canada's overall GDP. These sectors created more than 666,500 direct jobs and many spin-off jobs.

Cirque du Soleil: A Creative Dream: Cirque du Soleil is an international company based in Quebec, Canada that works on the creation, production and distribution of artwork.

Guy Laliberté founded the circus in 1984, and began his career with a group of 73 young artists and creative entrepreneurs. The circus atmosphere was such that it allowed the band members to embody the most ambitious dreams and realize them. There are currently more than 3800 people in the circus around the world, comprising 1000 artists from 40 different nationalities and 25 diverse languages. Mobile performances of the circus have been held in almost 100 cities in the world, and since 1984, more than 70 million people have watched its artists' performances. Du Soleil is primarily a creative content developer for a wide range of unique projects. The mission of this company is to motivate imagination, to stimulate taste and emotion and to animate the emotions of people around the world. Cirque du Soleil that has always sought to innovate, in 2007, has succeeded in holding a completely different show in 15 countries around the world.

The pivotal focus of Du Soleil is the live performances, and since 1984, about 200 creators from around the world have shown their talents to Du Soleil. More than everything, Du Soleil is seeking the status of a responsible "citizen" and, from

1989, has devoted one percent of its annual turnover to social and cultural programs to portray the image of a citizen that goes beyond his business. The circus gives young people the opportunity to showcase their abilities and use their ignored dignity as a means of communicating with the community that often alienates them. Cirque du Soleil has thus gained international prominence in the circus environments (Kayghobadi, Fakhrayi, Alavi, Zavvari, 2008).

Australia and New Zealand

In Australia, the formation of creative industries is strongly influenced by the federalist political settings of the country.

The creative industries were taken up in both Australia and New Zealand, immediately after the story of these industries started in the United Kingdom. However they performed it in totally different ways.

In Australia, the cultural policies were developed under Labor, and then were ignored by the conservative parties, which came to power in 1996. Creative industries policies were more adopted by Labor in Queensland.

“Creative Nation: Commonwealth Cultural Policy” which had been issued in 1994 (Department of Communications and the Arts (DoCA), 1994), had an important influence to better perception of the cultural sectors as the drivers of economic wealth. In addition it made a significant contribution to incorporating arts and culture inside the policy realms in the globalizing, post-industrial economy, understanding that “cultural policy is also an economic policy” as “culture creates wealth” (DoCA, 1994).

In the 2000s, the strategies for the development of the creative industries policies was local government-based rather than at the national government level. The state of Queensland was a leader in this regard. They had identified creative industries as central plan of a “Smart State” strategy, promoting value-adding knowledge-intensive industries as a way of lightening the weight of industries such as agriculture, mining and tourism as the foundation of economic growth (Flew, 2012). Creativity was characterized as “Big Business” by the Department for State Development and Industry (DSDI, 2003).

The Australian government confirms that the creative economy contributes to cultural diversity, social inclusion, environmental sustainability and technological advancement.

The Australian Creative Industries that advocates industry growth driven by digital revolution and demand for digital design services across the whole economy, officially publishes the followings (The Australian Government's Creative Industries Innovation Center report, Valuing Australia's Creative Industries, 2013; Austrade Australian Industry Capabilities, April 2017):

- The creative industries account for 6.2% of total Australian employment;
- Employment in creative industries is growing 40% faster than Australian economy as a whole;
- More than 611,000 employees in the total creative workforce in Australia; and,
- The annual USD 3.2 billion total exports from creative industries

In New Zealand, creative industries were developed through the Growth and Innovation Framework, in 2002 under Labor government. They identified creative industries as one of the three pivotal sectors of the growth and innovation strategies, beside biotechnology and ICTs (New Zealand Ministry for Economic Development (NZ MED, 2003).

Creative industries accounted for 3.1% of New Zealand's GDP, in 2001 (New Zealand Institute for Economic Research (NZIER), 2002; NZ MED, 2003). The success of the "Lord of the Rings" trilogy, which has been produced in New Zealand by NZ director Peter Jackson, performed as significant stimuli for attracting the high-budget Hollywood movies such as King Kong, The Lion, The Witch and the Wardrobe, The Last Samurai etc. to this land. These investments in NZ screen production over 1994 – 2005 period, increased the value of screen production from \$NZ 151 million in 1994 to \$NZ 572 million in 2001, although there was some volatility in foreign investment falling the value to \$NZ 250 million in 2004 (Screen Production and Development Association (SPADA, 2004).

East Asian (Developed Economies or Fast – Developing Economies)

Generally, in different Asian countries, the diverse range of approaches is being adopted based on the political and the national socio-cultural circumstances. Some of these nations are still exploring the opportunities for regional growth. In some nations they are developing creative industries sectors and in the ITC sectors dominant-contexts. However, the circulation of the creative industries policies from the UK to “Anglospheres” nations in the world was expected. There are such countries also in the East Asia. What is marked is the way of adoption of creative industries and its regional policy concept in the East Asia (following “the East Asian Renaissance” (Gill and Kharas, 2007), which is the most significant global transformation of our times); particularly in the fast-developing “tiger” economies, which are: Singapore, Hong Kong, Korea, Taiwan, and recently also China. It has been argued that this kind of take up of creative industries resides in urban centers such as Hong Kong, Seoul, Singapore and Taipei in the late 1990s and the early 2000s (Gibson and Kong, 2005). These places became “hot spots” for absorbing the mobile “creative class”. Then, the policymakers were attracted by the economic impact of the actions and to establish national broadcasting, art and cultural industries as well as the idea of “world city”. The cumulative impact on policy discourses of the Asian financial crisis of 1997 – 1998, and the “dot.com” crash of 2001; as well as the rise of China as a powerful economic competitor and a potential new market for the Western manufacturers, as a market characterized with the combination of low wages and high technology, were other driving factors in the adoption of the creative industries in East Asia with rapid economic growth, urbanization and social transformation, according to Flew (Flew, 2012).

Kong et al. (2006) warned Asian academics and policy makers that the translation of the creative industries concept in the local circumstances needs to be adjusted carefully. They also observed non-adoption and non-diffusion of these concepts in special contexts such as India and Japan.

Japan

In the Asia-Pacific region, creative industries have been an important element in the development of mature economies such as Japan and Republic of Korea, and to a lesser extent, in Malaysia's growing economic system, although the “non-diffusion” of policy discourses in Japan has been observed. Many city administrators in countries such as China, Japan, the Republic of Korea and Singapore have taken the investment policies strategies based on creativities for economic growth.

Singapore

Because of the historical associations with British culture, the policies for creative industries were made in line with the UK DCMS model. Singapore adopted creative industries strategies and policies in the early 2000s in line with a development strategy of “Renaissance City” for the arts and culture (Kong et al., 2006). In 2002, a Creative Industries Development Strategy was prepared by Ministry of Trade and Industry. In 2003, a Media Development Authority under the “Media 21” program was established (Leo and Lee, 2004) as well as the development of the Design Singapore strategy. The economic contribution of creative industries to the economy of Singapore accounted for between 2.8% and 3.2% of GDP, in 2000. The rates of growth of these sectors were 70% higher than those for the economy of Singapore as a whole over 1990 – 1999 period (Ministry of Trade and Industry, 2003). It was planned to “develop Singapore into a new Asian Creative Hub” according to the Creative Industries Singapore strategy, proclaimed by the Ministry of Information, Communication and the Arts. The contribution of the creative industries to GDP doubled to 6% by 2012. Kong et al. (2006) observed that Singapore adopted the Western model for creative industries and economy; nonetheless, it had this ability to modify it according to the structure of its nation-shaped projects.

Hong Kong

In Hong Kong, similar to Singapore, and again because of its inspiration from British culture, they have developed the policies for creative industries in consistent with the UK DCMS model. Hong Kong has been a sort of leader in Asia in creative cultural production, particularly in the film and television

industries (Donald and Gammack, 2007). The term "creative industries" entered Hong Kong's strategic policies in 2003, for the first time and mapping results of the creative industries was published in a report titled "Baseline Study on Hong Kong's Creative Industries". (Hong Kong University, 2003). Until January 2005, Hong Kong took more serious steps to develop its creative industries following the policies of the government at the time.

With the economic integration of Hong Kong with Chinese mainland, there happened a push for developing creative industries in Hong Kong, a testing area for adoption these strategies in China. The Baseline Study evaluated that the creative industries with the inclusion of marketing and distribution, content creation and production input, accounted for 3.8% of GDP, in 2000 (Hong Kong Center of Cultural Policy Research (HK CCPR), 2003). A downturn in the major industries such as film and advertising took place between 1996 and 2001, as a result of transition to Chinese sovereignty. However, the academics and policy makers in Hong Kong have been attempting to advance comparative studies and develop the metrics to measure creative industries, clusters and economy.

The Jockey Club Creative Arts Center project is the first project of its kind to be launched by the Hong Kong government and shortly thereafter was supported by several institutions, such as the \$ 70 million donation to the Jockey Club to renovate an abandoned factory to transform it into a creative arts hub. The building designer was trying to transform the production space of the factory into a studio (art workshop) and a shared space for residents including artists and entrepreneurs of creative industries.

The West Kowloon Cultural District (WKCD) Project came into being in the late 1990s. Despite all the criticism to this project, it had a big share in reviving Hong Kong's artistic and cultural life. For example, some well-known cultural institutions around the world, such as the Pompidou Center and the Guggenheim Museum, eagerly sought to be present there by opening a branch (Hui, 2006).

Taiwan

In Taiwan, the term "cultural creative industries" is preferred to coin for these sectors with the focus on development its digital content industries, coordinating its advances in the ICT sectors (Tsai et al., 2008). The state launched the "Two

Trillion and Twin Star” program in the mid-2000s with the purpose to promote semiconductor and flat-panel display industries, as well as the digital content in Taiwan. Since China took in hand the export market for Taiwanese cultural and creative industries products, and is a huge rival for Taiwan in markets such as video game market, this could be an alert for these sectors development in Taiwan.

South Korea

The creative industries in South Korea were developed in a very different path with respect to the UK DCMS approach. It is discussed that South Korea has had the most successful creative industries development in Asian economy. Although, it neither uses the term nor has developed a strong policies set for developing these sectors (Flew, 2012). The creative industries of the Republic of Korea have performed well, especially in the areas of audio-visual technology and new media (animation and video game production). Government policies in the field of audio-visual products have been instrumental role not only in strengthening the domestic creative sector but also in guiding international trade policies in the context of World Trade Organization (WTO) negotiations.

Korea Communication Commission plays an important role in boosting domestic production for television. In addition, the country is higher than the mid-range level in audio-visual equipment and technologies such as video cassette player (VCR) and DVD, which naturally increases domestic demand for audio-visual production.

In South Korea, the media liberalization policies in the 1990s, plus the removal of the US audiovisual distribution and focus on Korean cinema, as well as the strong policies to develop Korea as a knowledge economy and information society, all led to what is known as “Korean Wave”, which made Korea as fertile context for the creative sectors to flourish. Shim (2008) has referred to as “Jurassic Park factor”⁶ as a principle stimuli for driving Korean economic development in the

⁶ “Jurassic Park Factor” here, is a metaphor for expressing that the total revenue of the Hollywood movie ‘Jurassic Park’ were equal to 1.5 million sales of Hyundai cars in the export market, and therefore arguing that Korea’s economic prosperity was hugely tied to its traditional industries such as automobile, shipping and consumer electronics.

1990s. On the other hand, in Korea, it has been a wave in exporting films, TV programs, video games and digital contents in other shapes over 1990s and 2000s, and Korean creative products has gained a remarkable attention in Asian region as well as globally.

CHAPTER 3 – EVOLUTION OF CREATIVE INDUSTRIES IN DEVELOPING COUNTRIES

This chapter analyzes the evolution of creative industries in line with the “Third Millennium Development Goals”; as these goals; indeed, represent an international political environment in which the national strategies for creative economies development in developing countries economies are supposed to be implemented. Simply put, we started in the previous chapter with the analysis of the global situation and reached here the analysis of the policy-making etiquettes in developing countries.

In the previous chapter, the share of developing countries in the creative industries could be observed in the “International Trade in Creative Goods and Services” discussion under section 2-5 (Table 2.3 and Table 2.4).

This chapter outlines the overall status of the creative industries in six developing regions and emergent economies in the world, including the creative economics of transitional economic systems in East Europe. The six regions include:

1. East European Countries;
2. Asia-Pacific Region;
3. Caribbean Region;
4. Latin America;
5. Africa; and
6. Middle East

It is important to note that the order of these six areas are only in line with the coherency of this essay and doesn't mark the ranking of level of development of each area. For instance, I have put “Middle East” area, which geographically encompasses Iran, as the last order only to maintain the harmony of the report, because next chapters are telling the story of creative industries in Iran.

In the previous chapter, in the section discussing creative industries models, it has been reviewed that UNESCO and particularly UNCTAD models are focusing on promoting creative industries in developing economies. UNCTAD has discussed that the creative industries have the potential to raise the opportunities for developing countries to exploit the distinctive resources of creativity and develop

the creative industries policies in order to “increase their shares of world trade and ‘leap-frog’ into new areas of wealth creation” (UNCTAD, 2004).

Creating a Model for Creative Economy in Developing Countries

In spite of encouraging forecasts surrounding creative economy in the developing nations, there are also obstacles including inadequacy of necessary infrastructures, capital and entrepreneurial skills for reinforcement of the growth of creative industries, as discussed in the previous chapter.

The Chinese-led Asian countries have experienced rapid growth in creativity abilities, and have enjoyed gaining substantial revenue by competing presence in creative products and services global markets over the past two decades. Elsewhere in the developing world, the large capacity of the creative economy has been neglected. Poor countries in the global markets for creative goods and services remain in the fringe.

There are still plenty of creative talents in developing countries that have remained undiscovered. Important layers of intangible cultural capital that can be the resources for the production of creative goods and services in domestic and foreign markets have been fully forgotten. In other words, developing countries have been generally that much drawn in exploration and extraction of their natural mines and resources to increase exports of raw materials or to expand factory goods, that have totally ignored the exploration and exploitation of their immortal cultural resources and capacities.

Currently, there is a focus on cultural industries of advanced nations’ economies. However, the reason why in many developing countries, there is a lack of attention to cultural goods is a subject that has been examined in a detailed study in South Africa. This study has found several reasons, including the scattering of cultural items on the one hand, and the small size of firms and companies operating in the field, on the other hand. The disorganization of cultural goods in developing countries makes their economic outputs not observable to politicians, especially since there is often no comprehensive and integrated information system in these countries to reflect the situation of cultural industries. That is a serious challenge to the development of cultural industries in large parts of the

world. The small size of the cultural industries businesses and companies in these countries is also a major cause, and does not allow them to be compared to large industrial sites such as metallurgy, copper industry, automotive, etc., each employing more than thousands of workers.

As mentioned in the previous chapter, UNCTAD Secretariat has designed a model to help developing countries optimize the gains from the development of the creative economy. The underlying premise is that creative commodity trading plays a growing role in promoting socio-economic growth, employment, and development in these countries. While trade development may be a prerequisite condition for enhancing creative capacities, it is not a sufficient condition.

On the one hand, the role of domestic investment and foreign direct investment (FDI) is very important in the development of capital for the creative economy, and it plays the role of transforming technology into innovation, artistic creativity and technical creativity.

On the other hand, "creative entrepreneurship" can be the basis for consequentialist and highly flexible strategies for the markets. And, most importantly, if the value of exporting creative goods to the national economy is visible, while enhancing creative capacities, it is necessary to take appropriate measures to strengthen inter-organizational mechanisms and efficient rules and regulations, especially intellectual property, competition law, and fiscal policies.

This legal framework can provide the following facilities:

- Better access to financial resources (which is especially important for self-employed individuals and small active businesses in the creative industries);
- Shaping creative clusters for shared use of technical knowledge and infrastructural facilities;
- Encouraging the private sector to invest and participation;
- Increasing efficiency in the network of local creative companies; and,
- Increasing competitiveness of the country's creative products and services in global markets

In this model, "capacity building" measures are highly recommended to improve entrepreneurial skills and enhance the related policies for trade and investment in creative industries. The conceptual approach of this model is inspired by UNCTAD's "policy-oriented" research in the areas of competition. The model is

in its infancy, and it still needs field studies to understand how technological and economic spillovers affect each other.

It should be borne in mind that the creative industries comprise a large and heterogeneous group of companies, institutes, and organizations with different and usually flexible structures to fit each of the creative industries' subdivisions. The model is undoubtedly still a series of testable propositions that must be tested in practice in order to prove the validity of its assumptions on the basis of sufficient evidence. In fact, to date, our information is insufficient and there is inadequate documentary evidence of the impact of creative industries on the economy as a whole, especially on the impact of creative industries spillovers on other sectors of the economy. In simpler terms, we still do not know how technical and business developments in different areas of the creative economy affect other areas of the economy.

In this scenario, a pragmatic way to develop creative capacities is to make the right link between the creative capacity building elements. These elements are: investment (I), technology (T), entrepreneurship (E) and trade (T).

Figure 3.1 shows these links in the modeled format of C-ITET. In this model, investment is the starting point. The logic of the model is that efficient government policies are likely to stimulate private-sector investment, attract technologies, and ultimately encourage creative industrial companies to adopt export-oriented approaches. These measures will eventually lead to greater convergence between macro and micro policies; That is to say, government investments in the creative industries are increasingly linked to private sector investments in these industries, and national capacities and resources are mobilized to thrive the prosperity in these industries. Trade is a key element in this model because in the last year, creative industries have been among the most dynamic sectors in the world trade systems.

The average growth rate for creative services is faster than the average growth rate for specialized services. While the growth rate of total world exports in the services sector was above 12% from 2000 to 2005, export of creative services grew much faster: 22% for advertising, 19% for architectural services, and 16% for audio-visual services (Kayghobadi, Fakhrayi, Alavi, Zavvari, 2008).

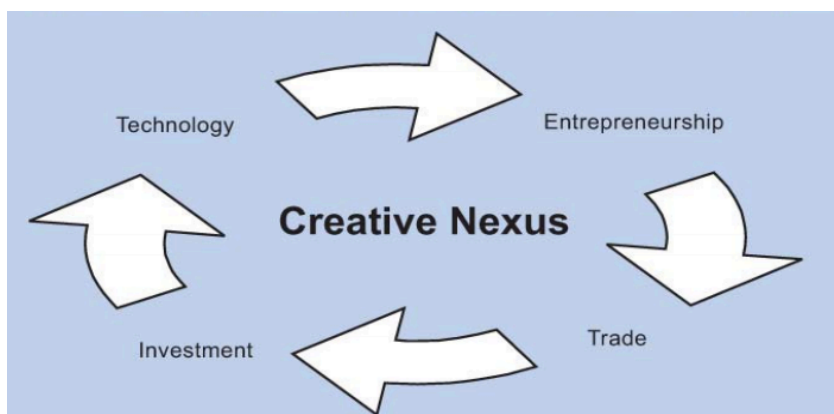


Figure 3.1 The Relationship Between Creative Elements: C-ITET Model
Source: UNCTAD (Creative Economy Report, 2008)

It is necessary to note that due to the absence of other economic indicators, as Standard Industrial Classification (SIC) data are traditionally focusing on manufacturing industries, the net trade balance of creative products is currently a complicated benchmark for understanding the dynamics of creative industries in the global markets. Today, trade statistics are the only official quantitative indicators in the world that assist governments in their comparative analysis and policies. However, we need to be more careful to avoid the misleading conclusions that result from pure confidence in a statistical analysis in the domain of the trade in creative goods and services. Clearly, the figures related to the export of creative products alone cannot reflect the overall status of the creative industries in the economic system of a country. It is completely recognized that if we are to come up with a globally valid and comparable analysis, we need to obtain sufficient data on the most part of the creative / artistic revenue generated through copyright, licenses, and the marketing and distribution of creative and digitized content; that unfortunately such data is not available in most countries of the world.

The situation is obviously worse in developing countries, because these countries do not pay much attention to the role of artistic / creative production in the national economy to collect their data (UNCTAD Creative Economy Report, 2008).

Most importantly, in the absence of quantitative comparative indicators at the international level, to assess the economic, social and cultural impacts of creative industries and creative economics at national and international levels, the trade

indicators' statistics can be used, despite the shortcomings found in them, to identify and analyze global trends!

A number of trade indicators of creative outputs that are dependent on exports performance (such as market share, net trade, growth rate and export per capita through GDP) are criteria that can be calculated based on national trade statistics. In this regard, UNCTAD has conducted a field research to assist governments in regulating international trade policies (the results of this research are available through UNCTAD. Please refer to the UNCTAD publication, "Developing Countries in International Trade – 2006 Trade and Development Index" (UNCTAD/DITC/TAB/2006/1), Geneva, 2007.)

Terry Flew, in his book "The Creative Industries, Culture and Policy" (2012), has recognized a diverse model of the creative industries with respect to the ones in Europe and the USA, evolved in developing countries "where questions of cultural heritage maintenance, poverty alleviation and provision of basic infrastructure have precluded overly technocratic conceptions of creative industries being promoted uncritically as the inevitable fruits of the information society". He has also alluded to the rising different approaches to the creative industries in Asian countries, where there is an emphasize on "the role of national socio-cultural and political circumstances"; however, they are still seeking opportunities for the growth in their export area and "successful branding of global city – regions in the highly competitive Asia – Pacific region, while at the same time challenging long – held orthodoxies about instrumentalist education and the dominance of the ICT sectors in driving economic growth" (Flew, 2012).

Figure 3.2 illustrates the extent to which cultural products export grew during 1994 – 2002. It can be observed that the fastest rates of growth have been in low – income and middle – income countries.

Figure 3.3 demonstrates while the trade status of middle – income nations improved over the 1994 – 2002 period, and instead, in the high – income nations declined, this is counter – balanced by a major depreciation in the cultural trade balance of low – income countries.

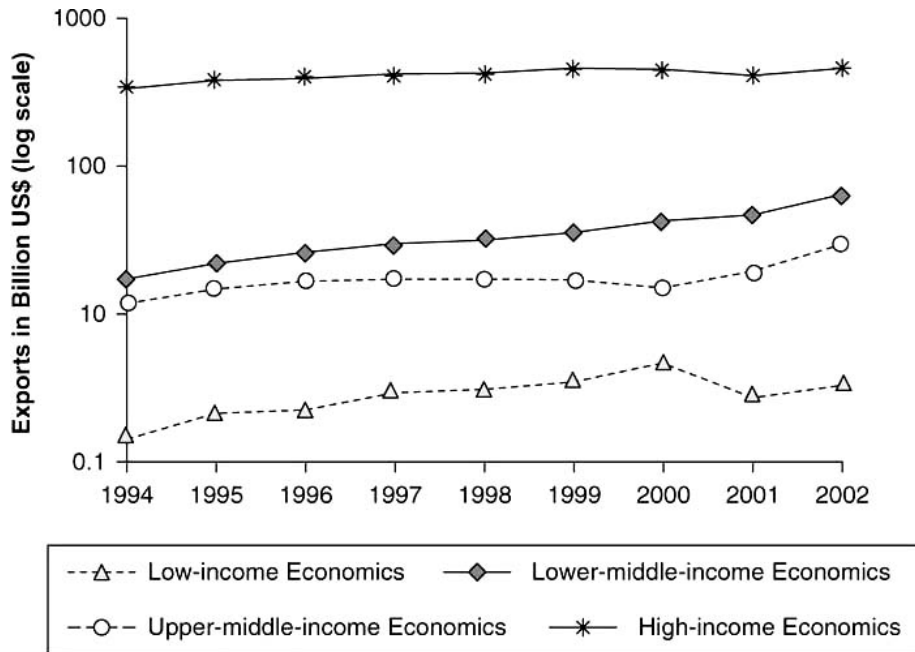


Figure 3.2 Total Export Value of Core Cultural Products, 1994 – 2002
Source: UNESCO, 2006

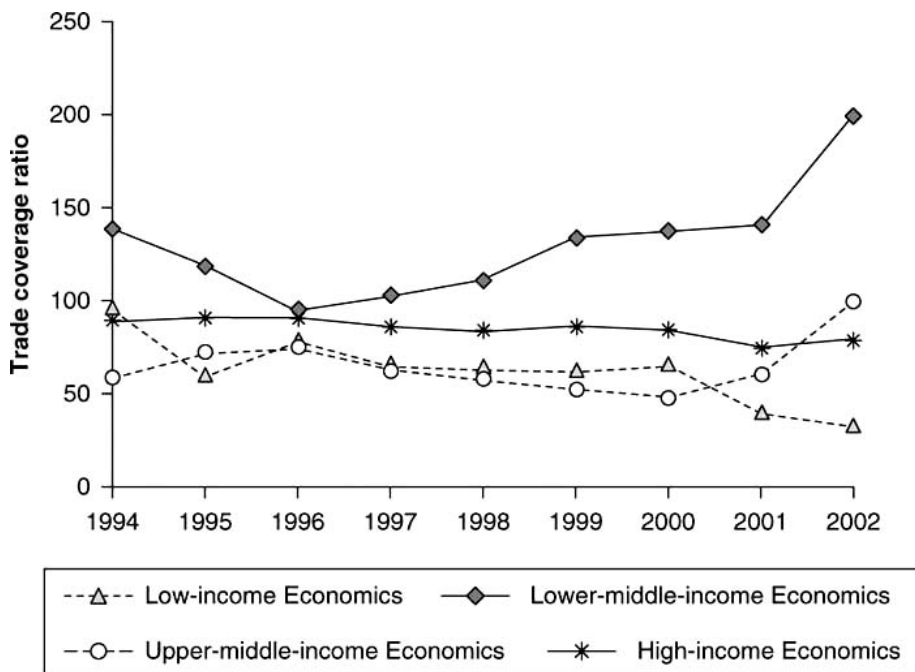


Figure 3.3 Ratio of Exports Value of Core Cultural Products, 1994 – 2002
Source: UNESCO, 2006

Here, we are going to explore the situation of creative economy in above-mentioned six developing areas in the world.

1. East European Countries

Eastern European Transitional Economic Systems

It is difficult to issue a general order on the place of the creative economics of transitional economic systems, because each country has its own economic and cultural conditions. However, these countries exhibit a common feature dealing with cultural assets that had formerly been part of government property and are now privately owned. This applies in particular to the tangible cultural heritage; many of historical monuments are owned and operated by private landowners who often don't have enough resources and are not interested in preserving the monuments.

In the same vein, many cultural institutions and entities – such as theaters, exhibitions, publishing companies, music groups and so on – which had been largely owned by the government, are now forced to get to private markets many of which have not survive during transition phase. However, as it was mentioned in chapter2, in section 2-8, according to the KEA 2006 study, the fastest rate of growth in cultural and creative sectors during 1999 – 2003, was observed in the newest member states of European Union, particularly those of previously being Soviet Bloc of Eastern Europe such as: The Czech Republic, Lithuania and Romania (KEA, 2006).

Some cities in European countries view the cultural industries as a road to be transformed into "creative cities". An example is St. Petersburg in Russia. However, there are problems, despite the attraction of the city due to the location of the Hermitage Museum (one of the best museums in the world). The presence of this cultural base, though highly valued and attractive to foreign tourists, cannot conceal the lack of an evolved ecosystem of cultural activities in the city.

Recently, it has been argued that the direction of urban development is through widening the creative industries inside the city through the support of small companies of cultural productions for the purpose of forming mass SMEs (Small Medium Enterprises).

The three other transitional economic systems of which there are some information on creative industries are: Bulgaria, Hungary, and Latvia. Three of them have been the subjects of the studies conducted by WIPO, examining the

economic share of copy right – dependent industries in national economy.

The study on Hungary found that the economic share of copyright accounted for approximately 4% of the country's GDP in 2002 and 4% of total occupation.

Interestingly, the copyright industries are in the second place in terms of contribution to GDP and third in terms of employment compared to other industries in the country.

Also in Latvia, the figures are almost similar: the share of the main industries in copywriting was 3% of GDP and 4% of occupation in 2000.

One notable improvement is that Hungary and Romania, although had recently joined the European Union, have been transformed into attractive countries for film, video and advertising production. Hungary has become one of the major exporters of audio-visual services.

Bolshoi: An original gift for the people of the world: Bolshoi Theater is one of the most famous cultural institutions of Russia, but also of the world. The Bolshoi establishment dates back to March 1776, when Catherine the Great commissioned Prince Urusov to give Russian performing arts and Bal masqués a good arrangement. He built the Petrovsky Theater until 1780 at the present place of Bolshoi Theater Square. After 1805 huge fire when the building was completely devastated, the authorities decided to transfer the ownership of the theater to the series of empire theaters, including several theaters such as Marinsky and Alexandrinsky. In the 19th century, the Russian capital was St. Petersburg, and that is why prominent musical theaters were held in Marinsky. After Russian Revolution of 1917, the capital moved to Moscow and the situation changed completely. First-rate artists were invited to Moscow. Prior to that, Anatoly Lunacharsky, the new Soviet Union's Minister of Culture, could hardly convince his country's officials that opera was not just for the entertainment of the society middle class. He regarded opera as a valuable art that represented the national greatness of the Russian people and is of no less importance than scientific, social or economic achievements.

The Communists quickly recognized the importance of art as an ideological tool and provided unprecedented support for Bolshoi throughout the twentieth century

and even during the most difficult times. With the first international Bolshoi tour in 1956, the West faced a new face from the Soviet Union: talented, human, influential and sensible.

Bolshoi has endured many hardships throughout its life, especially in the early 1990s when the government withdrew some support, some of its privileges were revoked, and previous relations broke down. Bolshoi had to find its place in the new conditions of the country, and it took several years till it finally succeeded. In 2002, new Bolshoi building was inaugurated. In 2005, The Bolshoi historical monument was closed for major repairs. The most important purpose of the restoration was to increase the physical extent of the Bolshoi to make the artistic prestige of the hall attractive and dynamic and at the same time open to international artists. This increased the number of Bolshoi sessions, and prominent artists from around the world traveled to Russia to collaborate with this theater. Artistic activity at this level required bolstering Bolshoi economic position. For this purpose, Iksanov, the general director of Bolshoi, asked McKinsey Management Consulting to provide them with solutions. Finally, Bolshoi management began to operate in three ways. First, it asked assistance from the government, and as a result, government financial assistance to Bolshoi increased dramatically. In 2000, the government allocated \$ 12 million to Bolshoi, and that amount has now reached over \$ 45 million! It's not bad to know that major Russian cultural institutions such as Bolshoi and Marinsky, the St. Petersburg Philharmonic Orchestra, and others are receiving special assistance from the Russian government, which demonstrates their importance to policymakers and government officials. The second way to improve the Bolshoi situation was to increase revenue through ticket sales. The Bolshoi ticket sale system was Russia's first advanced ticket system to sell through Internet and depending the seat location, at eight different ticket prices. With these changes, Bolshoi's annual cash flow increased from \$ 2 million to \$ 11 million. That \$ 9 million was totally the result of the change in the ticket sale style. Bolshoi had a special program for the students and sold them cheap one- or two-dollar tickets. And the third solution was the formation of a board of trustees with presence of business leaders. This was not only important because it could attract more financial support, but also

provoked business people to take responsibility for safeguarding the existence of a national treasury such as Bolshoi (Kayghobadi et al., 2008).

2. Asia-Pacific Region

In the Asia-Pacific region, creative industries have been an important element in the development of mature economies such as Japan and Republic of Korea, and to a lesser extent, in Malaysia's growing economic system.

Many city officials in China, Japan, the Republic of Korea and Singapore have adopted creativity-based investment policies and creative enterprises as a strategy to achieve economic growth and competitive advantage. However, in most Asian countries, the "creative economy" is not a concept that has been truly empowered and has a place in the economic development agenda of the country. Concepts such as "creative industries or cultural industries" are rarely used in discussions related to national economies development strategies. While handicrafts and cultural tourism are both concentrated in cultural heritage centers, to attract attention and get recognition, but they have still remained separated in terms of revenue. In general, handicrafts are the focus of "individual projects" that are implemented either by entrepreneurs; or as part of development projects funded by the government or by international external assistance or NGOs. Over long time, several projects have been designed, for example, on the basis of the potential for poverty alleviation of the handicrafts and as an engine for the economic development of the poorer suburbs. As such projects are often dependent on foreign aid, they fail as soon as the cut in foreign aids happens and because of infrastructure constraints or lack of funding.

The significance of the creative economy in East Asia is evidently observed from the mushroom growth of creative clusters, which are the renovated centers of formerly dropped factories, in the regions, in particular in China and Hong Kong as argued earlier in the previous chapter.

Regionally, we may be able to divide the Asia-Pacific region into some groups based on how important the concept and activities of the creative industries are.

A large part of the countries in this region have important economic activities that are considered to be the creative economy in western countries. This

group includes countries such as China, India, Indonesia, Malaysia, the Philippines, Republic of Korea, Singapore, Thailand and Vietnam. Some of these countries are among the region's major economic systems and have a strategic dependence on the development of creative industries; although they may not use this concept in their economic-industrial literature.

China

In China, “the Cultural Creative Industries” have begun a prosperity period during the last decade. As trade figures show, China has become a leading player in the global market for creative goods. This development reflects the government's firm and clear determination to fully explore the capacities of the creative industries, as a national development strategy, which had been emphasized in its 11th Five-Year Plan. More importantly, China's impressive economic performance over the past decades has made its economic development experience distinct from many other economic systems. China has experienced the fastest economic growth in the world in the last almost 30 years; and has recently attracted foreign direct investment (FDI) with \$ 60 billion annually! As a result, in the relatively short period beginning from 1990, China exports in the services sector increased by eight times, reaching \$ 70 billion in 2005.

One of the prominent features of this rapid economic growth is the top priority that the Chinese have given to technology in their economic leapfrogging strategy. Undoubtedly, these conditions - especially the clever combination of capital, technology and creativity - have been very effective in harnessing the potential of the country's creative economy. Design, publishing, art and handicrafts are among the most competitive creative products in the country. The creative industries have been identified as one of the pillars of China's future economic development.

Another important aspect of modernization in China, which has led to the development and success of the creative industries in this country, are multi-disciplinary policies; which means that the Ministers of Commerce, Culture, Science and Technology, Information and Education work in a collaborative groups manner. Recently, innovative financial programs, including new private-sector partnerships, have played as an engine in the dynamics of the country's "technology-driven" creative industries. An important policy shift from the "Made

in China" policy to the "Created in China" policy has recently been significant. China, which once upon a time, "made" and is making things by imitation, now would like to be the "innovator" of things on the basis of research! (Table 3.1)

Table 3.1 Share of Cultural / Creative Industries in Shanghai

	Output		Added Value	
	(Billion Yuan)		(Billion Yuan)	
	2005	2006	2005	2006
Total	197.57	229.17	54.94	67.4
R&D / Design	89.28	96.58	2.09	28.79
Construction Design	37.16	41.96	9.87	11.87
Arts & Media	12.84	14.84	4.94	5.73
Consulting & Programming	41.03	54.41	13.68	18.27
Fashion Consumption	17.26	21.38	2.36	2.8

Source: Shanghai Creative Industries Center, Quoted by (Kayghobadi et al., 2008).

Historically, after the 1949 Revolution in China, cultural and media institutions were placed under the control of state. Therefore, the role of cultural features were strongly linked to the political issues showing hypocritically the positive images to the people and avoiding the transformation of negative messages associated with the Chinese Communist Party. The Great Proletarian Cultural Revolution happened in China over 1966 – 1976 period, which was followed by the reform initiated by Deng Xiaoping, compensating the Mao's years, and at the same time seeking the promotion of the market economy development and openness to the global trade and investment. In the 1980s and the 1990s, China saw a rapid growth in commercial popular culture and greater state attention on culture and media, although again with politically sensitive control strategy aimed at separating "entertainment" from "culture".

In 2001, the strategies for the cultural industries development were formulated as part of the Tenth Five-Year Plan (Wang, 2004), and cultural entities needed to expand their performance commercial basis. Media, opened up to foreign investment, and a series of "Blue Books" were appointed to calculate the size and rates of growth of different cultural sectors (Zhang, 2008).

In 2001, China became a member of the World Trade Organization (WTO). Some authorities in China interpreted its entry into WTO as a Schumpeterian wave of “creative destruction” that would make Chinese industries to shift their direction and compete this time in the international competitive global economy, while destroying the former institutional structures (Hu, 2002; Jin, 2002).

In 2004, the creative industries and their policy discourses emerged in China with the special impulse in the Eastern cities such as Beijing, Shanghai, Shenzhen and Guangzhou. These industries and their policy strategies came on the scene with the focus on stronger notice to creativity as a wealth creator, productivity and environmental improvements, educational reforms, and the renewal of traditional cultural resources (Keane, 2007). Creative industries faced lots of challenges to get formulated as a model in China and to adapt to Chinese context. At the same time, the global and china trend focused on the relationship between Innovation and creativity and the convergence of information and cultural industries caused overlapping policies between a national innovation system and the cultural industries; And this brought about the policy makers in other fields to adopt the term “creative industries” (Zhang, 2008).

In 2008, the term “cultural creative industries” was adopted, and by the end of 2006, creative industries or cultural creative industries strategies were a part of the draft of Eleventh Five Year Plans for the cities of Beijing, Shanghai, Chongqing, Nanjing, Shenzhen, Qingdao and Tianjin (cf. Hui, 2006; Kean, 2007).

It is remarkable to know whether China is able to develop its creative industries like its other industries, and also its creative contents given the government control over culture and relatively the small size of its middle class, which both factors are the drivers of innovation and creative content (Wang, 2008). After all, the particular political setting of China has been influential in the way its cultural creative industries have evolved.

Shanghai Creative Industries Center Experience: Shanghai is the panoramic mirror of implementation of the creative industries development policies in a metropolitan area, as the municipality had explicitly stated that development of the creative industries is one of the priorities of its 11th Five-Year Plan, from 2006

to 2010. According to officials of Shanghai Creative Industries Center, 3000 companies from 30 countries in the world have settled in 75 creative industries parks (covering an area of 2.2 million square meters) and the jobs opportunities have been created for more than 25,000 persons. In 2005, Shanghai's creative industries experienced an increase of Yuan 54.9 billion in capital turnover (an 18% increase respect to the previous year). In the same year, the capital turnover of the creative industries accounted for 6% of the city's GDP. The private-equity-based economy has played an important role in recreational areas such as coffee shop Internet centers and other Internet services. Shaping cultural system has also played an important role in the flourishing of the city's cultural industries, and this trend has accelerated with government grants flow to the industry. The launch of group cultural activities centers, cultural information stations, museums and libraries has increased the number of businesses and the demand for books, audio products, film and Internet services (Kayghobadi et al., 2008).

Dashanzi Art District (Beijing): The Dashanzi Art Complex, in 2002 replaced a factory that had been producing electronic equipment for the Chinese army for years. This factory had been designed by East German architects in the 1950s. The factory, which had a total area of 500,000 square meters, was shut down in the late 1980s during China's economic reforms. In the early 1990s, when most of China's small factories were shut down with 60% of their workforce unemployed, some artists rented the entire collection from the state and it gradually became a cluster for active companies in the arts and publishing industries. Following several successful exhibitions and competitions, such as the first Beijing biennial in 2003 and the International Dashanzi Art Festival in 2004, artists and citizens decided to persuade officials to preserve the complex as a cultural and creative hub.

Chaoyang Cultural and Creative Industries Park (Beijing): The West Kowloon Cultural District in Hong Kong, which was discussed in previous chapter with the area equals to 40 hectares, looks small compared to the cultural and creative industries park on the outskirts of Beijing. For example, China National Film

Museum, which was inaugurated in the early 2006s, is located in this area (Hui, 2006).

India is also benefiting from the dynamics of the global creative economy by implementing its successful policies. Particularly the impressive success of the country's film industry is remarkable. At present, India is one of the largest film producers in the world, producing approximately 1000 films per year. India's filmmaking industry has created jobs for nearly five million people. India's support for the film industry revolves around the actions of the three organizations at central government level; though several states have also made specific support arrangements with emphasis on film directing training (Document CI/COM/2006/PUB/10, UNESCO, 2006).

In addition, the holding company specializing in film development also supports some low-cost productions and lends loan for movie theaters. However, financial support can be considered the most important mechanism of central government involvement in the development of the film industry; which apart from providing financial support for specific projects, it also includes the elimination of customs duties on film equipment and the establishment of an incentive system for export. Bollywood (the name given by the Indian people to its film production center in Mumbai) has the Indian national market, but each film-producing states have their own growing markets at the regional level. Although the Indian film industry is fragmented, it has not been free of structural changes. Filmmaking, distribution, and its screening are currently heavily controlled by a few companies that are moving towards forming large companies. Traditionally Indian films are generally produced for domestic markets. But over the past two decades, they have been more and more expanded to global markets and now India's annual revenue for film export is approximately \$ 220 million.

Another group includes countries or regions with less emphasis on the development of creative industries, but crafts, in particular the furniture and textile weaving industries, are their second largest business activity.

Bangladesh, Bhutan, Cambodia, Democratic Republic of Laos, Myanmar, Nepal and Pakistan are among these countries. Although there are many differences between the countries in this group, their creative economic systems have distinctive features in common; such as that most of their creative industries activities are located in their large urban centers.

Finally we come to countries where the creative industries are almost a forgotten part of the economy; that his is especially true in the Pacific Islands. In these countries, the creative industries are predominantly in the form of traditional cultural activities and the production of cultural goods that are part of their traditional social life.

However, across Asia and the Pacific region, the cultural space represents a collective search for identity in an increasing way. This search is a real need for many people in the region who have experienced the unprecedented onslaught of social change and escalating economic instability. This need is satisfied (or at least it seems so) through the multitude of easily accessible cultural goods and services, including old and new, traditional and contemporary, global and local.

3. Caribbean Region

In the Caribbean Region, the differences from one country to another are much more pronounced than other regions of the world. Over the past almost two decades, the countries of Barbados, Jamaica, Trinidad and Tobago have attempted to develop a strategy for the development of the creative economy with a focus on music and cultural festivals with government or private sector responsibility.

In 2001, in **Trinidad and Tobago**, a key study was conducted that analyzed the structure, challenges and opportunities of a country's music industry. One of the major problems that the researchers encountered in this study was the lack of official statistics to accurately estimate the role and size of this industry. As a result, it was a study more based on assumptions and guesswork!

In 2003, UNCTAD and the World Intellectual Property Organization undertook a study in **Jamaica**, thereby importance of music as an important economic activity, generating revenue resources and creating trade opportunities were advocated. This report carried an important message that could be true for

the whole region, that the industry has been developed with the little assistance of the government. A historic turning point occurred in this country when the country's industrial development strategy identified the music and entertainment industries as two key elements. This discourse exceeded to the point where a national strategy and action was provided for development of Jamaica's music industry, in 2004 to be implemented through the public-private sectors partnership and international organizations. In 2007, the Prime Minister announced that the new Cultural Industries Council would replace the Entertainment and Recreation Council, and it was clarified that that the cultural industries would represent the superiority of country's natural environment with respect to other countries in the region.

The Jamaica brand as a Reggae music house: Creativity is one of Jamaica's most important assets and competitive advantages. The Jamaican culture traverses to four corners of the globe through the channels of music, fashion, dance and the art of cooking. This trend began with the introduction of Reggae and Rastafari music. The Jamaican government knows that if it would like to make a profit in international trade in export sector, it must make the most of its creative industries. Of course, there are no accurate statistics on Jamaica's music economy or the share of the creative industries of this country to GDP. This loss has led to a misrepresentation of the creative industries' revenue of about \$ 1.5 to 1.7 billion, which seems to be less than its actual number. The Jamaica brand is a trademark whose goal is to transform Jamaica's image from a mainly entertainment destination and well known to symbols and sport champions into a place where the businesses play an important role. The Jamaica brand is a product of the efforts of the country's creative entrepreneurs and their cultural products. The government of this country was made aware almost two decade ago of the potential of the cultural and creative industries as a key lever for the growth of the national economy, which its witnesses are the entry of music and entertainment as a strategic cluster into the context of country's industrial development policy in 1996. The country's Agency for Investment and Commercial Development known as JAMPRO, was selected as the leading authority on the development of the music and entertainment industry. The agency, in collaboration with Jamaica's

music industry activists, launched a brand development initiative called "Voice of Jamaica" that was introduced at the world's largest music industry fair in France for the first time in 1997. However, after one cycle of active management and a strong presence at trade fairs over the period 1997 – 2000, the efforts stagnated. The fragmentation of Jamaica's creative industries and its division into five ministries and at least six different organizations, and in the absence of a comprehensive development plan, had nothing as a result but repeating, inertia and the loss of wealth opportunities. In addition, Jamaica is internationally renowned for having a negative impact on the trust of suppliers, legal protections and other aspects of business. Jamaica as a house of reggae music can guarantee its competitive advantage in cultural markets. Jamaica's creative products are diverse, including audiovisual products that are exported either physically or digitally, as well as the consumption conveniences and services offered to tourists (music tourists). Due to the wide range of creative industries, JAMPRO's marketing program for the music and entertainment industry from 1996 to 1997, estimated the number of direct and indirect employees in this segment to be 15000 persons. Therefore, the impact of this relatively small group on Jamaica's economy is not proportionate to its size. The products and services produced in this section contribute greatly to the creation of wealth and the positive image of the country. This young generation, in line with the world trends, allow the creative people to create their own brands and lay the foundations of a future creative economy today. It is worth noting that since past time, creative segment has influenced vulnerable groups, as Jamaica's cultural richness is largely due to the efforts of the poorest classes. The creative products and heritage of the Jamaican poor people are gradually becoming a global phenomenon. The uneven distribution of Jamaica's music products and their low price led to the emergence of a unique business model that relied heavily on the revenue generated by live performances, rather than like developed markets on the sale of recorded music. Jamaica's creative industries, despite the small size and inexperience of their managers in managing the enterprises, have grown worldwide. Properly managed "Jamaica Brand" can bring a new life to joint venture projects that will elevate the global orientation of the country's culture and national identity to the highest

level. The national brand of Jamaica has global demand and its economic potential has been approved. Jamaica's success in marketing of cultural products, nationally and internationally, indicates that less developed countries can access international markets by offering their own brand (Kayghobadi, Fakhrayi, Alavi, Zavvari, 2008).

In the small country of **Barbados**, the Working Group on Cultural Industries was composed of 9 ministerial and a group of officials from various departments and institutions with a focus on culture and development, in 2002. As a result, the national document "Barbados Creative Economy: A Strategy for the Development of Cultural Industries" was prepared in 2004. This strategy stipulated that despite cultural industries apparently constitute a soft and invisible sector, play a significant role in economic development." Since then, the attention given to the development of the capacities of the creative economy as a development strategy for this small developing island has been increased day by day.

And finally, if Jamaica and the Caribbean countries are to keep pace with other nations in the age of globalization, their leaders and policymakers pursuing economic growth and employment rate must place creative industries as the cornerstone of a development strategy.

In general, the links between traditional knowledge, culture, art and economy can be identified in the variety of cultural festivals held in many developing countries in the Caribbean and Latin America. Carnival Industries in countries such as Brazil, Colombia, Cuba, and Trinidad and Tobago have been eminently grown and allocate a big share to cultural and economic lives of these countries.

4. Latin America

The commitment of Latin American countries to a core business in the area of creative economics differs visibly from other countries. Although there are few governments in the region that have recognized the socio-economic potential of the creative industries, but in recent years there has been a considerable progress. Analyzing the creative Economy in Latin America is a position that is gradually gaining importance in regional cultural policies and is considered in economic and

social development strategies. A series of systematic and standing studies is being conducted, which provides the basis for the development of a creative economy in the region, in parallel with the support and encouragement of lots of regional and international organizations.

The development of creative industries throughout the region is being shaped in a different way. In fact, concepts such as "cultural industries" and "cultural economy" are rapidly gaining popularity in Latin America in a way that the literature of the creative industries in this region is similar to developed countries. Although the economically more developed countries, such as Argentina, Brazil, Chile, Colombia, and Mexico, in the recent years have made more effort on this domain, the awareness on the socio-economic importance of creative industries is gradually being popular in other parts of this area.

Recent studies on measuring the impact of the creative economy in Latin America show two factors: the gradual provision of the necessary statistics and information, and the growing tendency of governments to political initiatives in the field of creative industries. Statistical access has a dual impact on the development of different methodologies for measuring activities in cultural industries. When more statistical information is available, more sophisticated methodologies will be designed; while better understanding of the cultural aspect of the economy is gained. Although the concept and scope of cultural / creative industries in Latin America differs from country to country, UNCTAD studies have shown that almost all countries under consideration of this part of the world, have begun relatively regular efforts to collect, process and statistical analysis of cultural / creative industries that is so promising.

Undoubtedly, the creation of the information system for cultural industries should be seen as a first step towards developing efficient policies for the development of these industries in each country. It is remarkable to know that to date, 12 countries of the region have conducted quantitative studies on cultural and creative industries. Since statistical information is only useful if it can serve as a benchmark for comparing countries, the consideration of Latin American countries for this issue should be considered as a step forward. Latin American countries, in terms of maturity and awareness of the potential of the creative

economy in the direction of the development are different like their political actions.

In general, we can say, the products and services related to culture are still on the periphery and have not well entered into the economics territory. In other words, the anthropological aspect of culture still outbalances its other aspects. In these countries, the cultural economy should be sought within the common spheres of governmental institutions, which are the guardians of culture and development, but unfortunately there is no shared effort observed by the both entities. There are, of course, some exceptions.

Theoretical debates about the creative economics in Latin American countries are in the early stages. Although the success of creative economics programs in some developed countries has drawn the attention of policy makers and cultural researchers of the countries in this region, there are different approaches towards the concept of "creative economics."

There are two streams of discussions. First, does the discourse of intellectual property, which is essential to the development of modern creative industries, apply either to traditional knowledge? You can be the intellectual owner of a book or a video game that you have created; but can the tacit hidden knowledge in the traditional architecture of a country, be owned by the individuals? Second, it is the issue of intellectual property of a broad spectrum of cultural goods and services such as traditional and ritual festivals, where intellectual property has no place in its present sense; this is while these goods and services create remarkable socio-economic values. In any case, countries lacking the economic resources are incapable of analyzing their cultural and creative industries and their economic impact.

Such analyzes have not been reported in Central American countries yet. However, recently these countries have also taken a look at the cultural sector as a productive sector with the potential to generate economic growth and at the same time economic development.

The first study in Central America was conducted in **Guatemala**, where the economic contribution of its creative industries amounted to 7.6% of GDP. The average annual growth rate of Guatemala's creative industries (over the

period 2001 – 2005) was 7.3%, which was much higher than most of the rest of the sectors in economy. The shadow economy (including informal and illegal activities) in Guatemala accounts for about half of all national economic activity! Taking into account the share of the shadow economy, cultural industries accounted for 9.02% of GDP in 2005. The study also found that the cultural sector provided about 7.14% of the workforce occupation. Comparing these figures with a share of 7.6% in GDP, it can be concluded that the average jobs created by the cultural industries were slightly more than the average jobs in the whole economy. It may be argued that the cultural industries have had a greater share in improving the competitiveness of Guatemala's economy and its workforce (Kayghobadi et al., 2008).

In **Argentina**, the cultural industries have been the focus of a number of studies for several years.

According to the 2005 Cultural Industries Book, the cultural industries overall accounted for 7.4% of GDP of Buenos Aires, and 105000 (8.2% of the city workforce), were engaged directly in these sectors. The indirect occupation was at least 130000 people. Most importantly, the growth rate of this segment was above the average growth rate of the economy of the entire city. Buenos Aires has long been in a special place in Latin America in the field of industrial design, which is one of the important branches of creative industries. This city was recognized as the first UNESCO-selected city for the creative cities network.

One of the most successful innovations in this field was the establishment of the Metropolitan Design Center (CMD), which was established with the support of one of the government agencies pro designers and design companies.

Of course, in the past years, many other industries have attracted the attention of the Argentine government, which can be pointed to the media and video games. Although the majority of studies in Argentina on the creative industries refer to Buenos Aires city, in the government's view, audio-visual industries are as leading industries among the cultural industries. The National Institute of Cinema and Audiovisual Arts (INCAA), which promotes the simultaneous production of audiovisual products, has played an effective role in the development of this branch of Argentine cultural industries.

According to a report from the **Brazilian** Institute of Geography and Statistics (IBGE), the selected cultural industries for surveying account for 4% of the workforce and 5.2% of the Brazilian companies.

Chile is a particular case in Latin America, and given its high economic and social standards, has found a completely different situation. The level of its higher education and impeccable economic strategy has made it a good base for an economic strategy based on creative industries. So, it is not surprising that this country also plays a leading role in the development of a national cultural information system.

In **Mexico** - despite many important economic studies in the context of specific cultural fields, cultural infrastructure and cultural industries, these studies unfortunately have not been continuing. The National Council of Culture and Arts occasionally publishes a series of statistics on cultural heritage, festivals, cultural production and consumption etc. The 2003 Mexico Cultural Infrastructure Atlas provides information on the formulation of cultural policies and programs (Atlas de Infraestructura Cultural de México, 2003).

University researchers and the private sector of this country have also conducted some studies. A study surrounding the economic impact of copying right-dependent industries in Mexico found that the share of these industries to GDP have increased from 5.4% in 1993 to 6.6% in 1998. This indicates that cultural industries have a prominent place in the country's economy, which exceeds even the automotive and construction industries. In 2004, a book on cultural industries and Mexico development was published, with a focus on historical and analytical research in the field.

In **Venezuela**, the establishment of the Ministry of Culture in 2005 had an important political message, that the government had designated an organization responsible for the development of the cultural sector. This new ministry is seeking to increase the impact of culture on socioeconomic development of the country. In other words, the Venezuelan Ministry of Culture does not merely focus on cultural development in its traditional and common sense, but also looks at the discourse of culture from its socioeconomic development perspective that

the essential issue for that is the effort on development of the country's cultural industries.

5. Africa

The creative industries in Africa are fragmented. As a result, its production, marketing and distribution cycles are incomplete. Despite the abundance of talent on the continent as well as the richness of customs and cultural heritage, Africa's cultural and artistic creations, both domestically and overseas, have not been highly profitable.

This situation is problematic, because it can lead to a gradual destruction of the cultural heritage of African countries. In the absence of a reliable source of income, it is no wonder that African talent is not attracted to artistic jobs of any kind, and that the brain drain from the developing economic systems is always considerable.

In the very poor countries of this continent, most of the cultural products are produced and supplied within the informal economy structure. This mode of production can typically be a form of generating income for the public. The value chain is also simple (primary inputs are combined to produce outputs that are sold to consumers without intermediaries).

This is not an advanced industry in which all aspects of the value chain exists; because for example R&D, systematic internal and external marketing, more formal business and so on are absent.

In many African countries, including Nigeria, music is played as an important part of everyday life in rituals and ceremonies. But the formal production and distribution of recorded musical works is strongly limited. Coordination between powerful economic centers of the country and legal production and consumption, as well as economically viable and exciting cultural goods, is also extremely weak.

While Dakar in Senegal, Cairo in Egypt, and areas of South Africa such as Gauteng province or the cities of Cape Town and Durban are actually centers that are famous for the extensive production and consumption of cultural goods and services, other strong economic centers such as Botswana are lacking in cultural output. However, even economically poor countries such as Mali, Mozambique,

Rwanda and Zambia are not deprived of the production and consumption of important cultural products such as music, dance, handicrafts, and visual arts.

Generally artists in this continent because of the lack of strong copyright regime, derive their original income from their performances, and not from copyright.

A study has been conducted in 2004 on music industry of Africa shows that only seven African countries have reached the notable point in live performance industry and only two; which have kind of music recording industry.

“Africa Remix: Contemporary Art of a Continent” is the first exhibition to provide a general insight into Africa's ongoing artistic activity. The Remix Exhibition hosts artists from across the African continent, from Algeria to South Africa, as well as African artists living in Europe and North America. Works presented on remix have come up almost during last almost fifteen years and include painting, sculpture, lighting, photography, filmmaking, design, architecture, video and sound trap. The Remix is a window into modern African creativity that seeks to delete the dark image of the audiences on Africa, who instead of looking to the future, is stuck in the past, immersed only in rituals and traditions, struggling with poverty, illness, and war. The remix was first held in 2004 by Simon Njami, the Swiss-Cameroonian writer and critic of art resident in Paris at the Kunstmuseum in Düsseldorf, Germany. Afterwards, the Remix was held at Hayward Gallery in London, Pompidou Center in Paris, Mori Art Museum of Tokyo, Modern Art Museum of Stockholm and the Johannesburg Art Gallery in Gauteng, South Africa. However, criticism of the remix has also been raised, especially the idea that it emphasizes contemporary art rather than local cultural and artistic heritage (Kayghobadi et al., 2008).

Many countries in the continent of Africa suffer a clear cultural policy; and those having kind of clear cultural policy, usually are without the proper and efficient organizations and infrastructure needed to address cultural policy goals. In addition, in the situation of culture as a "portfolio" of various activities, we are witnessing a kind of chaos at the level of continent governments. However, it seems there is a wind of change: African nations have begun to recognize the cultural sector's capacities to alleviate poverty and promote creative employment, and have committed their governments to supporting it.

At a meeting of a ministerial conference that was held in Mozambique, in 2000, on the role and place of culture in regional integration, government representatives in the South African Development Committee agreed to take decisive steps to promote a cultural industries as a solution for exploiting the national cultural capacities to reduce poverty, increase occupation and contribute to economic growth (Kayghobadi et al., 2008).

In March 2005, the African Union formed the Economic, Social and Cultural Council of Africa (ECOSOCC) aimed at strengthening relations between cultural, economic and social policies. At the same time, cultural sector and creative industries became tools for achieving more important development goals and as a result, they were able to ask for the fund.

Four African countries - Ghana, Mali, Nigeria and Senegal - have incorporated culture as their "core axis" in their national poverty alleviation documents (Kayghobadi et al., 2008). And the role that the cultural sector can play in poverty alleviation has been fully represented.

The second meeting of the African, Caribbean and Pacific Ministers (ACP) was held in Dominican Republic, in 2006. The event that brought the Ministers of 79 states together from the ACP regions had a clear political message reflected in the final resolution of the meeting: Cultural policies are essential components of the development strategies of the ACP countries and that cultural diversity is one of the important factors in guaranteeing the social unity and sustainability at national and international levels. It was in this regard that the implementation of a multi-institutional project was approved by the meeting, in 2007 to strengthen the creative industries in the eight ACP-selected countries through employment and trade development. This joint project was being executed with the collaboration of International Labor Organization, UNCTAD and UNESCO, and funded by the European Commission and the ACP Secretariat.

America and South Africa's Share of Creative Experiences

In 2006, UNCTAD for South American-South African Cooperation, called "South-South Cooperation", sponsored the International Conference on "Creative Economy, Development Leverage". The purpose of the conference was to

promote the effective use of creativity as a source of wealth, a tool for job creation, and an important factor in poverty reduction. The African NGOs were invited to the conference in collaboration with a Brazilian NGO based on the principles of shared experience in creative economics, to launch an experiment and realize the dialogues.

Aims of cooperating the NGOs included: cultural, social exchanges; the creation of valuable products and services and the diffusion of culture, creative economy and innovation; identifying opportunities to sell goods and services in domestic and international markets; establishing long-term relations between American and South African countries; Improving the quality of life of the citizens of these developing countries; and helping to protect and preserve their cultural heritage.

“Ação Comunitária do Brasil do Rio de Janeiro” (ACB/RJ) of Brazil that was established almost 50 years ago to defend the rights of thousands of economically, socially and culturally deprived Brazilians; plus “Lake Victoria and Nyanza Creative Arts Association” (LA VINCA) that was founded in 1999 with the mission to promote and inform Kenya's culture and art; plus “Maisons des Jeunes de Kimisagara” (MJK), that was established in 1999 by the Rwandan Ministry of Culture, Sports and Youth in cooperation with the National Youth Council, to set up an independent center to help Rwandan youths deal with the daily issues of their lives also aimed at supporting cultural exchanges between Rwandan youth across the country and the region; cooperated together with the purpose of saving and valorizing African-Brazilian culture. They first launched an exchange music program; and at the same time, the representatives from the their association of creative arts spent fifteen days exchanging experiences on fashion and decoration designs. During this time, the delegates also exchanged information on techniques for silk printing and designing on textile.

Their exciting side-by-side display of the exhibition, a blend of Brazilian and Rwandan culture as representatives of the two continents, showed that culture is a coordinating force that can bring people from diverse landscapes and cultures together in a harmonious way (Kayghobadi et al., 2008).

6. Middle East

Central Asia and the Middle East

Most Central Asian countries, including Mongolia, are still transitioning to a market-based economy. In this scenario, the concept of "creative industries" is not something that is considerable. This situation is largely due to different traditions of intellectual property and poor organizational support for copywriting as a Western and capitalist concept. While cultural and artistic traditions in the region are very rich and varied and have considerable capacity for trade development, and this region has a lot of potentials for cultural and creative sectors, the mainstream cultural industries and the handicrafts in these countries generally form part of the informal economy and still they have no place as a part of the creative economy and the worldwide share is yet limited. However, it seems to be a fast growth of cultural and creative industries in this region. The recent data illustrate that Africa and the Middle East are becoming rising markets for CCS (Cultural and Creative Sectors), account for \$ 58 billion in revenue that is 3% of world wide cultural and creative sectors. They have created 2.4 million jobs equivalent to 8% of worldwide CCS (Ernst & Young, 2015). The World Bank has estimated that "creative industries are growing fastest [worldwide], in more than 10% a year" and also in Kuwait, for example, creative industries contribute 7% to the global GDP (World Bank, 2017). The capacities vary in each country of this region and the governments can play significant role in supporting these sectors.

The creative industries have more expanded in countries such as **"Iran"** and Turkey.

Istanbul is particularly known as a large and rapidly expanding city that plays the role of a bridge between Europe and Asia.

Turkish government officials are stepping towards increasing the social, economic impact of cultural life; and this is while the creative industries are boosting not only in the capital but also across the country. Albeit, this fact that Istanbul was crowned as 2010 European Capital of Culture by the European Union has not been ineffective in the Turkish government's pursuit for creative industries development in the capital. In this regard, cultural and art festivals afterwards,

were not seasonal and cross-sectional, but are held throughout the year. This city is hosting UNESCO Creative Cities Annual Conference in 2021.

In **Iran**, creative industries like publishing and film production have a long history. Iranian films portray a very luminous cultural identity and their audiences are growing all over the world. However, the term creative industries as an official and systematic field to analyze within the economy of the country is a very recent concept. In the chapter 5 the history and evolution process of creative industries will be discussed in details.

Persian carpet remains one of the most valuable Iranian cultural goods in the world markets. According to UNCTAD figures and data, Iran is the third largest exporting country in carpet, with about 15% of the world market share. Iranian handicrafts have a huge potential for the export, however, it has not been promoted yet. Although, the new projects for their promotions have been recently started.

Concerning Arab countries, a study conducted by World Intellectual Property Organization (WIPO) in 2004 regarding creative industries in Arab countries, has described and explained the economic performance of four key copyright-dependent industries in five Arab countries:

Book publishing, music recording, film production, and software, in Egypt, Jordan, Lebanon, Morocco and Tunisia

The overall conclusion of the study clarifies that the copyright-dependent industries in the Arab countries have not substantially been developed and that there is a great capacity for the development of creative industries in these countries, which must be systematically driven.

Beirut and **Cairo** have always been the largest producers of film and music in the Arab world. Many efforts have been made to activate the process of creative industries development in the region for example, through the Organization for Development of Beirut and its Cinema (Beirut DC), which was established in 1999, by a team of experts in cinema and the fans of art. The goal of setting up Beirut DC was to financially support independent Arab filmmakers so that the part of Arab cinema that would like to work independently, can overcome

its problems. The major film festivals are organized in Beirut, and its fourth season was held in 2006.

Meanwhile, in **Saudi Arabia**, Rotana Music, the region's largest media company, accounts for more than 80% of the Arab world's music archives and almost all of the Arabic films in the Arab world.

In the neighborhood of **Abu Dhabi**, where the "Million's Poet" television show is being produced, a \$ 10 billion program is being implemented, which is a part of the efforts of this area to protect cultural heritage. Within this program, it was planned to construct and launch the branches of Louvre and Guggenheim museums in the Middle East. The Louvre Abu Dhabi was inaugurated in 2012; and the construction of the Guggenheim Abu Dhabi, which is planned to be the largest of the Guggenheim museums, started in 2011 but was soon stopped. In 2019, it was announced that the project will start soon and will be finished in almost four years. These museums are expected to be as tools within the framework of a major cultural and artistic development strategy to preserve the culture of countries in Persian Gulf area.

Recently, rapid economic development in areas such as **Dubai** and some other cities in the Arab countries have placed culture and creativity as a path to economic growth and development. Media City large complex in Dubai has transformed the United Arab Emirates into a center for the production and broadcasting of radio and television programs. It has a hundred Arabic-English-language publications and satellite television networks that cover the whole region. In the deeper parts of the desert, there is Massive Production City, which, according to its strategic perspective document for future, it will become a major hub in film production and television programs. The goal is that what Hollywood has done for Los Angeles; Massive Production city does for Dubai.

Dubai was hosting to the 40th of the International Advertising Association World Congress in 2006, which has been one of the largest creative industries gathering in the region to date. There has been also an exhibition of creativity in arts, crafts and jewelry design held in Dubai. The main purpose of the exhibition was to use jewelry design as one of the creative industries sectors with a great capacity for cultural expression and trade growth in Dubai.

Recent events indicate that creative industries have begun an interesting phase in the region. In 2006, the Christie's Auction and Private Sales was held in Dubai as the first contemporary art auction in the Middle East. Christie's second auction was likely to feature Iranian, Arabic, Indian and Western contemporary artworks that brought the art collectors from India, the Arab world and distant countries. Cases of this kind indicate that the market for cultural goods of all types is being expanded day by day in Dubai, and that the authorities of this city are well aware of what strategy to take for supporting these industries.

In some countries in the Middle East, a great investment program is being extended in line with cultural and creative industries policies. At the beginning of 2018, for instance, the United Arab Emirates launched the UAE Cultural Development Fund, related to the Ministry of Culture and Knowledge Development (Gulf News, February 2018).

Finally, the effective policy making framework for a country can be totally different in another country of this region because of the diversity in the natural and cultural potentials and opportunities.

Generally, developing countries are for the major parts of the creative industries marginal players because of the domestic policy strategies adopted in these countries and the unequal proportions in the global cultural trade network. This weak participation in the global trade network includes these risks and consequences: The skills in creative industries can often be located to other sectors; for instance, the skills related to cultural entrepreneurship and digital animation. Therefore, the lack of opportunities for development of workforce for creative industries affects the participation in other industries characterized with high-value-adding products and services; And, increasing accessibility to cultural goods and services, and decreasing their cost due to the digital technologies development leads to more consumption of the imported cultural products and services in developing countries, and eventually the absence of local contents and productions of their own (Barrowclough and Kozul-Wright, 2008).

UNCTAD, in 2008, proposed the following points as the key domestic policy strategies for developing nation for their creative economy development:

- Enhanced access to information and communication technologies (ICTs);
- Availability of seed funding for small-scale cultural entrepreneurs who may lack access to standardized credit instruments;
- Cultural agencies and ministries working in a more flexible and integrated way with other public sector agencies, particularly those engaged with industry development and technology;
- Combating piracy and developing collection agencies to provide revenue streams for artists;
- Developing creative clusters that can bring together small-scale cultural producers and enable them to pool resources and share infrastructure (UNCTAD, 2008).

And, Barrowclough and Kozul-Wright suggest a policy agenda that developing countries can follow for developing more effectively their creative industries sectors in order to participate more equally in the global trade network. They underline two points in this regard: First, that the policies differ based on the size of population. For instance, the larger population nations are able to develop strong supply-sided national capacities before experimenting in the global context, rather than smaller countries, which cannot gain the same economy of scale. Second, they also observed that the countries speaking a global language (especially English) would struggle the different “opportunities” (such as new markets for exporting); and “threats” (including low price imports from market leaders), rather than the nations speaking their local languages that is not so spoken outside their borders. The main required operations for policymaking in developing countries, which need to be performed for promoting their creative industries include:

- Investment of human capital (education, skills and training) with a focus on developing creative capacities as well as generic skills;
- Facilitate transition to digital in all phases of the value chain to lower production costs and increase access to global markets;
- Realign copyright and intellectual property rights to promote more fairly the rights of original creators, and strengthen national copyright and licensing agencies;
- Provide incentives and build capabilities (both monetary and non-monetary) to promote innovation and creativity;

- Facilitate access to finance for new and small producers and ensure access to capital for creative industries participants;
- Adopt strategic trade policies, including measures to boost co-productions;
- Provide incubators and business support to SMEs and new entrants, and assist them with access to global distribution networks;
- Promote dynamism and creative clusters in cities to benefit from linkages and knowledge spillovers;
- Promote creative industries products internationally to reduce information failures and introduce domestic producers to global consumers;
- Explore strategies to link with independents' production and distribution structures in more advanced economies (Barrowclough and Kozul-Wright, 2008).

These recommendations are valuable and useful. Nonetheless, they are accommodated anyway in the classic models of creative industries originated and developed in the Western countries (Sparks, 2007; Melkote, 2010). In particular, the debates surrounding copyright regime and intellectual property rights (IPRs), which are significant to be present in the first place in order to existence of a fertile context for the creative industries to flourish. In many developing nations, which are challenging to develop their creative economy and be present in the global creative economy network, such as Brazil, China, India and South Africa, there is not a favorable IP regime. It might be the case that the creative industries approaches would rise in different ways with respect to those countries with developed IP infrastructures through the World Intellectual Property Organization (WIPO).

Many studies are still required to be done on the frameworks of development of the cultural and creative products and services trade and consumption across the countries in the era of the globalization, especially in the developing and emergent economies.

And, finally, we should not expect that the development of the creative economy of the 21st century would pursue the similar foundations and paths, which underlie the development of creative economy of the 20th century.

CHAPTER 4 – IRAN – GENERAL OVERVIEW



Figure 4.1 Iran Position in the World
Source: Internet

Before reviewing the story of “creative industries” in Iran in the next chapter, a general overview about Iran is highlighted in this chapter, in order to make the discourse more apprehensible.

Geographical Overview

Iran is located in Western Asia. It is bordered by the Caspian Sea in the north and Persian Gulf in the South. Its neighbors are Armenia and Azerbaijan (divided from Iran almost 100 years ago) in northwest, Turkmenistan in northeast, Afghanistan and Pakistan in the east, and Turkey and Iraq in the west.

Iran with almost 80 million inhabitants is the world’s 17th most populous country; the second largest country in the Middle East and the 17th largest in the world, spanning the area of 1,648,195 km². That means the territory is larger than the whole territories of France, Germany, the Netherlands, Belgium, Spain and Portugal in Western Europe.

Tehran is the capital, a megacity, the largest city and the most populous city in the Western Asia, with the population up to 15 million including the metropolitan area, and more than 8.8 million residents. Tehran is the economic leading and cultural hub in the country.

Language

The official language of the country is Persian (Farsi).

Historical Overview

Iran is the home to one of the oldest civilizations in the world. Arabs Muslims conquered Iranian empire in the 7th century AD. Subsequently, the islamization of Iran led to declination of dominant Zoroastrian religion. Afterwards, Iran culture became a mixed ancient Iranian culture encompassing Zoroastrian philosophy with imposed Islamic culture. Following, Iran's art, literature, philosophy, architecture and science spread dominantly and significantly across the region including Muslim world and beyond, contributed a lot during Islamic Golden Age. The monarchy culminated after Islamic Revolution in 1979.

Ethnics

Historically, Iran is a multi-ethnic country and a pluralistic society including numerous ethnics, linguistics and religious groups.

Climate

Having 11 climates out of world's 13, Iran has a climatic diversity, ranging from arid and semi-arid, to subtropical along the Caspian Sea coast and the northern forests.

Cuisine

Iran has a rich and diverse cuisine culture due to its variety of ethnic groups and the influences from the neighboring cultures.

Social Overview

Iran is a young and modern society. The average age of the population is around 30. However, according to the recent statistics, the average age is increasing.

Education wise, there are many universities (more than 2600) in Iran. Iran possesses high-qualified universities According to the Webometrics Ranking of World Universities, Iran's top five universities are Tehran University of Medical Sciences, Univeristy of Tehran, Sharif University of Technology, Amirkabir University of Technology (Tehran Polytechnic) and Tarbiat Modarres University.

The large number of young population has the university education. Overall, around 60% of all students are girls in Iranian universities, and, almost 45% of graduates are women. Women exercise an active role in the society.

Political Overview

Iran Political system, at the moment combines components of a presidential democracy and Islamic theocracy, with ultimate authority of an autocratic “Supreme Leader”.

Iran is a major regional and middle power. Iran is a founding member of the UN, ECO, OIC and OPEC. Iran has been negatively affected by the political sanctions imposed by the USA, in recent years.

Geopolitical Overview

Geopolitically, Iran is located in a strategic position. It has been historically on the Silk Road; On the North, the Caspian Sea and the South, Persian Gulf.

Iran’s Economy Overview

Iran is an emerging economy, which possesses this status not only to its oil and gas wealth but also to factors such as a diversified industrial structure and its population’s high educational level. Although Iran's economy is marked by statist policies, reliant on oil and gas exports (Iran ranks 2nd in the world, natural gas reserves and 4th in terms of oil reserves, and exerts considerable influence in the international energy security and world economy), it has also remarkable agricultural, industrial, and service sectors. The Iranian government directly owns and operates hundreds of state-owned enterprises and indirectly controls many companies affiliated with the country's security forces. Iranian authorities have adopted a comprehensive strategy encompassing market-based reforms as reflected in the government’s 20-year vision document and the sixth five-year development plan for the 2016-2021 period. The sixth five-year development plan is comprised of three pillars, namely, the development of a resilient economy, progress in science and technology, and the promotion of cultural excellence.

On the economic front, the development plan envisages an annual economic growth rate of 8 percent and reforms of state-owned enterprises, the financial and

banking sector, and the allocation and management of oil revenues among the main priorities of the government during the five-year period.

The Iranian government has performed a major reform of its subsidy program on key staples such as petroleum products, water, electricity, and bread, which has resulted in a moderate improvement in the efficiency of expenditures and economic activities. The overall indirect subsidies, which were estimated to be equivalent to 27% of GDP in 2007/2008 (approximately equals to US\$ 527 billion), have been replaced by a direct cash transfer program to Iranian households. The second phase of the subsidy reform plan began in spring 2014, which involves a more gradual fuel price adjustment than previously envisaged and the greater targeting of cash transfers to low-income households. Around 3 million high-income households have already been removed from the cash transfer recipient list. As a result, the expenditures of the Targeted Subsidies Organization (TSO) are estimated to have declined to 3.4% of GDP in 2016 from 4.2 percent in 2014.

Based on The Central Bank of Islamic Republic of Iran statistic, in 2016, Iran's GDP reached US\$ 603 billion, which accounted to 12.5% economic growth.

International monetary fund statistic also indicates that Iran ranked 18th in terms of GDP PPP and by 2022, Iran is expected to rank 15th in the world.

In 2016, the service sector with a share of 50% has the largest share in Iran's gross domestic product. After that oil and gas with a share of 23% and industry with a share of 12% are the major components.

In 2016, the economy registered a strong oil-based rebound, with an annual headline growth rate of 12.5%, compared to a contraction of 1.6% in 2015.

The largest contribution to growth was from the oil and gas sector as the sector's production increased by a staggering 62%, mainly as a result of sanctions relief.

Despite the fact that recovery in non-oil GDP was limited at 3.3%, this represents the highest growth rate in the last five years.

Over the past 40 years, inflation has always been one of the economic challenges facing Iran, which is mainly due to the mismanagement of natural resource revenues.

During the mentioned period, Iran has always experienced inflation of over 10%.

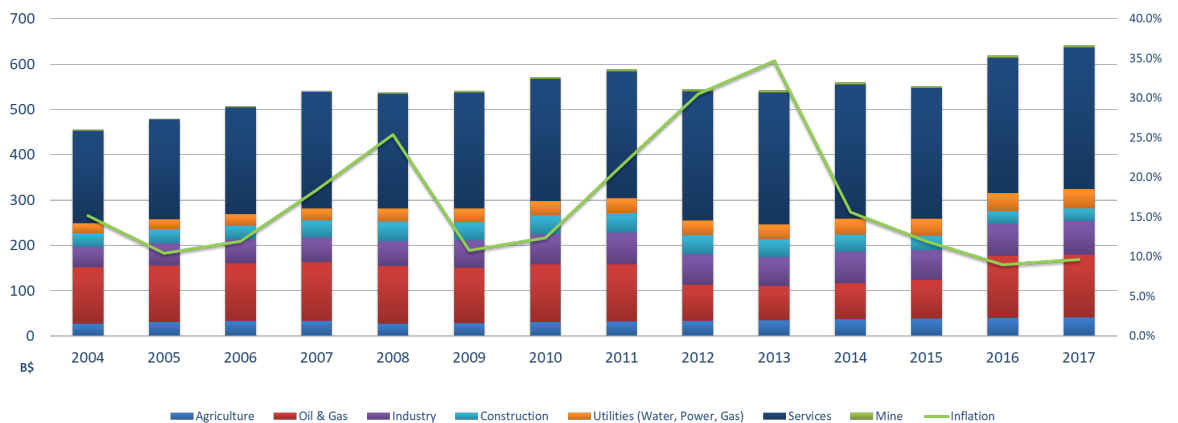


Figure 4.2 Iran's GDP by economic sector (2004-2017)

Source: Central Bank of Iran

In terms of foreign trades and commerce, Italy has been always the first European commercial partner for Iran.

In the last three years, a sort of economic revolution has occurred in Iran in terms of the high inflation rate and the radical loss of the value of the money to almost 300 percent. That discouraged many internal and foreign economic activities in the country. As a consequence, some activities in particular industries such as non-oil industries and creative industries ecosystem became more dynamic.

Cultural Overview

Culture and Art

The earliest attested cultures in Iran date back to the Lower Paleolithic. Owing to its geopolitical position, Iran has influenced cultures as far as Greece and Italy to the west, Russia to the north, the Arabian Peninsula to south, and south and East Asia.

The art of Iran encompasses many disciplines, including architecture, stonemasonry, metalworking, weaving, pottery, painting, calligraphy etc. Iranian works of art manifest a great variety in style, in different periods of time and regions.

The history of architecture in Iran goes back to the seventh millennium BC. Iranians were among the first to use mathematics, geometry and astronomy in architecture.

Iran's carpet weaving has its origins in the Bronze Age, and is one of the most distinguished manifestations of Iranian art. Iran is the world's largest producer and exporter of handmade carpets, producing three-quarters of the world's total output and having a share of 30% of world's export markets.

Iran has a number of famous medieval poets.

Iran is the apparent birthplace of the earliest complex musical instruments, dating back to the third millennium BC.

The rich cultural legacy of the country is noticeable by its 22 UNESCO World Heritage Sites (3rd largest number in Asia and 10th in the world).

In recent years, there has been a reflection on our cultural heritage as a non-oil industry and a source of economic wealth. The attention on cultural industries together with creative industries has been increased. Our cultural heritage and the trades associated with them have always existed for along time, however, the concept of creative industries is a new paradigm in the country. In the next chapter, I will tell the story of the birth and evolution of this new approach in the country.

CHAPTER 5 – CREATIVE INDUSTRIES IN IRAN

5-1 A Brief Introduction about Iran Cultural and Creative Dynamism of Recent Years

Cultural and Creative Industries (Sanaye Farhangi and Khallaagh in Persian) in Iran is a newborn notion. It has been officially formalized in March 2018.

On the one hand, Iran is an old country with an ancient civilization and culture. It has been the territory of art and craftsmanship, the land of rich literature, famous poets with sophisticated poems, science, philosophy, by which a vast geography including the neighbor region around and beyond, has been inspired over the history.

Its traditional architecture, one of the most wondrous of which is “Persian Qanat”: an ancient system of tapping alluvial aquifers at the heads of the valleys that conducts the water along underground and supports the agricultural and permanent settlements throughout the arid regions of Iran; another example of which, is “Persian Wind-catcher”: a traditional architectural manifestation used to create natural ventilation in the buildings in the central parts of Iran; its crafts of which the “Persian Carpet” is the “Crème de la Crème”: an astonishing “art-industry” with thousands and thousands years of history, embellishing the spaces around the world; and other mass and diversified cultural and ancient artifacts are, undoubtedly, the luminosities of rich and matured Iranian art, culture and civilization.

On the other hand, Iran is a young society. The average age of the country is around 30 and 50 percent of the population is under 30 years old (although, according to the recent statistics, the population is rushing towards aging). These young populations are mostly with university education. Overall, around 60% of all students are girls in Iranian universities, and, almost 45% of graduates are women. Although this level of university education is in fact the most important reason for the unemployment of more than half of young people in the country, as the youth unemployment rate in Iran is twice the global average.

There are more than 2600 universities in Iran. Due to the fact that Iranians are so university degree – oriented, for the young people and their families, it is so important to obtain the university certificate. The number of universities in most

developed countries of the world is under 500 universities. China with a population of 1.3 billion has only 2,481 and India with a population of 1.26 billion has established 1,620 universities. The United States, with a population of about 310 million, has 3,280 universities, although the United States is a hub for students from all over the world. This young educated population in Iran is modern, dynamic and interested in changes despite some restrictions they are facing in their daily lives; The country has been undergoing the political sanctions imposed by the USA, which caused the economic problems and instability and a high inflation rate; Iran is situated in a particular geopolitical location in the world; A new class of young moderate reformist politicians entered the government; And, finally, because of some diaspora with Silicon Valley where there exist many elite Iranian graduates, who are active in new businesses, graduated from Stanford University and other top American universities, the founder of well-known businesses and startups, among which the most famous is Uber with an Iranian CEO, or “Station F” in Paris (the biggest startup incubator) with an Iranian young woman as the founder who has grown up in Palo Alto (Silicon Valley area); all and all, as well as other factors, which will be reviewed with more details later, have led to a peculiar business ecosystem in Iran, and accordingly have shaped a unique lively form of creative industries.

Iran is an emerging economy, and it is still under some industrialization processes. At the same time, it is entering into the era of 4th industrial wave.

Iran education is more focused, on STEM (Science, Technology, Engineering and Mathematics) rather than HASS (Humanities, Arts, and Social Sciences). Iran ranked the 5th in the world with the most STEM graduates. This fact might be a reason to neglect that huge amount of cultural treasures, which are the foundation for development of cultural and creative industries approach. However, if it happens that the perspective of cultural and creative industries become well integrated in the country, due to the fact that the scientific and technological tools are already strong, this would be a significant advantage.

In the previous chapters, the literature review of creative industries at the global level was studied. I discussed about these industries and their evolution route in developed and developing nations.

Here, I analyze these industries in Iran.

The reason why I chose Iran – beside the fact that I am Iranian and I was so interested in doing research in this field in my country – was the gap in the literature of creative industries regarding Middle East region, in general; and Iran, in particular, despite the dynamism of these activities in the country in recent years. Indeed, it has been almost two decades of cultural and creative industries movement in Iran, although, there hasn't been a systematic set of laws until one or two years ago.

Well-known sources in this field either do not talk about Iran at all, or they illustrate very limited information and statistics.

In 2012-book of Terry Flew “ the Creative Industries – Culture and Policies”, in which he has indeed, scrutinized extensively a global analysis of cultural and creative industries, the Middle East region and Iran are missing.

The comprehensive review by EY (Ernst & Young) “Cultural Times – the First Global Map of Cultural and Creative Industries (CCI) across Asia – Pacific, Europe, North America, Africa and the Middle East”, Iran is a gap.

In GII (Global Innovation Index) reports, there is a section on cultural industries. According to the statistics, countries have been ranked based on their innovation level. There, Iran has only presented some statistics, according to the data that the Statistical Center of Iran and Trade Promotion Organization of Iran have provided.

Regarding tangible exports related to the domain of cultural and creative industries, such as carpets and crafts, for instance; or for the field of software including CD & DVD etc., some data can be observed. However, there are no precise figures in the area of films or other intangible products, for example. One reason is the lack of proper intellectual property regime and copyright regulations in Iran.

There are only some dispersed cultural data in UNCTAD and UNESCO report; and more (not yet that much) information in local sources in Persian language.

The committee for cultural and creative industries activities claims that the team is attempting to present more precise statistics to increase our rank in innovation. They declared that they have prepared the statistics in the fields such as game,

tourism, crafts, publication etc., as the first time, something like this happening in the country.

This dissertation, indeed, is the first source, which systematically has reviewed this field in Iran at the international level, and has compiled the information of this area in Iran, from its inception till now.

5-2 Recent Mega Cultural Projects Movement in Iran

In the past two decades, some huge cultural projects have been implemented in Iran.

Tehran Book Garden is one of these projects: Creating permanent spaces for exhibiting books can have a quantitative effect on society's approach to book reading. Tehran Book Garden, the world's largest bookstore, completed in 2017 in Tehran has been designed and constructed to towards this objective. This Book Garden is located in Tehran's third district with the close proximity other important buildings including the Iranian National Library, the Iranian Academies Complex, the holy Defense Garden Museum and Tabiat (Nature) Bridge. Book Garden is a Book Mega Mall which hosts, Exhibition spaces focusing on exhibiting books and other sorts of media, Children Science Park, Art Galleries, a Drama Theater, Cinemas and Auditoriums, cafes and restaurants as well as other outdoor event spaces. The Building has a total built area of 65000 m² (Images 5.1 and 5.2).



Image 5.1 Tehran Book Garden

Source: Hexapolis, An Online Digest Dabbling in Intriguing Enterprises (28, August, 2017)



Image 5.2 Tehran Book Garden
Source: Tehran Times, (4 July 2017)

The Tabi'at (Nature) Bridge: is the largest footbridge pedestrian in Tehran. The 270-metre bridge connects two public parks, by spanning one of the most famous highways in Tehran. It has become a popular place for crowd to gather together in its restaurants and bars, “acting as a place for people to stay not just pass”. It has won several international awards, including the Popular Choice Prize for Highways & Bridges from the Architizer A+ Awards, a global architectural competition based in New York; the 2016 Aga Khan Award for Architecture. Leila Araghian has designed this bridge. She is a young Iranian architect. Construction of the bridge started in 2010, and the project was completed in October 2014 (Image 5.3).



Image 5.3 Tabiat Bridge, Tehran
Source: Aga Khan Award for Architecture, (Award Cycle: 2014 – 2016 Cycle)

Si-e Tir Street: is the first street food in Tehran. It is one of the oldest streets in the heart of Tehran, with an original neighborhood where National museum, Ceramic and Glassware museum Armenian Church, Zoroastrians fire temple and school; and many local shops come along. This area of Tehran has been considered the tourism hub of the capital since many years ago, and 60% of the registered monuments of the city are located in this area.

It used to be a street where the cars passed in all hours of the day and night. Some years ago, it was transformed into a street food. The project was launched with the aim of reviving nightlife in this area, and one of the options proposed in this regard was to discuss the creation of streets such as "Food and Art" street. This street, which has been known as the street of religions for a long time and has 15 museums around it, was one of the suitable options for the implementation of the street food plan.

They make a new texture for it and paved the street and created a row full of vans and stalls that sell everything from coffee and soup to pizza, turning it into a good hangout for Tehran overnight stays; holding of live street music, art performances, photo competitions and food festivals in the framework of the Tehran Street Food Plan.

In this “delicious hangout”, you can have a walk and enjoy the historical architecture, cafes and stores. This street food was opened in late 2016 and, since then, has been the host of many local people and tourists and food enthusiasts (Images 5.4 and 5.5 taken by the author of this dissertation).



Image 5.4 Si-e Tir (30th of Tir) Street, Tehran, Summer 2019



Image 5.5 Si-e Tir (30th of Tir) Street, Tehran, Summer 2019

Beside these large-scale projects, you could observe a mushroom growth of local coffee shops and some cultural hubs where the art exhibitions and music performances were being held.

At the same time, a sudden expansion of mega malls projects construction in the city started, many of which include the movie theaters.

The multi-theater cinema projects: under the name of “Pardis Projects” had been previously started. The name Pardis, which means paradise in Persian, was given to the new campuses for movie theaters: A multi-purpose complex that include multi movie theaters as well as the spaces of book cafes, bookstores, art galleries, cultural products stores, fast food, etc. In fact, it was a shift from the traditional movie theater to the modern concept.

Mellat Cinema Campus, designed by Fluid Motion Consulting Architects, Catherine Spiridonoff and Reza Daneshmir, is an example, which won the first place in the public buildings of the 2008 Architect Award and also the title of the selected project in the 2009 Barcelona Festival, is considered by many to be one of the most significant and remarkable works of contemporary Iranian architecture in recent years. It can be considered as an efficient model for defining and presenting a new identity of Iranian architecture for the young generation of the country's architectures, in terms of how the architect deals with the category of architectural design (Image 5.6).



Image 5.6 Mellat Park Cineplex, Tehran
Photo by Ali Daghigh – Published in ArchDaily, 2008

Some old buildings in the center of Tehran were reconstructed and reused and transformed to new theater halls.

It started a trend of new designs on the basis of traditional handicrafts and they were exhibited along with the traditional crafts over National Crafts Exhibitions events.

And, I started to write this dissertation coincidentally with all these changes, which were happening in the country; the time I had gained the knowledge associated with these fields during a long period of my master plus my PhD in Europe, and I was inspired by these movements and transformations in my country.

5-3 A Brief Description about Creative Industries Ecosystem Movement in Iran in Recent Years

According to my own observations and experiences during my recent travels back to Iran on digital transformations in businesses, I had the impression that the cultural and creative industries flow is getting inspired by American approach in the Silicon valley in terms of being strongly related to IT domains. The reason the environment had this effect on me was the huge volume of startups and digital dynamism of the society: The society with the majority of young population, mostly with university education, with connection to the Iranian-American diaspora, mostly in Silicon Valley in giant tech companies and startups. Various startups for many services were emerging every day as it was referred to as “The

Iranian Startup Revolution ... Tehran may be thousands of miles away from Silicon Valley, the world's largest hi-tech corporations and most innovative startups, but technologically, Iran's online entrepreneurs are getting closer – despite mutual political hostility and international sanctions” (The Guardian, 2015). Some of these startups have been American copies because the original one cannot have activity in Iran due to the political issues, such as Uber, paradoxically with an Iranian CEO; Iranian equivalent, “Snapp” has been copied by two young engineers who launched the first transportation network company in Iran in 2014. “Snapp” along with ‘Tapsi’ are the most popular digital taxi platforms in Iran. Then, other ride-hailing platforms also emerged.

I was wandering in an energetic startup-land, going back from Europe; I thought I was going from a village to a lively modern city, in terms of IT-based issues. You could discover every day a new startup, in different domains: “Digikala”, was an online e-commerce platform, had become the biggest in the field in the Middle East with around 750,000 visitors per day, estimated to be worth \$150m. “Aparat”, as an example, was an Iranian version of YouTube; “Takhfifan”, a Groupon-style and many other smaller startups such as “Mamanpaz” (Mom-Cooked), wow! It was offering real Persian home cooking to its online customers; etc. etc.

Sometimes, they were linked together in a way to give multiple services to the costumers at the same times.

Since I had also encountered the online platforms for providing the services related to cultural and creative activities, such as “Tiwall” for purchasing theater and cinema tickets; “Filimo”, an online VOD service on which the users can stream videos online, sort of Netflix-type; “Hamgardi”, in tourism industry, TripAdvisor equivalent in Iran etc., I reflected on this possibility that the Cultural and Creative industries are developing through this channel.

This hypothesis indeed had both side of the coin. It could be positive as in this way the cultural and creative activities would increase in the society and people could have more access to cultural information. On the other hand, it wouldn't be at all pleasant for our rich thousands-year old culture to get economically flourished, in a superficial way with American-Silicon-Valley approach.

Certainly, our culture requires deeper attention for both establishing and developing it as an industry.

In aftermath of my observations, through my in-depth research and interviews with the people dealing with and in charge of this matter, I came upon the details and stories on how and when the country were aware of the importance of these industries and how they were born, shaped and grew up till now.

Albeit, one of our serious problems in Iran has been the weakness in the production of creative knowledge, and the most current scientific articles and inventions in the country are not considered as creative knowledge. It should be clarified that this does not mean that we do not have creative scientists or we do not produce creative knowledge.

That is enough to mention the country's current scientific honors in order to reveal what relatively high position in the world we have. We have exponentially produced international scientific papers in the last two decades, and, on this basis, we have achieved the fastest scientific rate, which is 11 times the global average rate. We have been among the ten winner countries of scientific Olympiads. In the world, we are placed among the first 15 countries with the ability to enrich uranium; among the first 5 countries with the highest production of engineers; we are among the first 5 leading countries in genetic sciences; Iran ranks 2nd in the world in the field of Stem Cells; we rank 4th in nanotechnology; 14th in biotechnology in the world; and the 1st in these industries (in Western Asia); 1st in pharmaceutical production (in the Middle East); and, we are among the 20 countries with the highly qualified universities according to Times Higher Education World University Rankings.

Therefore, what is discussing here is not meant to be a problem in producing science, but as it has been argued, it is referring to creative science.

However, recently the new promising changes are happening in this regard, and in this chapter, I narrate the story of these transformations and the creativity dynamism in the country, more specifically the creative industries in Iran.

5-4 General Overview on Cultural Industries in Iran

Obviously, before creative industries, which is a very new concept in Iran, it existed the cultural productions, cultural consumptions and generally, cultural industries. Iranian people, culturally speaking and because of the rich natural resources we have always had, in average are not as hard working as the people in Europe, for instance. They have not been mainly the people working in the industries. Historically, they have had more the professions such as being a writer, poet, craftsman, carpet weaver and the trader for these products: something associated with what we are discussing now as cultural and creative industries.

The relationship between the market and what is called "cultural goods" has a long history in Iran. In our country, Iran, buying and selling various cultural goods such as carpets, handicrafts, books, magazines, films, musical works etc. has remarkable background.

There have been organizations, which deal with these productions, which are:

The Art Field Center (Hoze-ye Honari): This center is an institution of the Islamic Propaganda Organization that supports artistic and cultural activities. It was established in 1979 after Islamic Revolution, under the name of the Center of Islamic Cultural Movement and after a few months, it was renamed to the Art Field Center for Islamic thoughts and arts. It makes policies independently, with no government supervision. Mohammad Ali Zam, a clerical figure, used to be the director for a long period (1980 – 2000). Under this duration, the positive changes happened. They started to use the “Cultural Industries” for animation productions, and comic strips. It was a very important period for recognizing these productions as industries. Then Hassan Bonyanian was appointed as the director of this center for four years. It was a decline time compared to the period before that. Afterwards, Seyyed Mehdi Khamooshi, again a clerical figure, became as the director of this organization for four year, and again the positive reforms took place during his period. They did clear programming on cultural industries. At the moment, Mohammad Mehdi Dadman, a religious elite figure is the director, and the active movements are being happened in the field of art and culture.

Ministry of Culture & Islamic Guidance (Government): Sometimes they collaborate together with The Art Field Center (Hoze-ye Honari), and sometimes they have some conflicts.

OWJ ART and Media Organization: They generally invest on the areas of films and TV series production. They also produce animations, city advertisements and art-books.

National Center for Cyberspace: The National Cyberspace Center was established by a decree of the Supreme Leader in 2011. This council has the duty to fully up-to-date knowledge of cyberspace at the domestic and global level and decide on how to deal with the country actively and wisely with this. In terms of hardware, software and content, the issue should be realized within the framework of the approvals of the Supreme Council and monitoring the strict implementation of decisions at all levels. It has to attract and enrich local content and services to maximize domestic needs.

Iran Computer Games Foundation: It is a non-profit organization, which was founded by the Ministry of Culture and Islamic Guidance in 2007 to control and support video game industry in Iran.

Like everywhere, there have been always some people who were against the idea of using culture and cultural production as industry. In contrast, there have been movements and reformists in this area. They tried to raise the issue of cultural industries and had also the economic approach to the culture.

5-5 The Birth of Creative Industries in Iran – Significant Milestones

As mentioned in the previous section, cultural industries have been the subject of debates in the history of contemporary Iran, and cultural productions have had a long tradition, although there hasn't been contemplation on them as a source for economic prosperity.

Creative industries, instead, is a very recent approach in the country. In fact, the main concept has been always existed. The industries linked to the creativity of people were historically the main activities of the Iranian people for a long time. However, the reflection on them as a new paradigm, considering them a source of economic wealth, and under a terminology called "creative industries" is a very new notion.

Here, the story of the origin, formation and evolution of the creative industries in contemporary Iran will be outlined. I argue when and how creative industries were born, transformed and mobilized in Iran; how the global discourse of creative industries has been translated in Iran; where its location and positioning is within the official and economic rhetoric of the country, and finally, what its practical and academic place is at the moment in Iran.

I have selected "Iranian Crafts" as one of the sectors of the creative industries of Iran. Next chapter will be addressed to this industry.

In this section, I make some attempt to conceptually map out creative industries trend in Iran with fewer details, in order to better follow the milestones and perceive the whole story of the birth and evolution of these industries in Iran. Later, in the next section, more details such as policies, documents, regulations, the model, the classification, data and statistics and the economic impact, organizations, authorities, events, etc. associated to this newborn concept will be discussed in depth.

Around the years 1999 to 2000, during the Presidency of Mohammad Khatami, Iran passed into a phase of being conscious about a technology, which was Nanotechnology. Mohammad Reza Aref, the first Vice President of Iran (2001 – 2005) set up an organization, aimed at studying this technology. In fact, back to years ago around 1982, a center had been established for scientific and industrial

studies. Later, during the second period of Presidency of Khatami in Iran, over the years 2001 to 2005, the name of this center changed to Presidential Technology Collaboration Center. Then, during the presidency of Ahmadi Nejad started in 2005, it was renamed to Transformation and Progress Center. Its mission was basically the technological exchanges and studies. In the second period of Presidency of Khatami, as mentioned above, Khatami and the Vice President, Aref, decided to promote and advance nanotechnology in the country; this job was transferred then to this center, which was recalled Cultural and Technology Development Committee, in the late first term of Ahmadi Nejad's Presidency, in 2008.

This organization started with observation, monitoring and literature review of Nanotechnology in the world. The team concluded that this industry is one of the domains in which Iran has the strong potential to develop, even to be one of the leading countries.

At the same time, through monitoring the literature review of this technology in some South East Asian countries such as South Korea, Japan and China, they detected that these countries were also paying attention to another industry called cultural, at the beginning, and then, creative industries. It was at that time when they first started to be alert about these industries.

Almost the same years, Aghil Malekifar, an engineer and researcher working in Iran Defense Technology and Science Research Center (DTSRC), was the first person, who opened up the argument in the area of "cultural industries" and published some articles and books in this field. He had founded an institute called "Industry and Technology Institute", in 1998. It was a private organization, called "ASEF Think Tank", which will be described in more details later, focused on the future economy of Iran, and what a powerful role "creativity" and the economies related to it, have in shaping the future economy of the country. He started to make efforts on illumination of the concepts of cultural industries and creative economy, the literature of these subjects and the importance of discourse generation in these fields. Later on, in his book "from cultural industries to creative industries", published in 2008 and was in Persian, he mentioned the term "creative industries" for the first time.

Till here, it was the first steps in the awareness on creative industries, which had been at the level of discussing and raising the issue.

Following, some rare researchers who were attracted by the subject of cultural and creative industries including Siavash Malekifar (the son of the founder of ASEF think tank, Aghil Malekifar), performed some studies in this domain. Siavash Malekifar has also conducted his PhD in the field of future studies with his PhD thesis discussing on “Identifying the alternative futures of cultural industries in Iran and formulating the desired situation of these industries on the horizon of 2045”, underlying the important role of cultural and creative industries in this regard.

Since then, a series of events took place in the country associated with cultural activities with the “industry” approach. More research was done and the concept was more circulated in the country.

However, the attempts were not that much welcomed, as it was desired, except in some rare dispersed academic studies, not within the framework of systematic discipline, though. The reasons for this result could be:

- The usual resistance of the cultural communities following Frankfurt School way of thinking against the idea of the culture as an industry. This mindset till 7, 8 years ago in the country was dominating and the “culture worrywarts” refused to accept to “undervalue” (as they themselves say) the dignified and excellent dimension of the culture to the level of industry and the concepts linked with it such as commerce, business, market, economy etc. They believed cultural industries meant industrialization of the “culture” and for them this approach to culture was equal to devote the culture for economy and technology. It was no way for them to see “culture” hand in hand with “economy” as a source of wealth of the country; a phenomenon, which indeed has been observed almost everywhere in the history of culture and cultural industry!

- Another reason is, basically, the countries, which move towards industrialization and modernization, through the trajectory of manufacturing and heavy industries, big mines, large industrial firms, automotive industries, firms etc. normally, neglect that there is a huge hidden cultural mine there, comprising their culture and cultural heritage, which could act as an industry and a source for economic

wealth. They ignore there is an enormous resource of creativity out there, which could be among the significant economic drivers in the industrialization process. These drivers, in many cases are intangible. However, many of these intangible drivers are powerful and need to be detected and valorized. They have the potential to contribute extensively into the GDP of the country.

Let's point out the fact that we human being, essentially, take for granted what we have and normally don't valorize it, as it should be. That is undoubtedly, an important reason for ignorance our cultural resources, in the first place. We are a country with thousands of years of culture and cultural manifestations and diversities. However, they are not often even seen, let alone considering them as economic sources.

- Even if they could be aware of the signification of the cultural assets, the question was whether it was a reasonable idea to focus on the development of the cultural and creative industries in the country, which was still experiencing some stages of industrialization phases associated with heavy industries. Most probably this has been another reason why the policy makers didn't underline the significance of cultural and creative industries before or at the same time with the development of other industries, mostly manufacturing ones, which have more importance and priority according to them, in the country. However sometimes the industrialization stages don't occur in a neat and step-by-step way.

Developed nations have respectively undergone all the industrial revolution eras, started from the first industrial revolution in the 18th century in Europe to the present era that we are experiencing: the 4th industrial revolution. The developing countries, instead, which have had delay in experiencing these industrialization milestones and periods with respect to developed countries, and as a consequence of the imposition of the globalization episode, have to practice these industrial evolution, some times at the same time, regardless of the level of their development and economic growth. Therefore, they encounter leapfrogging phenomenon and have to skip some stages on the industrialization path to be able to reach the economic growth. Iran, also as a developing country is not exempted from this. Leapfrogging has its pros and cons. It has its own advantages if it is being performed in an appropriate way. We might be able to reach higher

development speed, in some cases, by ignoring the past stages that are not necessarily needed to be implemented by us, and have been experienced by the developed countries. The technological example for that is the transition path from VHS to CD and DVD, for instance. When the newest technology is accessible, there is no obligation to start from VHS.

Further to the matters related to the promotion of nanotechnology in the country, explained earlier, Sajjadi Nayeri, an Iranian elite had been appointed as the head of the Cultural and Technology Development Committee.

Since the subjects related to cultural and creative activities have been always the matters of personal interest and concern for this Iranian elite, who is basically an engineer, and with the superior studies in Management and Media, but with the enthusiasm in art and culture, he strived to enliven these concepts in the country and stimulate the decision makers to become alert of the seriousness of them and their effects on the economy of the country.

Therefore, to be able to fit the concept of cultural and creative industries in the country, this committee started to elaborate different subjects including:

- Promoting and creating discourse and literature in these industries in the country;
- Drawing the officials' attention to initiatives in these industries;
- Organizing meetings with the Supreme Council of the Cultural Revolution;
- Organizing meetings with members of Parliament;
- Organizing meetings with various Ministries;
- Organizing meetings with universities etc.

At the same time, they defined a set of flagship projects in order to objectify some theories to help the authorities perceive them better.

Simultaneously, technological innovations were developing in the country. Broadband projects were being created and developed. As a result, some content-based, Media, IT-based, IPTVs (Internet Protocol Television), VOD (Video on Demand), UGC (User-Generated Content) and Sharing Services projects started to grow significantly over a short time. This huge volume of this type of IPTV and VOD services has not even seen in some European countries during a brief period. The IPTV, VOD and home networks started to be created in the early 2015 and grew dramatically over the year 2017 with 445% of growth. Advertising and the IT field in Iran are dynamically strong. Educated

Later, this field gradually merged with the field of culture to promote some cultural projects.

This trend is another example of “leapfrogging” phenomenon. There was no cable TV in Iran. For many years, cable television has been the emperor of the media in Europe and the United States. In Iran, due to the monopolistic conditions of radio and television, no one has had an idea of cable TV. For Instance, the local equivalent of international media-services provider are the online VOD services such as Filimo, Namava etc. Filimo, which is a holding company, is one of the largest companies in the country. In other words, there exists a company in the field of media, which has reached the level of the country's exemplary employer, in the atmosphere where the state dominates radio and television. This is a strange and unique phenomenon. In China, for example, there has been SMD (Shanghai Media Group) that was able to do so, but it was under the Chinese government as a whole; whereas, in Iran, none of those organizations are state-owned. That is the reason, sometimes, I think about “Creative” and “Cool” Tehran observing its unique characteristics in creativity despite the restrictions.

Returning back to the Cultural and Technology Development Committee, they defined flagship projects. These projects were an attempt to IPTV and define its licenses.

Then, a line was opened and the Ministry of Culture of Iran issued some licenses for VOD, and also, in parallel, IRIB (Islamic Republic of Iran Broadcasting) provided some accredits for broadcasting expansion.

Subsequently, there happened a competition and contention between them, which led to the formation of the Supreme Conceal of Cyberspace thereupon a series of regulations, was passed. These polices were made mostly relating to the segment of Media and Broadcasting among the whole package of creative industries.

To give a footprint, the fruits of what was done, created a flow in the country.

Two flagships acted as catalyst:

One was in the field of IPTV, and another was in the field of E-learning, which both could be drivers for content providing in cyberspace.

The first content-related issue in cyberspace, which could make a business, was

educational content, considering the attention to “education” and the demand for “university certificates” by Iranian people. For this reason, one of the flagship projects at that time, within the politically limited atmosphere in Iran, which was selected and became local, was in the framework of education and the argument of E-learning. Universities started to present the virtual courses. At a time when many European and American universities yet hadn’t presented this amount of virtual academic disciplines, Iran had reached a considerable level in this domain. It was prevailing to electronically present the content of the courses, similar to MIT University. However, the fact that the universities organize the whole academic programs at the bachelor as well as superior education level, Iran was ahead. The well-known universities such as University of Tehran, Iran University of Science and Technology, and Shiraz University were among the first academic centers, which virtually admitted students and handed out the graduates.

This trend led to what we are observing at the moment in the creative industries ecosystem in Iran. To give an example, a start-up sort of business was then shaped called “Maktab-khooneh” (means traditional schools), a business, which provided others with the contents taught in Sharif University of Technology. If in case of MIT, as an example, the university itself performs this, here, the private sector is operating it.

Later, another flagship project created the infrastructure for the field of animation, followed by a joint event with South Korea, which was held in Iran. In May 2016, during the visit of the President of the Republic of South Korea to Tehran, 19 cooperation documents were signed to further develop relations between the two countries. Among the documents, a memorandum of cooperation in the field of cultural technologies and creative industries was signed between the two countries, between Iran’s Vice President for Science and Technology and South Korea's Ministry of Culture, Sports and Tourism, that followed the first joint meeting of Iran and South Korea in the field of cultural and creative industries, on December 12, 2016 in Tehran.

Following this meeting, 20 Korean companies and about 60 Iranian companies attended in the fields of video games, animation and digital educational content, and while getting acquainted with the capabilities of the other side, examined the

topics of joint cooperation. In this regard, with the aim of developing bilateral cooperation in the field of cultural and creative industries, with the presence of a high-level delegation of science and technology of Iran, the second joint meeting of Iran and South Korea was held in Seoul on 30 August 2017, hosted by South Korea. This event aimed at promoting three areas: animation, game and digital content. During this event in Seoul, their Deputy Minister of Culture who was Korean counterpart of Iranian Sajjadi Nayeri, declared that they might have been ahead of Iran in some areas, however, in the field of animation technic, they had indeed nothing to say in front of Iranian experts of the field. For instance, these are the animations with the success at the international festivals level in recent years: “Release from Heaven”, “The Holy Cast”, which both have won the international awards; animation “Junk Girl” won the best Italian award of Innuendo International Film Festival; “Spectator” won the best Animation Award at Bangladesh Rangpur Film Festival; “Empty Vision” won the Best Animation at Best Short Fest Film Festival in Canada and Great Message in India; “Alphabet” won the Best Animation Award at an American Film Festival, following its international success; “Run, Rosatm, Run” won two awards from India and England, it has won the Best Animation Award from the Great Message International Film Festival. However, there have been still the problems for integration the required infrastructures. The circumstances continued in the country with these sorts of creative and cultural activities for some years.

In 2014, Sajjadi Nayeri, presented some of these works to Sattari (Vice-President for Science and Technology). The Vice-Presidency for science and technology organization, established in 2006, in line with the concern and order of Supreme Leader, aimed at supporting and reinforcing the scientific and research activities of elites in the country. Dr. Soorena Sattarri, is the Vice-President, and the head of this organization at the moment. He is relatively a young Iranian elite, with a modern and open-minded vision, graduated from Sharif University of Technology (the best technological university in Iran, known as Iran MIT), and holds a PhD in mechanical engineering. He strongly believes that knowledge and knowledge-based economy are the powerful elements of the future ecosystem and structure of the country. As a result, he has an inward view toward the abilities of young

educated generation of Iran.

In March 2014, based on those actions, Sattari issued a decree according to which, Sajjadi Nayeri was appointed as the responsible of a council within Vice-Presidency for Science and Technology. This council was targeted at mapping the cultural and creative activities inside the country, detecting and supporting them. The creative activities yet were not shaped within a systematic atmosphere named as “creative industries” with its legally issued regulations and programs. Some random activities had been conducted, however, the official laws and regulations associated with them had not been yet formulated.

There existed indeed, only a team in the government that was trying to make the country aware of this issue.

Sajjadi Nayeri, later, made an effort to raise this issue as one of the main tasks of the Vice-Presidency for Science and Technology.

Meanwhile, a law was passed to protect the knowledge-based firms. The main activities and missions of the Vice-Presidency for Science and Technology were around this law. According to this law, the knowledge-based companies were identified and, then some supports were defined for them.

At the same time, the country's main controversial discourse by the leadership (the Supreme Leader) and the President had all become the argument of knowledge-based economics and knowledge-based companies following the “political sanctions period” imposed by the USA.

What these high level officials were proposing in this regard, included two layers:

1- Knowledge-based economics layer,

The first layer encompasses one of the tools of “Resilience Economics”, a term, more precisely “Resilience Economics, Production and Occupation” the Supreme Leader used for the year 2017 following his decision of the year 2000 to announce a name each year upon his New Year message, in line with “Iran 2025 Document”¹. The names for recent years have been “Iranian Product Support”,

¹ Iran 2025 Document or 20-year Iran Vision Document is a document to provide a horizontal explanation for Iran's development in various cultural, scientific, economic, political and social fields.

“Production Boom” and “Production Leap” for the present year (2020). Due to the escalation of economic problems in recent years in Iran, the Supreme Leader of the Revolution has always chosen economic-related denominations for each year with the look to interior abilities, underlying the knowledge and skills of local people and elites. Knowledge-based economics is an advanced economy towards greater dependence on information, knowledge and high skill level of people. It is an economy whose added-value is based on knowledge, vis-à-vis the economy with added-value resulted by raw materials selling, what our country has been struggling for years with the well-known examples, which is petrol and gas, saffron, even carpets and crafts are selling in this way in the field of cultural sectors. For instance, the Turkish merchants buy Iranian traditional crafts in its raw shape, they label a brand, and then do marketing on them with the three, four times price more. Another example is the creation of a city called Kashan (one of the well-know cities in Iran for carpet weaving) by China. They produce the carpets there and sell them under the name of Kashan carpet, based on the history we have behind Kashan carpets. That means that we are still raw material sellers even in our cultural industries.

2- The Knowledge-Based Firms,

The second layer is the company layer, which has to be identified and supported in the first place, as the obligation of the Vice-Presidency for Science and Technology. Then, it is their duty to aware the Ministries to protect them as the next phase. For instance, it is their responsibility to detect the local Iranian innovative firms dealing with oil well drilling in oil and gas industry, and presenting them to the Ministry of Petroleum to give a chance to them instead of signing the contracts with international firms such as Total, Eni etc; or to advise the Ministry of Information and Communications Technology to carry out a program where part of the technology is done by in-house companies for 5G internet targeting project; or, for example, to encourage the Ministry of Industry, Mine and Trade to reduce its dependence on foreign countries in the field of mines, automobile industries, etc., and to hand over the work to domestic technology and knowledge-based companies. Consequent to this, some areas became bold such as nanotechnology, biotechnology and stem cells in which Iran

is very strong. In nanotechnology, Iran ranks fourth in the world. These fields are not recognized as creative industries in Iran, though.

However, the unit that deals with all of these is the same because they are all knowledge-based sub-industries, and therefore include the same law that has been enacted to protect knowledge-based activities. At the beginning of establishment of this unit, the government's focus was on technology through which the technological knowledge-based companies were formed.

Sajjadi Nayeri believed that when he took charge of this entity, he saw that the country's emphasis was on technology and it was valuing technology-related industries and firms.

On the other hand, as he had realized the importance of the field of cultural and creative industries and he had felt the need for promoting them, he first, struggled to present these industries as one of the branches of technology in order to be considered and noticed by authorities of the country.

He believed that they could inspire the President and policy makers about the importance of our huge cultural assets in the form of cultural industries and their potential contribution to the economy of the country, the same as nanotechnology industry, for instance. Of course, as mentioned previously, what we always have and it is there, we normally don't see and valorize it. At most, even if the cultural assets were noticed, they would have observed them only with the cultural point of view and not the economic approach. The culture of our country has always regarded as a rich culture and our country as one of the ancient civilizations and histories. As a result, the look on the culture has often been a retrospective view more than a prospective perspective. Therefore, even if eventually any attention is paid to it, it is a consideration of preservation of cultural heritage, and not as a modern and forward-looking issue; excluding some cases such as carpet industry, which has been the subject of trade for years. Although, even in this art-industry, the argument of knowledge-based economy, knowledge-based companies and technological view has been much neglected, either.

In his first two years of responsibility, i.e. 2014 to 2016, Sajjadi Nayeri attempted to introduce the creative and cultural industries as a field of technology.

In some cases, this endeavor was successful, and in others it was not. Where he tried but didn't reach success, he says, was the time he made an effort to advance the rhetoric of the law, which was associated with the support of so-called NTBFs (New Technology-Based Firms), in a way that would also accept companies in the field of cultural industries. In other words, if a company is working in the field of carpets or handicrafts, this law can also cover it. The law provided protection and facilities for activities of knowledge-based firms.

Sajjadi Nayeri had this plan to include also companies in the field of cultural and creative industries.

There could be two solutions:

Either, struggling with decision makers in the country and trying to make them perceive this new paradigm. In this way, a law similar to the knowledge-based law, particularly related to these industries and activities was likely to be passed, which, at best, required a 4-year path.

Or, the shorter and more practical route could be to tryout to introduce this concept to his neighbor colleagues inside the Vice-Presidency for Science and Technology organization. This way, it was probable to positioning also the cultural and creative industries under the knowledge-based activities.

He chose the second solution, and claimed that he had the following argument within the organization:

“...well, you declare the focus of this activity is knowledge-based discussion. Knowledge, in general, includes explicit, [implicit] or tacit knowledge. In the field of culture, there [also] exist implicit and tacit knowledge. There has been a 3000, 4000 – year knowledge accumulated behind our carpet industry until we have reached the point where it is at the moment to be internationally well known as Persian carpet in the world. This knowledge cannot be easily neglected. Indeed, it is a technology-based knowledge. It is also made of technology, however, not the hard technology, but the soft technology.”

Nevertheless, the colleagues didn't accept this as a technology, and they advocated it as technique, instead. They underlined that they, in the field of knowledge-based domain, focused only on technology and not technique.

Later, he planned to try through proposing the fact that in the literature of “technology”, there are also the discussions of “technology management” and

“technique”. However, no result! And, ultimately, the field of cultural and creative industries were not included as a subset of knowledge-based movements, excluding the sectors that were close to the field of IT; that are: animation, video games and digital content. Only these three fields were accepted by knowledge-based center, whereas the sectors such as handicrafts, tourism, fashion, design, and advertisement were not added under the knowledge-based activities.

Finally, around March 2017, a program was officially communicated by Sattari, Vice President for Science & Technology, dealing with cultural and creative activities, which had been proposed by Sajjadi Nayeri, under the title: “Creative Industries Development Initiative” (CIDI); and was officially approved in March 2018.

This point can be marked as the renaissance for Iran's creative industries; and Sajjadi Nayeri can be considered as the father of Iran's creative industries.

The country became more aware of the concept of the creative industries, afterwards.

Little by little, the directors of Science and Technology Parks, which had been previously created in the countries, started to show their interest to establish creative industries innovation centers within the parks. The innovation and growth centers of cultural and creative industries suddenly grew significantly in Iran. They succeeded to establish the Science and Technology Park in the field of cultural and creative industries. They were officially licensed and implemented three years ago. Soon after, the numbers of these parks increased remarkably in the country over a short period, compared to the total numbers of the centers in this field in the world

As the next step, the committee for Creative Industries Development Initiative encouraged the cultural organizations to inject innovation into what they used to do in a traditional way. For instance, they observed Research Institute of Cultural Heritage and Tourism (RICHT), and challenged them with the questions like how pragmatic their researches and activities were, and whether what they were performing were only to accumulate the documentations of the library or were solving any problems of the country. Then, they enlightened them with novel innovative models to replace their classical old structure. They tried to stimulate

them to create space for young people aimed at solving the country's real problems, instead of hiring some fixed employees with fixed salary. This model was adopted from the innovation centers and labs for government institutions. Later, for example, in the case of Cultural Heritage Research Institute, they signed an agreement to establish an innovation center.

At the same time, since the country was experiencing a trendy atmosphere for start-ups, some of these businesses with the activities in the cultural field were called start-ups. However, indeed, by definition, these are not start-ups. The startup needs to have a vague business model, it has to be scalable, and it is temporary. They do not have any of these features, but this name was often given to these businesses only to: first, transfer a “being a new company” message; second, to be able to use some services and supports were given to start ups. The new businesses created for instance in the field of crafts, are essentially different from the digital transportation starts ups such as Uber and its equivalent in Iran, which is a successful start up called Snapp. However, these are also commonly known as start-ups, with the cultural face within the creative industries framework.

As a matter of fact, we can illuminate in this way:

Iran Knowledge-Based Ecosystem, which is the main activity of Vice-Presidency for Science and Technology organization, includes two main programs:

1- Protecting the NTBFs (New Technology-Based Firms) Program

This is a serious and official program with the law of the parliament and the cabinet.

2- Creative Industries Development Initiative (CIDI)

This program is central to the development of cultural and creative industries, which has been run by Sajjadi Nayeri.

This program includes:

- Identifying, Supporting and Development of C&CI (Cultural and Creative Industries) with cultural – economic perspective.
- Start Ups

Since the field of leading start-ups in the country was more service-based such as Snapp, Tapsi, Mamanpez etc. and they were not included any central program until then to be supported, they decided to target the country's creative programs with two groups: Creative and cultural industries and Startups.

On the other hand, this organization (Vice-Presidency for Science and Technology) consists of 13 different councils. One of these councils, which is dealing with the technologies of soft knowledge or, so-called soft technologies, is: Soft Technology Development Council (STDC). Sajjadi Nayeri has been appointed as Secretary-General of this unit. More details will be described later about this council.

Due to the soft essence of the human-oriented knowledge, which is associated with cultural activities and human creativity, Creative Industries Development Initiative (CIDI) could be embedded here, with the focuses on cultural industries. Indeed, Soft Technology Development Council (STDC) is the executive secretary of Creative Industries Development Initiative (CIDI).

Sajjadi Nayeri's team had to create a new literature to target this new program for the cultural and creative industries. They used the technological innovations for the cultural and creative industries, aimed at promoting the diverse sectors such as 3D filming of museums and making virtual tours that can be seen all over the world. The look hasn't been a startup look. The program only covers the two groups.

The Committee for Creative Industries Development Initiative (CIDI), in fact, as the first stage identifies creative companies. In the second stage some types of supports are considered for them. For example, they support the key human resources to stay inside the firms rather than spending their military service for two years; they provide them with the required export services; they are given necessary insurance and tax service; they help them with commercialization, branding, digital marketing etc. to be able to move a few steps forward in the next years. CIDI and their services will be discussed in more details in following sections.

5-6 Creative Industries of Iran – In-depth

Inception – Evolution – Policies – Classification – Statistics – Economic Impact

As discussed earlier, this section undertakes an in-depth description of the growth trend of creative industries in Iran. At the beginning, the country was aware of importance of the cultural industries and its contribution to the economy of the

country. Aghil Malekifar was among the first scholars who noticed this significance and made endeavors to promote the issue in the country. He established ASEF think tank and performed lots of activities in this regard, within this institution. ASEF Industry and Technology Think Tank has been the country's oldest professional think tank, having had activities since 1998, with the agreement of the Ministry of Science, Research and Technology. They held the scientific events on most pivotal topic, which is “country's future economy” with the presence of prominent academics and researchers in “futures studies, futurology, strategic foresight” and economists of the country. Futures studies make us "wise" by discovering and designing our "values", "mission", and "vision"! Wisdom helps us make "wise decisions” (From ASEF Industry and Technology Think Tank Website). To be able to properly design our future values, we need a modern education toward humanization. Transcendental education is based on the following three principles:

- Critical Thinking,
- Emphasis on learning (instead of educating), and creative and fast learning, which is the subject of much debate,
- The mentoring relationship.

As far as it is concerning the individual, the goal of the transcendent education is to make the "purposeful", "selective", "creative" and "capable" individuals. The same can be extended to the crowd: making purposeful, selective, creative, and capable communities. Creativity is defined as forming something new and valuable.

ASEF Industry and Technology Think Tank has believed on the intellectual credit of Iran in the successful transition to the fourth wave and that the creative economy is the only possible model for the founding and development of a dynamic and advanced resilient economy in the country. It affirms that the employment capacity of the creative industries is two to three times that of the manufacturing industries and the economic growth rate of the creative industries is three to four times that of the manufacturing industries. And finally, it argues that the “Fourth Wave”, is “The Age of Creativity and the Creative Industries”, and in this era, Islamic Iran has this potential to become “the creative industries

hub" of the Islamic world, just as the UK would like to become the hub of Europe's creative industries; and this is the most realistic way to achieve the socio-economic prospects of Iran 2025 Document, ASEF think tank believes. This requires at least 15 creative cities (= cultural cities) in four corners of the country. Some of these cities almost actively exist at the moment: Tehran, Mashhad, Qom, Ray City, and Shiraz. The cities of Yazd and Tabriz can also be considered creative cities because of the valuable heritage they have. Creative cities are specialized and branded cities that develop on the circuit of creative industries. These cities are each a hub of the creative industries, with at least one "creative industries cluster". The rest of the country's creative cities need to be examined in terms of geographically being balanced so that development is not limited to specific cities and regions.

Creative industries are economically and socially beneficial. As an example, the economic growth of these industries is three to four times that of the manufacturing industries, which can guarantee economic growth of 8% and more to meet the country future perspective of 2025. Furthermore, the employment rate of the creative industries is 2 to 2.5 times that of the factory industries. As far as employment is concerned, the creative industries especially employ graduates of the arts and humanities. Therefore, the development of creative cities reflects a promising career prospect for graduates of these disciplines.

We must also add that all advanced economies, even emerging economies, have now chosen creative industries as the drivers of their socio-economic growth. (There is sufficient evidence to substantiate this claim.)

1st National Conference on Creative Economy, Creative Cities, Creative Employment and Creative Businesses was held in the spring 2019, with the support of ASEF and the support and cooperation of various universities and research and executive centers. The subjects in the areas of industrial fourth wave and the paradigm shift in the industry, technology, urbanization towards creativity; regional and global opportunities and threats of creating creative cities in Iran, Iranian creative life style and classes, economics of culture etc. were discussed.

Vice-Presidency for Science and Technology

The Vice-Presidency for science and technology unit is one of the newest organizations established after the Islamic republic of Iran in the field of scientific development and progress. This institution was founded in 2006 by the approval of the Supreme Council of the Cultural Revolution in order to support and strengthen the scientific and research activities of elites in the country, and due to the necessity of promoting national authority, generating wealth, improving people's quality of life through increasing the technology and innovation capabilities in the country, and enhancing the "National Innovation System" and completing its components and circles.

Other objectives of the establishment of this center include developing the knowledge-based economy through inter-sectorial cooperation and synergy, improving the relationship between “knowledge” with “industry” and “society”, facilitating exchanges between supply and demand for technology and innovation by departments, commercializing technology and innovation achievements, and developing knowledge-based companies. Besides, the Vice-Presidency is responsible for development of national strategic and prioritized technologies proposed in the comprehensive scientific map of the country and the enhancement of international scientific communication, technology, and innovation, and the development of science and technology diplomacy in the country.

Vice-President for Science and Technology, at the moment, as have been already mentioned above, is Dr. Soorena Sattari, an Iranian elite, with the concern for young elites, science and technology of the country, and the approach towards internals and domestics capacities of the country.

This organization consists of 13 technology and development councils among which there are:

- Energy Technology Development Council
- Nanotechnology Development Council
- Biotechnology Development Council
- Soft Technology Development Council (STDC)
- Knowledge-Based Economy and Culture-Building Technologies Development Council
- Stem Cells Sciences and Technologies Development Council

- Medical Plants and Traditional Medicine Sciences and Technologies Development Council
- Water, Draught, Erosion and Environment Technologies Development Council

Soft Technology Development Council (STDC)



Figure 5.1 The Original Logo of Soft Technology Development Council in Iran
Source: From the Website: stdc.isti.ir



Figure 5.2 The Logo of Soft Technology Development Council in Iran (In English)

Introducing STDC

Technology is at first glance something known as industry, but in its essence it is a cultural category that needs a deeper understanding and knowledge. Figure 5.1 shows two types of technologies.

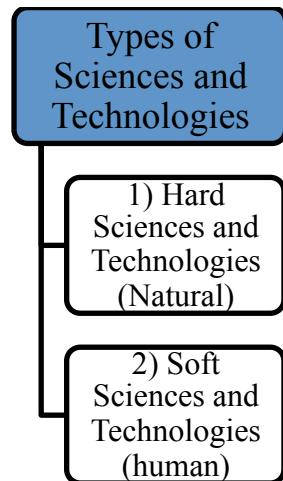


Figure 5.3 Types of Sciences and Technologies
(Source: <http://creativecity.iranasef.org>)

Hard technologies are not able to understand this depth due to dealing with certain data that lead to a certain output. Rapid and accelerating changes in human lifestyles in different societies also necessitate attention to that aspect of technology that has the ability to understand the change in human behavior and better and more effective management of societies and it is called soft technology, more than ever.

Soft technologies include a set of norms, patterns, rules and procedures of knowledge in order to control and direct human behavior and meet his psychological, cultural and social needs and increase the productivity and effectiveness of hard technologies. Features of soft technologies include the intellectual outputs and creativity of human beings, which have an innovative, cultural and artistic nature.

In this regard, STDC has been created according to the emphasis of the Supreme Leader on the strategic and economic importance of cultural industries and products and soft technologies, the complexity of this field, multiple trustees and the need to converge them; as well as considering that "soft and cultural technologies" are among the priorities of technology development in the comprehensive scientific map of the country. The secretary-General of this council is Sajjadi Nayeri.

Since soft and cultural technologies have significant economic effects and can play an important role in the development and promotion of societies, are an

important and effective source for orienting the beliefs, values and attitudes of human beings and, consequently, a tool for increasing solidarity and agreement between different cultures and societies, one of the important types of which are cultural and creative industries.

Creative industries are industries, which receive their driving force from creativity, personal skill and talent, and activities that can potentially generate wealth and employment opportunities through the use of intellectual properties.

The important areas of soft and cultural technologies that are pursued in this council can be listed as below:

Content creation and written and digital content and publishing, design, toys, writing software, fashion, handicrafts and tourism, social technologies, social innovations, video games, animation, cinema, visual arts, performing arts, advertising, motivational engineering technologies, productivity management and governance mechanisms in the cultural and social fields, communication and media, education and learning.

STDC Vision and Mission

According to Iran 2025 Document, Cultural and soft technologies are:

"Capable of producing and providing products and services derived from indigenous Islamic-Iranian and revolutionary culture, uplifting, civilization-building, discourse-making, with popular participation, drivers in the development of soft power, national economy and resilience economy, leading in the regional market; In the form of an organized system of innovation and having the capacity to turn Iran into a cultural hub of the Islamic world and the region."

Cultural Technologies are: A set of methods, tools and processes for converting cultural knowledge and resources into cultural goods and services that create or transmit cultural values. These regenerations of cultural values can turn into cultural industries, which have a huge economic impact (Figure 5.4). The Fourth Wave can be called the era of culture and cultural technologies.

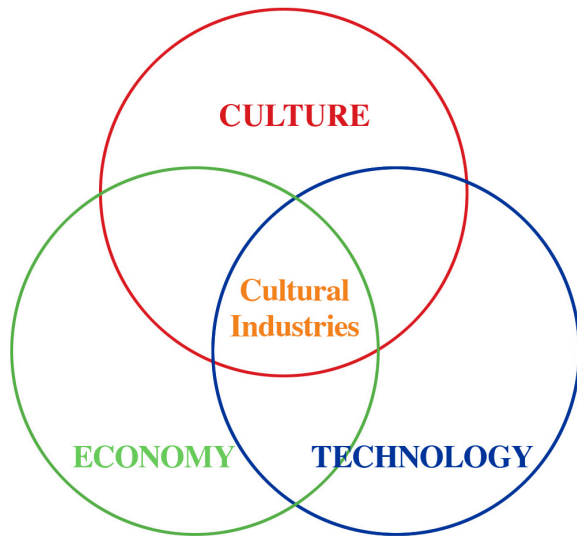


Figure 5.4 Cultural Industries Position
Source: stdc.isti.ir

Among the collection of soft technologies, cultural technologies have particular importance. They constitute the heart of soft technologies (Figure 5.6).

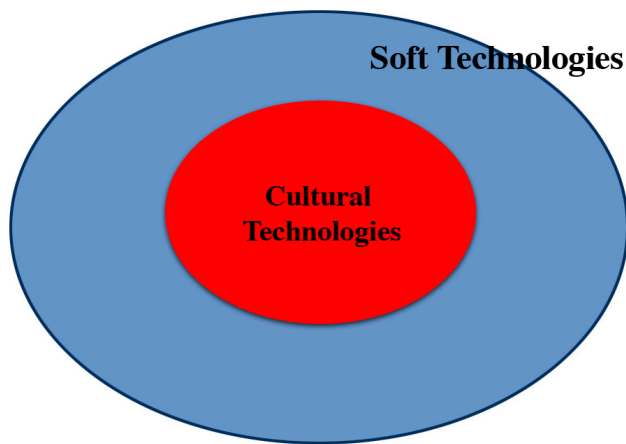


Figure 5.6 Cultural Technologies forms the Heart of Soft Technologies
(Source: <http://creativecity.iranasef.org>)

National Document for the Development of Cultural and Soft Technologies

This document consisting of an introduction, eight articles and nine notes, was approved on 4 July 2017, based on the finalized version, in the Council of the Steering Staff for the implementation of the comprehensive scientific plan of the country.

Objectives of STDC

- Achieving an efficient innovation system for the cultural industries of the Islamic Republic of Iran and improving the quantity and quality of production and consumption of local cultural products
- Achieving an efficient model of application of soft technologies with emphasis on the fields of humanities, Islamic and social sciences in order to promote the Islamic-Iranian and revolutionary lifestyle in society
- Expanding national and transnational audiences (with emphasis on the Islamic world) and increasing people's satisfaction with indigenous cultural products
- Increase the production of knowledge-based cultural products and related technical knowledge and technologies
- Achieving an efficient and synergistic interactive network domestically, regionally and globally, especially in the Islamic world; In transforming ideas and knowledge into authoritative cultural products, which are strengthening the internal construction of the system, knowledge-creating and attractive inside each branch and across branches of cultural industries
- Development of national and international infrastructure in the field of information and communication technology to facilitate communication between actors, components of value chains and with the supply market for the cultural and soft products and technologies
- Improving the business environment and strengthening the innovation system of Islamic-Iranian and revolutionary cultural industries and products
- Increase productivity and develop cultural and socio-economic system based on soft technologies

Duties and missions of STDC

- Executive policy-making, planning, coordination, monitoring and inter-agency communication, division of labor between agencies and monitoring of actions based on STDC document
- Annual review of domestic and international developments in the cultural industries and propose necessary amendments to review and update STDC document
- Preparation and compilation of action plan and roadmap for document implementation in each year

- Tangible and intellectual support of science and information, facilitation of knowledge-based companies and their technological plan and commercializing them based on regulations approved by the Staff Council
- Establish coordination and synergy between agencies to achieve the objectives of STDC document
- Guidance and coordination of financial resources and facilities and human capital of the country in the field of cultural industries
- Develop the required indicators for document monitoring
- Continuous evaluation and monitoring of the proper implementation of programs assigned to the agencies and monitoring the absorption and allocation of funds and submission of reports

Sajjadi Nayeri, Secretary-General of CIDI, referring to the role of cultural and creative industries in the country, stated that completing and strengthening the active elements in the cultural and creative industries in the country is the mission of STDC. These elements include: Innovation centers, accelerators, non-governmental research and technology funds and investors.

Creative and cultural industries according to STDC:

Are those economic activities that are rooted in creativity, skill, talent, and cultural heritage in the general sense and have the appropriate potential to create jobs and wealth through the production and exploitation of intellectual properties. Cultural industries shape the heart of creative industries (Figure 5.7).

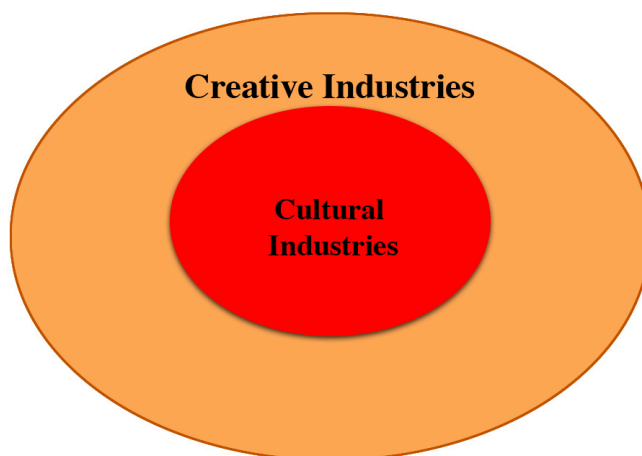


Figure 5.7 Cultural Industries & Creative Industries
(Source: <http://creativecity.iranasef.org>)

Defining the Center for Innovation and Acceleration

Innovation and acceleration centers, which are one of the main elements of the realization of knowledge-based and creative economy, play a significant role as one of the guides and continuators of new ideas and new businesses.

Accelerator is a cohesive and specific organization that selects individuals and teams with innovative and technological designs and provides them with services such as equipped workspace, training, consulting, coaching, initial capital and connection to the investor network over a period of several months. The accelerator usually acquires a percentage of the new businesses shares in exchange for the services provided. Any team that succeeds in completing the acceleration course becomes a new business. In fact, accelerators are the interface between start-ups and venture capitalists.

Accelerator services include the initial capital of the accelerator establishment, the coaching network, a specific training program for teams, the workspace required for team establishment, and the investor network and market development. The accelerator is formed with a private investor and must have an independent private executor. On the other hand, another requirement for shaping the accelerator is the maturation of the innovation ecosystem of the target region.

5-7 Creative Industries Development Initiative (CIDI)



Figure 5.8 The Original Logo for Creative Industries Development Initiative in Iran

Source: The Website (ircreative.isti.ir)



Figure 5.9 The Logo for Creative Industries Development Initiative in Iran (In English)

Creative economy as a new approach in the field of economics has been a noteworthy concept in recent years. This new paradigm, which is claimed to be a high prosperity potential in economic development of a country in near future, tries to show the economic and cultural value of creative products as valuable products in the present era by creating links and interactions between three fields of economy, industry and culture.

In addition to the formation of knowledge-based companies in scientific and academic centers of the country (circa 3500 companies), another part of companies that are mainly active in creative industries, culture and new services based on digital space, have appeared in the innovation and entrepreneurship ecosystem of the country and are rapidly going through their growth stages. The essence of growth of these activities is based on creativity, innovation and presentation of new business models. Therefore, the high capacity of creative companies in creating and prosperity of employment in the country and the lack of a coherent and focused program to support companies active in the field of creative industries, led Vice-Presidency for Science and Technology to present and approve a plan called Creative Industries Development Initiative, in order to develop the knowledge-based economy within the framework of the general policies of the “Resilience Economy” and the schemes of the Supreme Leader, aimed at setting more attention to this field of industries on its agenda and creating and facilitating policies and support solutions in this area.

Following the program that had been proposed by Sajjadi Nayeri to Sattari (Vice-President for Science and Technology) in 2017, related to promoting creative industries, a document was officially issued as below, in March 2018.

Document ID

- Regulations Title: Creative Industries Development Initiative Executive Regulations
- Implementing responsibility: Soft Technology Development Council (STDC)
- Follow-up responsibility: Creative Industries Development Initiative Group Work

This regulation was approved – the year denominated Resilient Economy the Supreme Leader - and implemented by the order of Sattari, Vice- President for Science and Technology.

This regulation, in an introduction, 9 articles, 6 notes, was approved by the Vice President for Science and Technology on 13 March 2018 and has been executed from the date of notification.

The first draft of regulation: 20 April 2017

On 13 March 2018, was revised and approved.

According to this regulation:

Creative company:

Refers to private companies and institutions that are either active in the creative and cultural industries and / or have applied new business models in presenting their products and services; and

Creative and Cultural Industries:

Are those economic activities that are rooted in innovation, creativity, skill, talent, and cultural heritage in the general sense and have the potential to create jobs and wealth through the production, service, and exploitation of intellectual properties.

Based on these definitions, creative industries have been classified as shown in Table 5.1. Total numbers of the companies, which are active in the above-mentioned creative sector and have been registered in STDC are 864, and the share of each sector is observed in Table 5.2. Figures 5.10 and 5.11, illustrate respectively numbers of creative companies by field of activity, and numbers of creative companies by province.

Table 5.1 12 Creative Industries Sectors in Iran according to STDC

1	Architecture
2	Audio-visual industries (film, television, video, radio, photography, etc.)
3	Games, toys and entertainment
4	Cultural heritage, tourism and handicrafts
5	Visual and performing arts
6	Design (Graphics, fashion, jewelry design, Industrial design, packaging)
7	Advertising and marketing
8	Publishing and Printing
9	Museum, gallery and library
10	Digital business and cyberspace
11	Medicinal plants and traditional medicine
12	Other creative and cultural industries (depending on its nature and position)

Source: <http://ircreative.isti.ir/pub.php>

Table 5.2 Numbers of Companies in Each Creative Industries Sectors (Statistics till 2020)

Creative Sector	Number of Companies	Percentage (%)
Digital business and cyberspace	435	50.3%
Games, toys and entertainment	122	14.1%
Audio-visual industries	84	9.7%
Cultural heritage, tourism and handicrafts	79	9.1%
Architecture and Design	48	5.5%
Medicinal plants and traditional medicine	37	4.3%
Creative companies in the field of infrastructure services, to develop business in creative industries	20	2.3%
Learning, Printing and Publishing	18	2.1%
Others (including companies with some creative products)	14	1.7%
Visual and performing arts	7	0.9%
	Total Number: 864	

Source: <http://ircreative.isti.ir/pub.php>

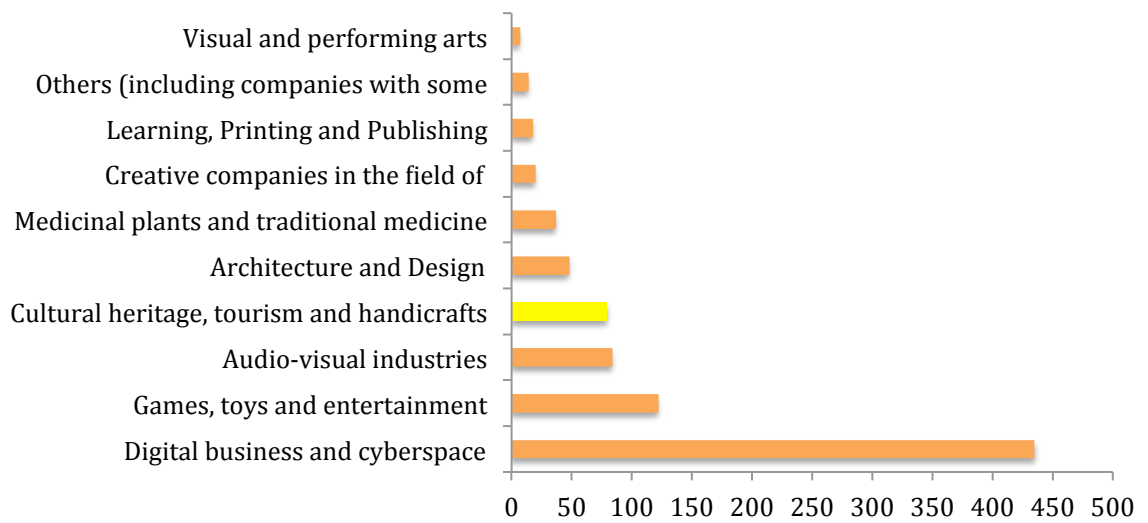


Figure 5.10 Numbers of Creative Companies by Field of Activity
Source: <http://ircreative.isti.ir>

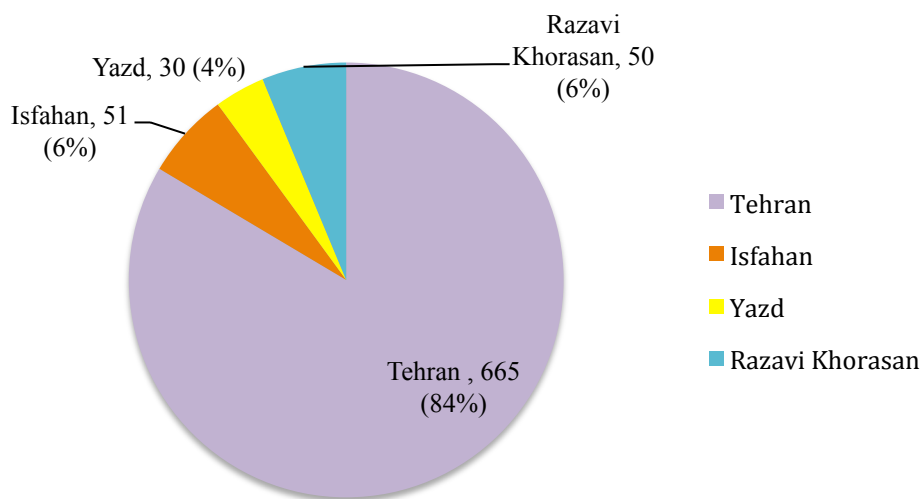


Figure 5.11 Numbers of Creative Companies by Province
Source: <http://ircreative.isti.ir>

Objectives of Creative Industries Development Initiative

- Development of innovation and entrepreneurship ecosystem in the country and promotion of the share of creative companies in the economy
- Quality development of jobs by supporting creative companies and employment creation for young and educated people
- Creating and strengthening the brands of creative companies in the country's cultural industries and products and new services based on technology and innovation

- Solving social problems and basic problems of the country such as solving the problems of water shortage, drought and waste, controlling biopollutants, optimizing energy and water consumption and improving consumption patterns with creative and innovative approaches
- Strengthening exports and international cooperation in the field of cultural and creative industries and innovative businesses

Admission Unit

Identify and accept creative companies

Directing creative companies to Tehran Innovation Network system to register and benefit from services

Identifying trustees in each of the fields of creative and cultural industries or models of the country to use their potential in introducing creative companies

Promotion Unit

In order to create a dominant and comprehensive discourse regarding the important and effective role of cultural and creative industries in the cultural and economic development of the country and also to introduce the importance of these industries to the people, officials and elites, the promotion unit of Creative Industries Development Initiative tries to use Promoting activities that play a significant role in streamlining attention to the creative industries, which include:

1- Information

- Informing the activities of the working group through various means such as: site, social networks, media, and events.
- Informing services that can be provided to creative companies
- Collecting and publishing news in the field of creative companies at the national and international level

2- Development

- Collecting and publishing scientific and educational articles in the field of creative companies at the national and international levels
- Planning and following up the development of student activities in the field of creative companies

- Continuous review in order to identify new businesses and follow up to join the family of creative companies
- Holding promotional meetings and specialized panels
- Holding a festival to introduce the program of creative companies and select the best creative companies

Services and Support

Service Delivery Unit

Due to the emergence of creative industries and the lack of a coherent program to provide services to these types of companies that can be introduced as a complementary program in the field of knowledge-based activities, this unit intends to adopt appropriate mechanisms to provide services to the mentioned industries in order to further develop the creative industries in the country.

1- Clustering of creative industries

- Clustering of creative industries based on specialized (operational) areas
- Establishing links between creative companies within each cluster (clusters networking)

2- Studies and needs assessment of creative industries

- Study and identify the common needs and infrastructure of creative companies
- Investigating and identifying the obstacles facing the creative industries in various fields, including legal barriers, financing problems, etc.

3- Compilation and development of services

- Submitting and compiling draft service regulations for allocation to creative companies to the team in Creative Industries Development Initiative center for approval.
- Identify and negotiate with service brokers to provide services required by creative industries
- Pursue the access of creative companies to supporting brokers

4- Tracking and monitoring services

- Supervise the provision of services to creative companies
- Tracking and monitoring the financing of the services provided
- Evaluate the effectiveness of services provided to creative companies

Main Services

Financing and Fundraising Support and Services

- Special facilities, Fanoos (lantern) Plan

In line with the joint cooperation of Imam Khomeini Relief Foundation and Soft Technology Development Council of Vice-Presidency for Science and Technology, creative and knowledge-based companies that have justifiable evidences for the development of employment of groups of people who need more protection, can enjoy the benefits of the “Fanoos” Plan.

- Facilitate the issuance of guarantees

Receive all types of guarantees (payment commitment guarantees, commercial and customs guarantees)

- Raising capital for creative projects

Considering the importance of investing in economic and social development and the urgent need to streamline the investment process and create an efficient environment for knowledge-based and creative companies in need of financing and investment, in line with the agreement between the committee for Creative Industries Development Initiative and “Karen Crowd” Financing and Investment System (www.Karencrowd.com), creative companies can benefit from financing and investment of this system.

- Subsidizing the facility benefits

In order to achieve the export goals of Vice-Presidency for Science and Technology in developing the export of knowledge-based and creative products and services, within the framework of the policies of the International Science and Technology Center creative and knowledge-based companies are granted subsidies. This subsidy is paid through selected research and technology funds and is an amount up to 600 million Iranian Rials.

Business Atmosphere Facilitation Services

- Settlement in residential places

Facilities for establishing offices of knowledge-based and creative companies in residential places in Tehran

- Complementary insurance services

Comprehensive coverage of medical services: This contract provides a comprehensive and unique level of medical services, including: specialized and general hospital expenses, delivery, infertility treatment, various Para clinical expenses, dentistry and other medical expenses.

The premium rate through this plan is significantly lower compared to other complementary health insurances and similar plans.

Small and medium-sized companies are no longer exempted from supplementary insurance, as the main feature of this plan is that there is no limit of 50 staff members for the contracted companies.

Insured employees can cover their parents (up to the age of 70) without increasing the insurance premium; and, all the main insured and the spouse and children are covered without age restrictions and with the same insurance premium.

- Military Services Duty System facilities

Vice-Presidency for Science and Technology and the National Elite Foundation, in order to support the specialized activities of the top university graduates engaged in technological activities, provide specialized duty system facilities for people active in knowledge-based, creative companies located in growth centers and science and technology parks.

- Questions and answers sessions

Question and answer sessions are held periodically in all areas of commercialization and business of companies, including topics such as: social security insurance, tax, legal, industrial design, financing and investment, customs issues, etc.

- Establishment in science and technology parks

Within the framework of the rules and regulations of the National Park of Science, Soft Technologies and Cultural Industries, the process of accepting creative and innovative companies, units, startups teams in the field of cultural creative industries including tourism, handicrafts, painting, sculpture, industrial design, architecture, photography, graphics, music, fashion and clothing and media will be notified to applicants during calls twice a year.

- Training courses and seminars

With regard to holding courses and workshops in various areas of business, which play an important role in the growth and development of businesses as the main foundation of empowerment programs, the Committee for Creative Industries Development Initiative supports creative companies for attending training courses and seminars with the following titles:

Financial and accounting courses (preparation of financial statements and accompanying notes, preparation of cash flow statements, preparation of tax returns, tax exemptions, preparation of value added tax returns, quarterly procurement and sales, accounting standards, etc.)

Business and marketing courses (preparation and regulation of domestic contracts, market research, customs affairs, digital marketing, design of advertising campaigns, brand management, familiarity with international contracts, etc.)

- Management and human resources courses
- Legal and intellectual property courses (writing and editing commercial contracts, commercial laws, intellectual property rights, etc.)
 - Website design and optimization services
 - Deployment in shared workspaces

To facilitate the establishment of creative companies and in collaboration with a creative hub in Tehran, called “Paradisehub”, creative and knowledge-based companies will enjoy a 30% discount in order to take advantage of the shared workspaces of the Paradise complex with six branches spread in the city of Tehran.

- Free legal advice
- Accounting services

Supporting accounting services in order to empower companies in the path of commercialization has always been the focus of support institutions. In this regard, Vice-Presidency for Science and Technology, considering the needs of knowledge-based and creative companies, supports part of the costs related to financial services and accounting of knowledge-based and creative companies.

The amount of support of financial and accounting services for knowledge-based and creative companies with revenues less than 50 billion Iranian Rials (IRR), would be for two fiscal years: 50% financial support with the limit to IRR 50

million for the first year; and 40% financial support with the limit to 40 million IRR for the second year.

Market Development Services

- Attending exhibitions

In order to develop and promote creative businesses and with studies conducted on creative industries clusters, the Committee for Creative Industries Development Initiative supports the presence of creative companies in exhibitions and specialized and commercial events related to each cluster of creative industries.

- Preparation of market research reports

Adopting an appropriate strategy to enter a market through segmentation, identifying audiences and product consumers, analyzing competitors, accurately estimating the amount of market traction and acquired share of it, and other influential parameters in this field are the most important requirements before entering any new market.

In this regard, Vice-Presidency for Science and Technology, with the aim of developing the market for knowledge-based and creative products, supports the preparation of specialized market research reports and the provision of part of the related costs.

- Independent presence in foreign exhibitions

In order to support the entry of products of knowledge-based and creative export companies into new export markets, part of the costs of the presence of these companies in foreign exhibitions will be paid. This support has been formulated in order to introduce the capabilities of companies and to develop the export market of products of knowledge-based companies, to expand the market share of export goods and services in high-tech areas and to pave the way for the appropriate entry of knowledge-based and creative companies in international markets.

- Export readiness assessment

Knowledge-based and creative companies need to go through a period of growth and internationalization in order to enter international markets until they become enterprises ready for export and international interactions.

Internationalization and reaching a level where companies can operate professionally and strongly in international processes are of the requirements for a sustainable presence in international markets.

In this regard, in order to better understand the weaknesses of the company and also to achieve an empowerment program for each company, the export corridor evaluates the export maturity of companies based on export readiness assessment models. This is performed with the aim of charting the export position of knowledge-based and creative companies and identifying needs and providing operational solutions for empowerment in the international market.

- Import and export advice
- Sending and receiving business delegations

International communication is one of the basic requirements in the process of internationalization of companies and export of products and services. Governments have always supported attendance at international trade delegations, and accordingly, the executive arm of the center in the development of knowledge-based products, supports the dispatch and acceptance of business delegations in order to develop the export of creative and knowledge-based products. The admission and dispatch of these delegations or individuals can be for various purposes such as market development, monitoring of competitors, similar technologies; joint ventures, training and gaining experience in diverse fields. Therefore, in accordance with the authority of the center and in order to support the export of goods and services, influence and presence of exports in the markets and increase the existing market share, part of the costs of sending "export delegations, marketing and investment of creative and knowledge-based products" can be done within this regulation. The business delegation is sent to observe similar technologies in the exhibition or to visit technology parks, as well as the business delegation with high-ranking officials to attend B2B meetings with the correspondent companies.

- Program to attract Iranians abroad

In order to achieve the long-term goals of the country's scientific vision and use the scientific and professional resources of human capital abroad, the program of cooperation with Iranian experts and entrepreneurs abroad to transfer knowledge,

experience and technological ideas to the country is implemented by the Center for International Interaction of Science and Technology with the cooperation of universities, research institutes, science and technology parks, technology companies and selected growth and innovation centers of the country as "specialized base partners".

The goal of this program is to support effective communication between experts and selected science and technology centers of the country in the form of supporting research and technological projects such as postdoctoral, research opportunities, visiting professors, starting technological businesses, employment in technology companies and holding lectures and specialized workshops.

- Product technical development advice

Many companies have ambiguities in the field of technical management and product development and are looking for a suitable and low cost solution to advance their goals.

Therefore, guiding companies in this field can increase their capabilities. Companies that need consulting sessions can use this service according to the available instructions.

Consulting "Technical Development of Products in the field of Information and Communication Technology" are offered to the applicant companies in the areas of enterprise software, service software, banking software, online businesses, content distribution platforms, intelligent systems, Persian script and language, cloud computing, software platforms, security, computer games etc.

- Promotion in the media of the Creative Secretariat

In line with supporting creative companies and introducing, developing and promoting the activities of these companies in the media framework of the Vice-Presidency for Science and Technology, Creative Industries Development Initiative unit intends to introduce the activities and creative products of these companies in the form of video reports, photos, video files, podcasts and text interviews and publish them in the context of media related to the Creative Industries Development Initiative, including: Creative Ecosystem Quarterly, program site and social networks.

- Preparation of foreign market research report

Market research is one of the main needs of companies before introducing their product into the target market. Market research refers to the process of collecting and purposefully analyzing information about the target market, competition, and customer needs. Entering the target market requires accurate knowledge of that market, determining product audiences and analyzing consumer behavior, knowing competitors, accurate estimation of the traction and share of the target market and other influential parameters. Accordingly, conducting market research and preparing relevant reports is one of the important measures for product manufacturing companies. Entering any of the export and international markets requires access to and analysis of up-to-date and codified information from the target markets.

Developing a market entry strategy, product pricing, competitor analysis, competitor segmentation, consumer pattern evaluation, as well as target market sales systems for each of the knowledge-based and creative export products are essential for a successful export. Preparing international market research reports is one of the best tools for obtaining this information as well as developing an efficient export plan. For this purpose, and with the aim of introducing the products of export creative companies and knowledge-based companies into new export markets, part of the costs of preparing these reports through experts in this field, will be paid to knowledge-based and creative companies.

- Advertising and information tools

The business environment in today's world has changed dramatically and advertising is recognized as the main arm of sales and market development. In order to introduce the capabilities of creative and knowledge-based companies and support the development of the market and marketing of their products, part of the costs of designing and providing advertising tools (site, catalog, etc.) will be allocated to companies in the form of gratuitous support.

- Content production and publishing services

In order to develop the businesses of creative companies and content culture, a content marketing agency called “Fara-Content” as a specialized and one of the creative companies approved by the Creative Industries Development Initiative Unit offers services with discount to creative companies in the field of content

planning and strategy, textual and graphic content production, optimization of organic search engines and also training content marketing processes.

- Trade consulting with selected countries

In this consulting counter, it is possible to communicate with traders who have an experience and expertise in trading with some countries. Therefore, those who intend to import from or export to a particular country can use the capacity of existing consultants by choosing advice related to their target market.

- Posting products on B2B and B2C websites

If a company would like to introduce and export their goods to customers all over the world, they need to register on the global websites and enter their information and the goods, as well as update this information. In order to support the entry of products of knowledge-based and creative export companies into new export markets, part of the costs of advertising tools, information and international marketing, will be paid to creative and knowledge-based companies through paying membership fees to B2B and B2C websites. This support is intended to build the capabilities of companies and to meet their basic requirements of international advertising and marketing.

- The latest news media packages

In order to create a suitable media platform for cultivating new ideas and innovative products in the field of creative businesses in the country and according to the capacities of the Soft Technology Development Council and the investment media company for the latest news and following the realization of the agreement latest news, the latest media support packages for creative companies will be announced.

- Trade Development Organization Support Package

Following the cooperation with Iran Trade Promotion Organization (TPO) and with the aim of developing the exports of knowledge-based and creative companies under the package to support the development of non-oil exports, creative companies can enjoy the expected benefits in accordance with the executive procedures of Trade Promotion Organization.

Among the anticipated benefits are the following:

- ✓ Payment of allowance for registration of trademarks and brands of Iranian goods

and services in target markets

- ✓ Payment of allowances for sending business delegations - marketing in the field of export and international trade
- ✓ Payment of attendance at prestigious international exhibitions abroad and exclusive exhibitions in target markets
- ✓ Payment of advertising, marketing, information, consulting, training and culture building in the field of exports
- ✓ Payment for purchase of credit products such as guarantees and export credit insurances
- ✓ Payment of admission of business-investment delegations
- ✓ Payment of subsidies for bank facilities in the field of export credit
- Registration of products and trademarks

A trademark is the mental image of customers and the market of a product or company or group of companies in the market. The trademark contains messages about quality, price, technology level, reliability and everything that is a source of value in the relevant market and carries value for the customer. This mental and abstract image is externalized in items such as brand names, commercial slogans, advertising patterns etc. Creative Industries Development Initiative center supports trademark registration in international target markets as a prerequisite for a permanent presence in international markets and for maintaining it in the target markets.

- Introduction on the ECOMOTIVE website

Ecomotive website (ecomotive.ir) is one of the top and reference websites in the field of startup ecosystem and entrepreneurship in the country, which is visited daily by many activists and enthusiasts of Iranian startup ecosystem. Ecomotive is a specialized media that tries to cover the news and events of the startup community by producing cognitive and practical content to provide part of the content needs of this community and to play a role in its flourishing. Creative Industries Development Initiative center in cooperation with Ecomotive Group, intends to introduce and promote the activities of creative companies in various media through dedicating free section to introduce creative companies.

- Valuation and technology exchange consulting

Knowledge-based economy can be considered as a type of economy in which the production and utilization of knowledge plays a major role in creating wealth.

What matters in this context is the commercialization of innovative and knowledge-based ideas. Achieving a knowledge-based economy requires the formation of an ecosystem in which all the rights of the owners of the idea are accurately calculated and recorded. Paying attention to the value of technology and innovative businesses is important and inevitable.

In this regard, the Center for Knowledge-Based Institutions and Companies of the Vice-Presidency for Science and Technology, with the aim of standardizing the processes of identifying, calculating the value and recording assets of creative and knowledge-based businesses, has developed a methodology and provided this consulting service.

- Send samples of products

Export Development Corridor supports the cost of sending samples of equipment and their products in order to support the export of knowledge-based and creative export products.

- Domestic market development consulting

Familiarity with new marketing methods, creating infrastructure to increase sales, technological cooperation, etc. are among the most important needs of companies in the commercialization of creative and knowledge-based products. Accordingly, Tech-Market Services Corridor, which is a consulting trade organization, with other support institutions and having a network of experienced consultants in this field, has tried to meet some of the needs of creative companies.

This consultation contains:

- ✓ Government Job Reference and Transaction Consulting (Tenders)
- ✓ Marketing and sales consulting
- ✓ Product pricing consulting
- ✓ Digital Marketing Consulting
- ✓ Financing consulting and business plan

Starting and developing a new business, in addition to providing financial resources, requires the preparation of a comprehensive document that includes items such as the business model, the proper allocation of financial and non-

financial resources, methods of dealing with threats and seizing opportunities.

These advices includes:

Stock and OTC (Over-the-Counter) Market Advice

Consulting methods of negotiating with the investor

Stock pricing consulting and technical knowledge valuation

Government Debt Clearance Advice

- Consulting of social security and commercial business insurance

Many knowledge-based products are based on new innovations and inventions or an in-house example of international technology. Therefore, buyers of such goods, due to lack of familiarity with these goods or the ability of a new producer to produce safe and high quality goods, face high uncertainty.

Product liability insurance (quality assurance) will be a good way to provide customers with confidence.

In this regard, the Center for Knowledge-Based Institutions and Companies of Vice-Presidency for Science and Technology intends to provide support for the companies through product liability insurance policies.

Regarding the academic place of cultural and creative industries, still there in no systematic discipline at universities under this name. Hope we can establish and form this field in the framework of university in Iran.

Our country needs a high economic growth rate order to fulfill its great economic dreams in future. In the age of ever-increasing competition, “creativity” and subsequent to it "innovation" are two key factors in creating competitive advantage for companies and nations. According to research in Singapore and the UK, the economic growth rate of creative industries is three to four times that of hard industries (Alizadeh et al., 2014).

Thus, this economic growth can only be achieved by transforming the creative industries into the driver and the basis of the country's economic development.

Pointing to the importance of soft and cultural industries, Sajjadi Nayeri, Secretary-General of CIDI expressed that in order to create a boom growth in the field of creative industries, we require the cooperation of all executive bodies. He

also expressed hope that if this cooperation and synergy is achieved, we can be sure that areas such as tourism, handicrafts, animation and content creation will bring hundreds of millions of dollars of foreign exchange to the country.

The creative cities also need to be expanded in our country. In fact, the creative city in the definition of UNESCO is a place where the presence of culture, art and cultural industries is considered and people in the community use creative activities in the context of their daily lives. According to UNESCO standards, innovation and capabilities of citizens in sustainable urban development are the characteristics of this city.

In our country, Iran, the cities of Rasht (in the North of Iran) and Isfahan (In the Center), have been on the list of UNESCO creative cities network. Isfahan is a creative city of handicrafts and local arts; and Rasht is a creative city in the field of food. According to the 2019 UNESCO report on creative cities network, two other cities have also been added recently to the list (UNESCO, 2019). These cities are: Bandar Abbas, in the South Iran (for Crafts and Folk Art), and Sanandaj, in the West (for Music) (Table 5.3).

Table 5.3 The Creative Cities in Iran

Creative City	Creative Area
Bandar Abbas	Crafts and Folk Art
Isfahan	Crafts and Local Art
Rasht	Gastronomy
Sanandaj	Music

The country needs to have the plan to broaden the cultural technologies. The mere purchase of advanced equipment for publishing books, newspapers, or the birth of film and music album recording, and such, absolutely cannot mean having advanced technology in the cultural industry. One of the most important issues to consider when discussing cultural assets and their development is the issue of cultural technology.

However, the reason why in many developing countries, including Iran, there is a

lack of attention to cultural goods is a subject that has been examined in a detailed study in South Africa. This study has found several reasons, including the scattering of cultural items on the one hand, and the small size of firms and companies operating in the field, on the other hand.

Cultural and creative industries ecosystem of Iran is still under transformation phase and every day a new activity is being implemented in this area.

The recent activities, for instance include:

- ❖ The second conference on Creative Industries was held, end of October 2019, in the city of Zahedan, in South East Iran.
- ❖ “The data base of Content Creators of Cultural Industries” was established”, in the summer 2020, by the National Park of Soft Sciences and Technologies and Cultural Industries.

The National Park of Soft Sciences and Technologies and Cultural Industries, as the first National Park of Science and Technology in the field of humanities and cultural creative industries, in line with fulfilling its responsibilities and missions, has launched the "Data Base of Content Creators of Cultural Industries".

The purpose of launching this data base is to consolidate specialized capacities and create synergy in the production of content required for the development of macro-programs of cultural industries and to create a Knowledge flow through the existing structures and networks in this organization between the data base members and the audience.

- ❖ The document of cooperation for the development of financial support for creative companies was signed on 14 of July 2020.

According to the agreement concluded the Soft Technologies Development Council of the Vice-Presidency for Science and Technology and the “Sepehr Technology Research Fund”, assistance to finance creative companies will be expanded.

After only some years, years under Creative Industries Development Initiative, the number of creative companies has exceeded 800, and it is growing every month.

Creative companies operating in the creative and cultural industries need reliable financial resources to develop their activities.

- ❖ The first festival of selection and appreciation of top creative companies and startups, accelerators and innovation centers, summer 2020

Even in the time of COVID19, the atmosphere of cultural and creative industries was somehow dynamic.

- ❖ The creative industries confront COVID19 along with the knowledge-based ones

Creative industry new businesses have performed well against Corona and are working with knowledge-based companies to combat the virus, says, Sajjadi Nayeri, Secretary-General of CIDI.

On "Critique of Thought and the Impact of Corona on New Businesses", in the summer 2020, he claimed that all components of the economy have been affected by the outbreak of this virus, and new works are not immune to this problem. However, in the country's innovation ecosystem, new businesses are divided into two categories in this regard. The first group, which, like traditional businesses, were shocked by the spread of the Corona virus, and the second group is the innovation companies that turned the Corona threat into an opportunity and made it a stepping stone to new products.

He continued: "I believe that Iranian new businesses, were more successful than Western ones in some areas." He believes, that "Corona has taught us that we need to pay more attention to the unavoidable events of the companies' business, more than before". He added "Corona had many other lessons for us, economic structures in the face of creative companies need a complete transformation. For example, the Tax Administration and the Social Security Administration are two institutions that need to change their traditional view and understand the conditions of new businesses".

The amount of financial facilities was considered for each creative company up to 4 billion (IRR).

I was concluding my dissertation in the period of Covid19. Therefore, I suffice the discussion associated with this era and leave more details related to this period for the future researchers who will hopefully continue to conduct studies in this field in Iran.

❖ Zahedan Creative House

The gateway to the globalization of Sistan Baluchestan handicrafts Zahedan Creative House was established, in the summer 2020 (Images 5.10, 5.11 and 5.12).

Zahedan Creative House has been established with specialized centers for marketing, design and packaging of handicrafts, to introduce handicrafts of Sistan and Baluchestan to world markets.

According to the information base of the National Elite Foundation; Sistan and Baluchestan province with an area more than 180,000 square kilometers is one of the largest provinces in the country, adjacent to the Oman Sea and having the strategic port of Chabahar are among the valuable assets of this province. Vice-Presidency for Science and Technology is trying to develop employment in this region of the country by relying on the dynamic and active human resources of this province.

Zahedan Creative House is one of several projects that have been established with the support of Vice-Presidency for Science and Technology in this province.

The director of the Creative Industries Innovation Center of Zahedan Science and Technology Park, who is the person in charge of launching Zahedan Creative House said in this regard: This house has 10 sales offices of the province's handicraft brands and 10 offices for creative teams that have just started operating. Empowerment programs in the field of handicrafts and mentoring (consulting and guidance) in the field of arts and creative industries are carried out in this center. In this center, various startups have been established that design specialized software in the field of handicrafts. In Zahedan Creative House, with the support of Vice-Presidency for Science and Technology, several specialized departments have been established, including design and marketing department. Due to the fact that the handicraft market can no longer be developed by traditional methods,

these centers are responsible for developing the market using up-to-date and efficient approach.



Image 5.7 Zahedan Creative House, Zahedan, Iran
Source: www.irna.ir, (24 June 2020)



Image 5.8 Zahedan Creative House, Zahedan, Iran
Source: <http://isti.ir/> (24 June 2020)



Image 5.9 Zahedan Creative House, Zahedan, Iran
Source: hamshahrionline.ir News (2 June 2020)

According to the agreement between Vice-Presidency for Science and Technology and the Deputy Minister of Handicrafts of the Ministry of Cultural Heritage, Handicrafts and Tourism, creative houses have been created in recent years (centered on Maestro Behzad Creative House), in order to provide business development services to new businesses (on site House of Master Behzad, Contemporary Miniature Artist), followed by Zahedan Creative House (2020), and very recently Yazd Creative House (Heyrani House), which has been established in summer 2019 as the first branch of Iran's Creative House and was privately launched by Mr. Naghibi who is active in the field of cultural and creative industries (Images 5.10 and 5.11). It is being planned to establish other creative houses in the near future, aimed at focusing on products supply and sale in the field of cultural and creative industries.



Image 5.10 Yazd Creative House (Heyrani House), Yazd, Iran
Source: irancreativehouse.com, (7 June 2019)

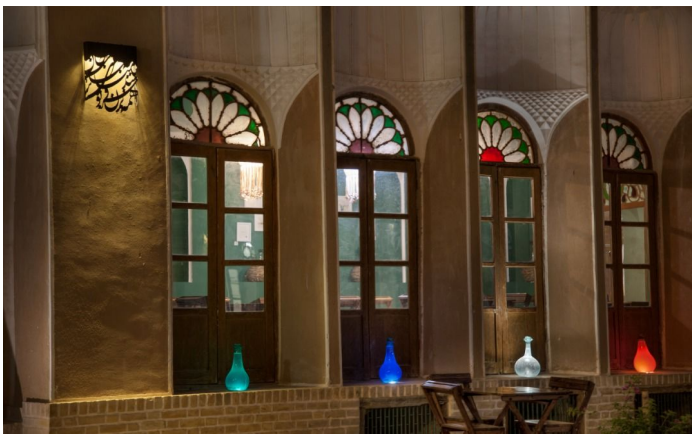


Image 5.11 Yazd Creative House (Heyrani House), Yazd, Iran
Source: irancreativehouse.com, (7 June 2019)

Isa Mansoori, Deputy Minister of Entrepreneurship & Employment of Ministry of Cooperatives, Labour and Social welfare declares that according to the latest statistics about 2 million people are active in the country's creative industries, and if they provide appropriate capacities and contexts and use knowledge, ideas, creativity and innovation, they can contribute to the world's economy and creative industries (Eghtesad Online News, 2020). The volume of exports of creative products and cultural services in 2015 was more than \$ 500 billion, while in 2018 this amount of exports in the field of cultural industries in our country reached \$ 450 million and a significant volume of it was allocated to handicrafts and carpets.

It is believed that Creative industries with the help of artificial intelligence can create up to 85% of new job opportunities in the country.

Handicrafts are one of the high potential capacities of the creative industries in Iran, about which, unfortunately, no significant macro-policy has been made. Indeed, it can be said that those handicrafts that can be considered as Iranian creative industries are mainly made by traditional and home workshops. Although this issue has maintained the quality of the Iranian creative industry, but the low level of production has led to the consumption of major products inside the country and there is no opportunity to offer them in international markets. Even, inside the country, this sector, which is one of the richest Iranian cultural manifestations, has not been developed as a significant sector of creative industries. Next chapter will address the argument of Iran crafts as one of the sectors of Iran creative industries.

CHAPTER 6 – CRAFTS INDUSTRY IN IRAN

I can say that beside my personal concern for promoting Iranian cultural aspects at the global level, in general; and my passion in handicrafts and craftsmanship, and Iranian crafts, in particular – that every time that I go back home, I have to go to the centers, where you can see variety of them and they never lose their attraction for me –I selected Iranian crafts as one of the sectors of Iran creative industries, because of their high potential, variety, sophisticated and wonderful aesthetical aspects; but at the same time the fact that they have been much neglected. I have visited many crafts festivals, exhibitions, and events in Europe in the field of crafts, in particular the oriental and Eastern traditional handicrafts. It is sad that in many cases, Iran was absent due to either, the political issues have led to the limitation and sanctions for many economic activities at international level; or the lack of enough abilities for presenting and marketing in the global markets. And, it is paradoxical, that a large part of the entire region in that part of the world, in a way has been inspired by the Iranian art and culture, and the influences of Iranian motifs and arts are being highly observed in their crafts, but Iran itself is not presenting. As two examples, I can mention “Festival Dell'Oriente” of the city of Padua in Italy, where I have been living for a long time; and, “VICENZAORO”, the largest European exhibition in the city of Vicenza, Italy, dedicated to Goldsmith and Jewellery design.

In the former, the festival in Padua, I have never seen the crafts of Iran being displayed whereas the artifacts from many oriental countries were presented; I was disappointed to notice this absence because the artifacts from Iran are of much better quality and sophistication compared with the ones from many other oriental countries. In the latter, the exhibition in Vicenza, I have only seen a small booth dedicated to Iranian turquoise stone, and the provider was a German-Iranian person living in Germany for his whole life; whereas there have been a large space for India and China for presenting their designs.

Iranian Carpets are renowned worldwide and considered as landmark for high quality for carpets. On the other hand, there is various Iranian elaborated high quality crafts, which have not been know at the global level.

Having observed this condition, it became a concern for me to attempt both at the academic and practice level to increase the visibility of this sector.

Notwithstanding the above-mentioned description regarding the isolation of the Iranian crafts, both locally and globally, there have been the remarkable presences abroad. As an example, Iran had been named as the guest of honor for the 22nd International Craft Selling Exhibition (L'Artigiano in Fiera), Dec. 2 to 10, 2017 in Milan, Italy, among 110 countries as exhibitors. A total of 36 artisans and craftspeople from across Iran were exhibiting Iranian crafts. Iran pavilion included carpets, rugs, traditional dishes, woodcarving, and glassware productions, along with traditional jewelries, miniatures, ceramics, potteries, precious stones and semi-precious gemstones. It embraced a teahouse and a theme restaurant in the area of over 1000 square meters (Tehran Times, 2017).

There are different opinions about the definition of handicrafts. However, if we would like to provide a specific and short definition of handicrafts, we can say:

Handicrafts are part of tradition, which fit the sublime and transcendent truth of art with industrial techniques and skills, and have been presented in the text of individual and collective life, in a reproducing from.

The history of handicrafts in Iran goes back to the distant past, when man began to use stone to meet his basic needs. These industries are several thousand years old and their roots should be traced to the settlements and remnants of the original inhabitants of the Iranian plateau. In ancient times, Iran had various handicrafts, the remaining of many of which have been found in archeological excavations, and can be seen in many museums around the world. In post-Islamic Iran (after 637 AD), from the Samanid Empire period (819 – 999) to the end of the Seljuk Dynasty (1037 – 1194), Iranian handicrafts, in combination with Islamic principles, have created a large part of the masterpieces of Iranian art and architecture. A look at the evolution of handicrafts in this period can be obtained from the ancient historical texts of Iran. It is natural that the social and political conditions of each historical period and its policies affect the growth or stagnation of handicrafts. For example, from the texts of Masoudi and Beyhaqi books, it can be concluded that the arts related to jewelry and embellishment were very important in the ancient periods of Iran until the end of the Ghaznavid era (994 –

1037). This type of handmade industry had acquired this success because of the support of the kings for this industry and the importance for jewelry at that time. A look at the historical texts shows that in these periods, the jewelry industry community also had a special social status, because the jewelry decoration industry was used to decorate jewelry, weapons such as swords and even belts, etc. This boom is also seen in later periods.

On the other hand, a look at the historical texts shows that with the spread of Islam and Islamic jurisprudence and various rules, the arts related to construction, creation, and painting declined, and even in periods of history with the formation of Islamic groups, the work of these groups is somewhat religiously abominable and sometimes forbidden, and this affected the recession of this type of handicrafts. Historical texts of the Mongol Ilkhanate period (1206 – 1335) show that Khajeh Rashid al-Din Fazlullah Hamedani used Chinese painters to illustrate his book in Rashidi quarter due to the Iranians' distance from illustration.

Hassan Bolkhari, President of the Association of Cultural Heritages and Honors, and the professor of the University of Tehran stated on the virtual meeting of the Handicrafts Day on 10 June, 2020: “In the first paragraph of the statute of the National Heritage Association, which was drafted almost 100 years ago, in 1922, the purpose of forming this association is to increase public interest in ancient historical, scientific and industrial works; and this association is being founded aimed at preserving handicrafts and safeguarding their old style and method. So the first goal of this association is to revive our national handicrafts”.

Etymologically speaking, we have two different concepts of industry today: one means 'technology', which is related to technical matters."

However, when the word "Hand" is placed next to industry, it takes on a second meaning that refers to a specific part of it.

We also have three words associated with “art” in Persian language: one is the word “Art” itself, (Persian word for that is “Honar”, which has Avestan roots), another is the Persian translation for the word “technique” and the other is the Persian translation of the word “Industry”.

The last two words are, in fact, the Arabic translation of the Greek word "tekhnē" (art, skill, craft), we use in Persian.

When we talk about industry in traditional culture, not contemporary culture, we see that this concept has a broad philosophical meaning.

The Greeks used the word "tekhnē" as opposed to the word "physis" (nature). "Tekhnē" or industry was, in their view, have been all artifacts produced by man. Thus, "Tekhnē" was a human concept and was applied to all human productions, whether theoretical (like poetry) or practical (like architecture).

In a historical period, in Iran, the word "industries" became very special and was used to say handicrafts that were associated with "elegance" and "beauty." In other words,, man could have created a work with his own hands, but s/he did not have subtle or aesthetic aspects, for which the term "industries" was not used.

The "craft industries" had two characteristics: they were an example of our culture and had an artistic-aesthetic form.

That means that in the era before the exploration of petrol in South Iran, on 26 May 1908, and the emergence of Petroleum Industry and the industries associated with that, the word "industry" and the related concepts were being used for artistic and hand-made artifacts.

In the past, people drank water in traditional clay cups, or used hand-woven fabrics, for example, and in short, handicrafts were a daily commodity for the people. With the industrialization of society, these artifacts became the luxury goods that are used mostly for decoration. It is important to institutionalize again the culture of continuous use of handicrafts in people's lives. However, yet, in the country, due to the excessive focus on hard industries, soft industries, including handicrafts, have been neglected, while there are many capabilities in this field. For example: it is possible to create a handicraft workshop with a small amount of capital. Handicrafts can create a lot of added value and cause foreign exchange to enter the country. Despite this potential, still, we do not have a considerable position in this field neither at domestic nor at global level.

The handicrafts market as a part of the creative industries market, depends on improving the situation of cultural industries, due to the interdependence of these industries, the impact of socio-economic and cultural policies, the economic

situation of the country and the world interacts with cultural industries and its improvement. Therefore, the growth and development of the handicraft market depends on the growth and development of the domestic and international economy. Figure 6.1 concretely explains the status and position of handicrafts in the domestic and global markets.

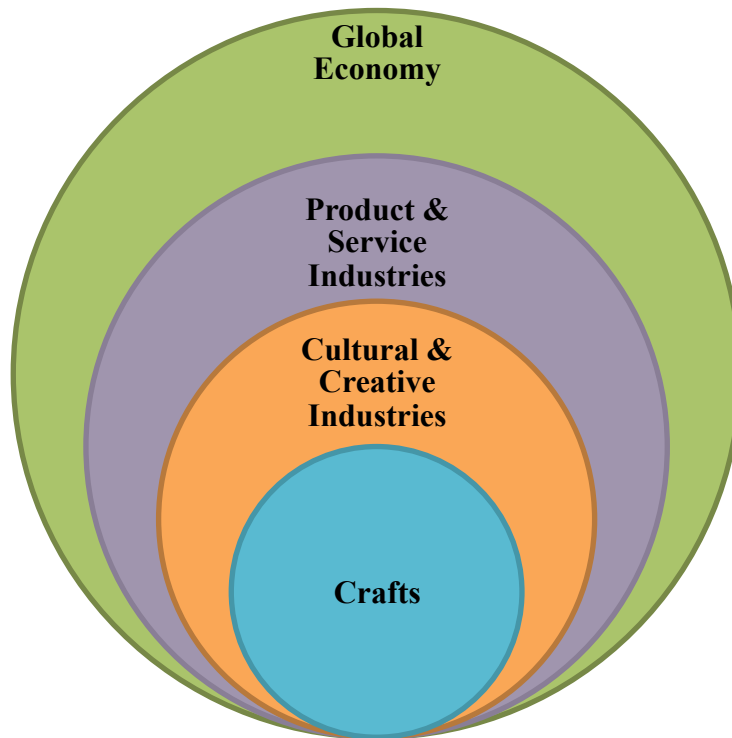


Figure 6.1 Status of Handicrafts in Iranian and World markets

Handicrafts and traditional arts are the most obvious crystallization of Iranian thought and aesthetics, which has been formed and expanded over the centuries.

These arts, which have reached the stage of emergence and establishment in the form of ancient and traditional words, poems, crafts and professions through teacher (master) and student education, in addition to artistic creation, are also the main method of spiritual development. These industries and arts with more than 350 and sub-disciplines, already excluding “Persian Carpet and Gabbeh (a traditional special rug)” have always played a prominent role in the field of job creation (Cultural Heritage Organization, 2015).

370 fields have been registered in Iran’s handicrafts industry, in which 400,000 people are currently working. Among the numerous types of handicrafts in Iran, the most well known are felts, tribal rugs, glasswork, pottery, ceramic and tile,

traditional furniture, copper and brass ornaments, woodwork (including mosaic, wood carving and inlaid), enamel work and engravings. Ali Asghar Moonesan, Minister of Cultural Heritage, Handicrafts and Tourism of Iran, at the moment (and the last head of Iran Cultural Heritage, Handicrafts and Tourism Organization “ICHHTO”, as this organization turned to a Ministry in 2019), believes that the industry has the potential to employ twice the current number, “Taking family members into account, the sector can cover up to 4 million people” (ISNA, 2017). Since his appointment as the head of ICHHTO, Mounesan has frequently highlighted the potentials of the handicrafts sector in creating jobs, “To set up a low investment business in handicrafts sector in Iran, one requires 200 to 300 million Iranian Rials (\$5,000 to \$7,500), whereas the amount reaches 5 billion rials (\$125,000) in other economic sectors”.

Iran is among the world’s top three producers of handicrafts, along with China and India.

Iran’s handicraft exports in the fiscal year (March 2015 – 16) amounted to \$174 million, a 13% increase compared with the year 2014. “The statistics pertains to handicrafts, excluding the export of carpets and traditional jewelry as well as suitcase trade,” according to Pouya Mahmoudian, Deputy of Handicrafts of Tourism and Cultural Heritage Organization

According to statistics, the country’s handicrafts exports, excluding traditional jewelry and suitcase trade, hit \$240m in the past Iranian calendar year (March 2016-March 2017), witnessing a 36.3-percent rise year on year (Financial Tribune, Domestic Economy, 2017).

Iran Handicrafts exports hit a record high over the first four months of the Iranian calendar year (March 21-July 22, 2017) with 45.4 percent growth in contrast to the same period a year earlier, Pouya Mahmoudian who presides over the CHTHO exports department announced in September 2017.

Mahamoodian said: “We have launched a specialized store selling Iranian handicrafts in the Netherlands and plan to expand such stores around the world. On top of that, we have to carry out field studies and learn about customer

preferences in different countries and then produce works on the basis of our findings” (Financial Tribune, 2017).

Bahman Namvar Motlaq, handicrafts deputy at ICHHTO, has highlighted the promising growth of handicraft export in the past several years and said there is no dearth of workforce in small, medium and large-sized production units.

"Our handicraft production is efficient but officials should focus on developing a sustainable export platform for the artwork ... Handicrafts could give rise to considerable economic benefits for the country," he said, calling on ICHHTO officials to further involve the private sector in handicrafts development (Financial Tribune, 2017).

Speaking at a ceremony on the occasion of the National Day of Export (Oct. 21, 2017), Ali Asghar Mounesan, the head of Iran’s Cultural Heritage, Handicrafts and Tourism Organization at that time, declared that in the previous Iranian fiscal year (ended March 20, 2017), Iran’s handmade exports earned \$240 million.

Iran has set a goal to increase the value of its handicrafts exports per annum to \$2 billion by the end of 2021, from currently around \$240 million, Ali-Asghar Mounesan, said. He added that the target would be met through [appropriate] marketing (Tehran Times, 2017).

As mentioned above, Iran, together with China and India, is among the world’s top three producers of handicrafts. However, despite having impressive potentials in the handicrafts industry, Iran ranks 31st in terms of exports in the sector.

Traditional ceramics, pottery, hand-woven cloths as well as precious and semi-precious gemstones have been amongst the most handicrafts exported, in recent years; and Iraq, Afghanistan and Germany have been the main importers of Iranian handicrafts with the U.S. and the UK recently resumed their imports

Handicrafts and Authenticity Seal of UNESCO

Authenticity Seal of UNESCO was established in 2000 with the cooperation of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and Handicraft Promotion and Development Association. In 2014, UNESCO entrusted the ceremony and judging to the World Crafts Council.

Iran has participated in this project since 2007. Currently, 30 Asian countries are members of the UNESCO Excellence and Authenticity Seal program. Due to the large number of works that apply for the authenticity seal, this organization has regionalized different countries. Iran is a Central Asian country in the UNESCO area along with Afghanistan, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan.

Iran participated in the UNESCO Central Asia Authenticity Seal Summit for the first time in 2007, and received 6 Authenticity Seals out of 19 submitted works.

At that time, the Authenticity Seal Arbitration Program was held in Dushanbe, Tajikistan. During this period, Kyrgyzstan received 16 Authenticity Seals, and Uzbekistan for 11 works, Kazakhstan for 2 works and Tajikistan 2 for works received the Authenticity Seal of handicrafts.

In 2008, according to the suggestion of Iran's Deputy Minister of Handicrafts, Iran hosted the UNESCO Seal of Authenticity judging program and received 45 medals, out of 60 winners of UNESCO authenticity seal in the Central Asia region. This achievement was statistically admirable and Iran became the first country in the ranking of receiving this award from UNESCO.

In 2010, due to the large number of applicants participating works, international judges reappeared in Iran, and during this period, Iranian craftsmen and artists were able to submit 65 works to the approval of UNESCO judges.

In November 2012, out of 335 selected works, Iran received 147 UNESCO Authenticity Seal for its works.

In 2014, Iran obtained the Authenticity Seal for two works and in the last round hosted by Kuwait in 2016, out of 14 works introduced, Iran received 8 the UNESCO Authenticity Seal.

In 2014, the UNESCO Authenticity Seal project was transferred from UNESCO to the WCC (World Crafts Council), and it was decided that the program would be continued every two years by WCC.

In 2014, Authenticity Seal arbitration program was piloted by WCC, and three selected works of the National Handicrafts Quality Award were sent from Iran to the International Authenticity Seal arbitration program in Jakarta, the capital of Indonesia.

According to Dr. Ghada Hajjawi, President of WCC in Asia-Pacific, from 7 selected works in West Asia (Afghanistan, Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Syria and Saudi Arabia), two works by Iranian artists, Ms. Afsaneh Modir Amani, and Mr. Behzad Ajdari, received the International authenticity seal from the WCC.

In total, Iran has received 273 UNESCO authenticity seal so far, for the prominent crafts including the followings (Images 6.1, 6.2, 6.3 and 6.4 are the photos of some of these craft branches. The photos with no source mentioned, have been taken by myself, the author of this dissertation):

- Traditional leather making,
- Traditional textile,
- The art of coppersmithing,
- Kilim or Gilim (a traditional type of rug),
- “Golabatoon Making” (covering the surface of silk thread with precious metals such as gold and silver),
- “Aba bafi” (weaving a textile with camel or sheep wool),
- Traditional towel weaving,
- Traditional felt hat (woven from sheep wool),
- Pottery,
- Kalamkari (Ghalamkari) (is a type of hand-painted or block-printed cotton textile, produced in Isfahan, and,
- Fabric Weaving



Image 6.1 Traditional Textiles, The 28th National Crafts Exhibition, Tehran International Exhibition Center
Photo by Javid Saraei, September 2017



Image 6.2 Traditional Towel Weaving, The 28th National Crafts Exhibition, Tehran International Exhibition Center
Photo by Javid Saraei, September 2017



Image 6.3 Potteries, Negarestan Garden, Tehran, Summer 2019



Image 6.4 Ghalamkari, The 28th National Crafts Exhibition, Tehran International Exhibition Center
Photo by Javid Saraei, September 2017

The example of Iran elaborated crafts can be observed in Images 6.5 to 6.9 (The Images 6.6 to 6.8 have been taken by myself, the author of this dissertation). It is important to note that Iran crafts are not limited to these artifacts, and the sphere of Iranian handicrafts is much more immense than these illustrations.



Image 6.5 Termeh

(A Type of Traditional Precious Hand-woven Textile, Mainly Produced in the Central Part of Iran.)

Photo by Maryam Mohseni, Brisbane, Australia, January 2021

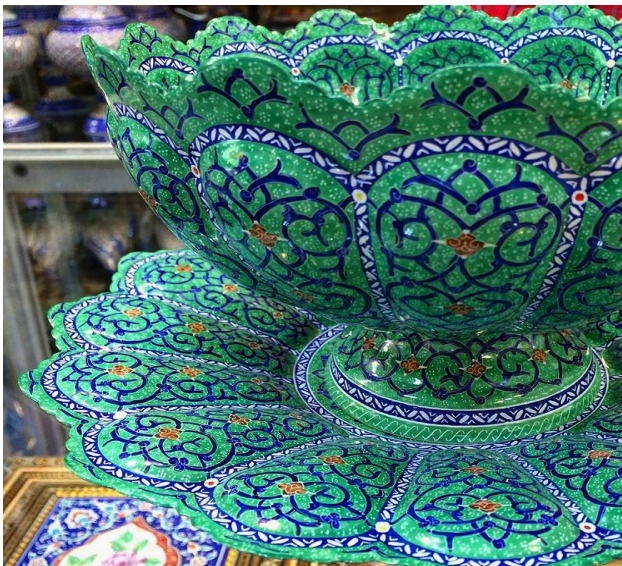


Image 6.6 Minakari

(The Art of Painting and Coloring the Surfaces of metals, mostly copper, through Enameling)

Tehran, Summer 2018



Image 6.7 Minakari
(The Operating Stages from a Simple Copper Object to the Elaborated Craft)
Tehran, Summer 2018



Image 6.8 Patch
(Iranian Traditional Needlework Art)
Tehran, Summer 2018



Image 6.9 Gabbeh

(A Type of Coarse Hand-woven Rug with Minimal Designs, Inspired by Nature or a Reflection of the Weaver's Imagination)

Photo by Maryam Mohseni, Brisbane, Australia, January 2021

A phenomenon has become trendy in recent years that the designers, especially young designers, combine traditional handicrafts with modern design. The finished product is a charming mixed pattern, which reflects the traditional components as well as the stylish modern elements (Images 6.10 to 6.14; the photos have been taken by myself, the author of this dissertation).

In some cases, they have modernized the old handmade crafts that were used in the past a lot in daily lives of people, which is no longer, used as before, such as “Giveh” (the hand woven footwear, was common in several parts in Iran). The new design of these products could be used with the modern style (Images 6.15 and 6.16; the photos have been taken by myself, the author of this dissertation). I am personally so interested in these works, as I myself have been doing these kinds of design for years. So, when I observed this type of work is happening in a sort of “more production than individual scale”, not yet mass production, it was so promising for me, especially, that these kind of crafts could have more success in the international markets.

At the moment they are limited to small, very rarely medium businesses. I hope they could be expanded to great business in the future.

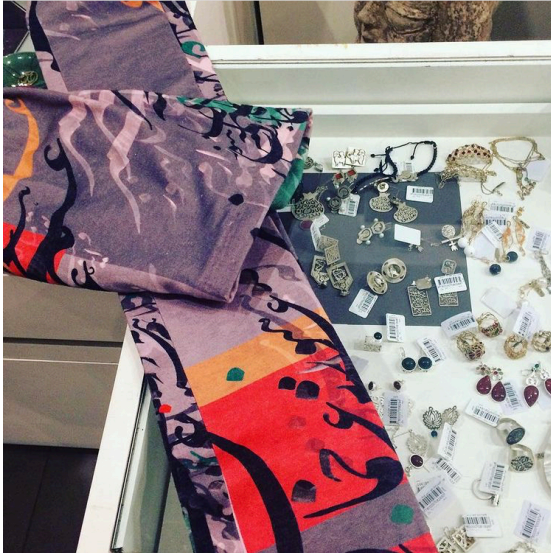


Image 6.10 Combining Iranian Traditional Handicrafts with Modern Design
Basmeh Cultural Artshop, Tehran, Summer 2019



Image 6.11 Combining Iranian Traditional Handicrafts with Modern Design
Basmeh Cultural Artshop, Tehran, Summer 2019



Image 6.12 Combining Iranian Traditional Handicrafts with Modern Design
Basmeh Cultural Artshop, Tehran, Summer 2019

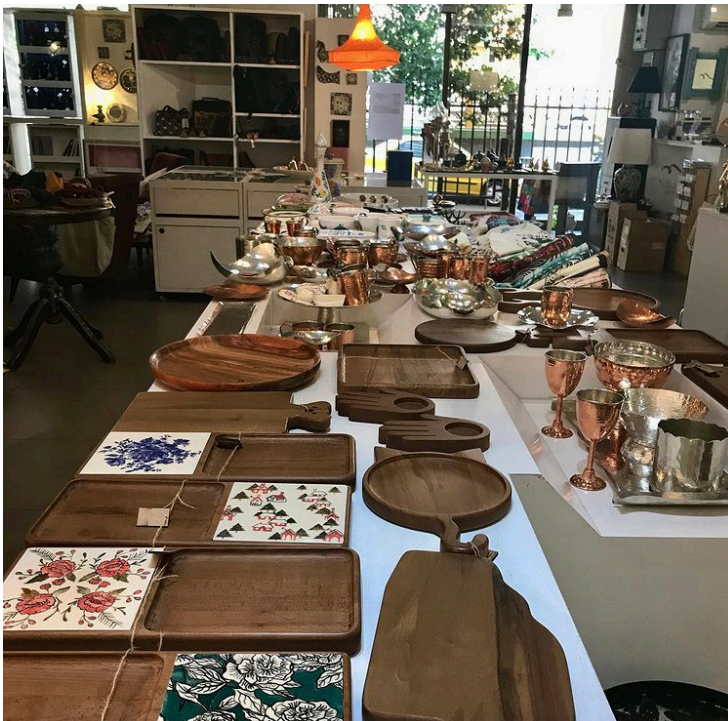


Image 6.13 Combining Iranian Traditional Handicrafts with Modern Design
Basmeh Cultural Artshop, Tehran, Summer 2019



Image 6.14 Combining Iranian Traditional Handicrafts with Modern Design
Basmeh Cultural Artshop, Tehran, Summer 2019



Image 6.15 Rad Sisters who created the brand of “Simorgh” in 2017.
They re-created and modernized the traditional giveh (Iranian Traditional Handwoven Shoes)
Simorgh Workshop, Tehran, Summer 2019



Image 6.16 Re-created and Modernized Giveh (Iranian Traditional Handwoven Shoes)
Simorgh Workshop, Tehran, Summer 2019

Carpet

Indeed, my focus, in this dissertation, is the part of Iranian handicrafts that is less known in the world than Persian carpets. (Although, the knowledge on carpet itself, has neither internationally nor even in Iran itself, been developed, as much as it really deserves.)

However, how can one talk about the handicraft of Iran and ignore “Persian Carpet”, this art – industry with a thousands and thousands of years history, its unique techniques and indescribable beauties?

Of course, the story of Iranian carpet, is on the one hand, the vast world of anecdotes, of sensations, emotions, passions, the dramas of women and their hardships, the nomadic migration, the bitterness, the sweetness, etc. in this territory; and the techniques, design, creativity, imaginations, on the other hand, that requires, per se, unlimited research and research to be performed. I only refer to a few limited issues, here.

Iranian carpet is an extraordinary phenomenon, an art – industry that has reached the artistic and traditional summit over thousands of years of history (Images 6.17, and 6.18; the photos have been taken by myself, the author of this dissertation).

But still, every rug that is woven is unique and one is more elegant than another. The color technique used as part of the entire production chain of this precious craft is incredible.

The colors were obtained entirely from one hundred percent natural, local and seasonal materials. For this reason, for instance, a carpet woven in spring has a different red color respect to a carpet, made in autumn, in the same area.

The Persian Carpet has long been famous and used, in the history, as evidenced by the Greek historian and soldier, Xenophon in his book *Cyropaedia* (the biography of Cyrus the Great, the founder of Achaemenid Empire, in the first Persian Empire), written around 370 BC: "The Iranians spread rugs under the place where they were sleeping, to keep it soft."

In the Chinese old documents, Iranian woolen carpets have been mentioned as imported goods to China in the Sassanid period.

The first Iranian handmade crafts gift to foreign countries has been Iranian carpets.



Image 6.17 Iranian Antique Carpet
Museum of Negarestan Garden, Tehran, Summer 2019



Image 6.18 A Modern Iranian Carpet
 Designed by Maestro Rasam Arabzadeh, The Father of the Modern Iranian Carpet
 Rasam Arabzadeh Carpet Foundation, Tehran, Winter 2017

Throughout history, for example, the current Turkish government, or the old Ottoman Empire, used to buy carpets from Iran and bestow them to other countries.

Animal husbandry has been often the profession of the nomads in Iran, and they have owned sheep. Sheep wool is the only fiber that has special lint, which that is used for carpet weaving. It has high flexibility, and if shaped by hand, it is impossible to separate the fibers. Durability of this fleece is high.

If the wool is boiled for an hour, the color of the wool will be constant and it will be brighter and even more beautiful in the age of erosion over time; that is why it is not surprising why there is common proverb in Persian language, saying “Kerman Carpet” for beautiful aged women! (Kerman is a city in the center of Iran with astonishing carpets and handicrafts.)

In the dying process for carpets, the colors of natural materials such as saffron, turmeric, pomegranate, and the discarded materials including walnut shell, onion peel etc. were used.

Neil (Indigo dye, natural dye extracted from the leaves of certain plants), for instance gives a light blue color.

A substance called red seed had been used for the color red of the carpets. They used the ladybug insect that often lives on oak, cypress and pine trees, for preparing this material.

They used water and lime to kill them. Then they are dried and ground with a mill. A red powder is obtained. If the ratio of the mixed is closer to crimson, the ratio is closer to dark red; if less, it will give the alizarin red.

The red seeds were dried and dissolved as a powder in water and mineral acids. The result is a nice red color, if

The red seeds are dried and The result is a good red color that, if alkaline substances are used instead of acid, turns purple and produces a variety of color shades by combining with plant dyes.

In Azerbaijan province of Iran, 300 new colors are created from the same discarded materials, and technics.

The wool is first immersed in an acidic substance in a pot using crude grape inside, for some time before the dyeing operation so that it becomes dentate. 2000 years ago, this technic was being used.

In this way, while dyeing, the wool absorbs the color very well.

Nomads mount the rug-weaving loom horizontally because they migrate, this way they can build it easily. Horizontal loom gives a special type of carpet.

There are two types of rug weaving: fine-knotted and coarse knotted weaving

“The materials of one of the oldest Persian carpets, which was measuring 60 square meters (about 5 by 11 meters), had been prepared in this way, in the 15th century. Iranian traditional handicrafts have all been made in so creative way”, says Maestro Mohsen Mohseni, the expert in carpet art – Industry, through the interview I had with him in summer 2019 regarding Iranian carpets and handicraft.

He continued that, “this industry needs to be updated today, but with maintaining the originality and old techniques. For example, today lemon essence is sometimes used instead of crude grapes, which damages the wool.”

Due to the diverse climatic conditions in Iran, the carpets with different patterns and motifs that are the fruit of the weaver's imagination, as well as different colors have been created.

Yes, Persian Carpet ... the story of women weaving the rugs, in different places in Iran, in cities and villages, a shade of good and bad ... their knot will remain on this rug ... And, years later, humans, will live on this splendid carpet of which they have woven a corner.

On 10th of November 2019, at Tehran International Exhibition Center, on “World Science Day for Peace and Development”, there was an honor ceremony to celebrate the scientific, academic and experimental contribution of three intellectuals in Iran Carpet Art-Industry (Image 6.19, taken by myself). I was so lucky that I was in Tehran and I had the chance to participate the ceremony and meet the experts and academics of the field of carpet and Iranian handicrafts, as well as Dr. Sharifzadeh, Head of Iranian Traditional Arts And Crafts Research Institute (Image 6.20, taken by myself). The three scholars have been: Ms. Engineer Shirin Sour Esrafil, one of the first founders of Iran Textile Industry; Maestro Ahmad Daneshgar, the author of the books such as “Daneshgar Persian language and culture”, “Comprehensive Culture of Iranian carpet” etc.; and Maestro Mohsen Mohseni (my uncle) (Image 6.21, taken by myself), one of the prominent specialists in the field, poet, writer, author of the books “Mirror of Feeling”, “paint-knot of imagination”, pioneer and expert in the Art of Iran Carpet; active presence in scientific organizations, contribution to Carpet Industry policy-making, especially establishing the Department of Pragmatic Studies of Art of Carpet, Institute of Carpet Art Academy in Cultural Heritage Organization and National Carpet Center of Iran; promoting the positions and insurance conditions of Women carpet weavers in provinces and villages and many other contributions in Iran Carpet Art-Industry, inscribing “Traditional skills of carpet weaving in Kashan” on UNESCO Representative List of the Intangible Cultural Heritage of Humanity of Iran, in 2010. Another honor ceremony was held on his 90th birthday, some month earlier at the University of Noor in the city of Noor, North of Iran, his hometown for his more than 70 year of active presence, research and incredible contribution in Iran Carpet Art-Industry.

On the ceremony of 10th of November 2019, some carpet weavers, the women who had come from rural places of Iran, also participated (Image 6.22, taken by myself). They were appreciated for their works and their rights were discussed.



Image 6.19 Honor Ceremony to Celebrate the Scientific, Academic and Experimental Contribution of Three intellectuals in Iran Carpet Art-Industry Tehran International Exhibition Center, 10 November 2019



Image 6.20 Dr. Sharifzadeh, Head of Iranian Traditional Arts And Crafts Research Institute, Taking about Handicrafts Conditions in Iran Tehran International Exhibition Center, 10 November 2019



Image 6.21 Maestro Mohsen Mohseni, One of the Prominent Specialists in the Carpet Art – Industry
Tehran International Exhibition Center, 10 November 2019



Image 6.22 Two Nomadic Carpet Weaver Women from Shiraz
Tehran International Exhibition Center, 10 November 2019

Carpet is one of the most important non-oil exports of Iran, which over the past four decades, has accounted for more than 25% of the value of non-oil exports.

The average share of carpets in non-oil exports was 21.27% over the period 1959 to 1979, and after Islamic Republic Revolution reached 36.87%.

During the years of the first and second development plans, it means over the period since 1989 to 1993, and 1994 to 1999, about 38 and 22.5 percent of the value of non-oil exports has been provided by the export of handmade carpets. In the years following the first development plan, its share of non-oil exports decreased in a way that from 44.2% in 1994 downturned to 13.09% in 2001 (Hosseini and Perme, 2004).

The city of Tabriz in North West Iran, has been an important center of carpet trade since the time of Holako's successors. In particular, during Safavid dynasty (1501 to 1736), with the establishment of large carpet weaving workshops, first-class carpet weavers gathered in this city and weaved very exquisite carpets, many of which today adorn the world's great museums.

In 2010, 70% of Iran East Azerbaijan province's carpet production was exported to foreign countries and the province's share of the country's carpet exports was 20% (Donyaye Eghtesad newspaper, 2009).

Based on the official statistics, Iran exported \$ 89 million of hand-woven carpets during the first four months of 2017, an increase of 3.7% in terms of value (Tehran Times, November 12, 2017).

According to Amiri Aghdai and Saeedi (2009), competition in the field of global trade is very difficult and sometimes in less than 48 hours, a new product is released to the market. Therefore we must have flexibility in the production chain, sustainable and up-to-date production. This feature is not yet possible in the process of carpet production in Iran.

Many producers and weavers, especially weavers who produce directly and independently, end up producing aimless and so-called blind weaving. In other words, due to lack of access or disregard for available information, they ignore the needs and desires of customers.

In such a situation, the existence of a deviation with demand and an increase in deviation is not far from expectation. Recognizing the desires and tastes of

customers is one of the main pillars of stabilizing the sale of manufactured goods, and managers need marketing information and customer tasting to achieve success in sales sustainability.

The importance and place of information about customer preferences is obvious to everyone, because information about customer preferences of handmade carpets can influence many decisions before production, during production and after production over handmade carpet process.

Almost 75% of people active in this art-industry are women, who are anonymous. They are not well provided in terms of work and insurance.

Two concerns the experts have always in this area, beside other problems, include; the issue that the whole process should be standardized; and why Iranian handmade carpet is not a member of any international community?

Of course, association of Iranian handicrafts and hand-woven carpet exporters are set to form a consortium in a bid to explore new ways of sales and marketing (Tehran Times, November 12, 2017).

Out of 460 handicrafts disciplines in the world, there are 370 in Iran, as mentioned earlier. Iran has potentially a high position in terms of diversity in handicrafts, and also, in terms of handicraft production, along with China and India, it is one of the three major centers of handicraft production in the world.

However, according to the announced statistics, unfortunately, the export of Iranian handicrafts is ranked 30th in the world and is far from its main position in this field.

But the question is why Iran, with such a civilized and cultural background, has such an export rank in the international arena of handicrafts?

In 2006, Iran ranked fifth in world handicraft exports; while in 2015, it dropped to 30th. One of the main reasons for this decrease in export rank can be considered the entry of international competitors in the global market in field of handicrafts.

Countries such as China, India, Vietnam, etc. have been able to improve their country's position in handicraft exports with purposeful planning. Among the factors that have reduced Iran's export ranking, however, the most important issue is the lack of special attention to the handicrafts sector.

Unfortunately, so far there is no macro-look on the field of handicraft exports and its economic potential has been neglected. This is despite the fact that many developed countries have also entered the field of handicraft exports.

It is unfortunate that other countries, which are in higher ranks in terms of handicraft exports, are in much lower ranks in terms of diversity of handicrafts compared to Iran.

The table below (Table 6.1) shows the number of temporary bazaars that have been held throughout Iran in the field of handicrafts.

As it is shown, in 2013, the handicraft market had the best conditions in terms of income and number of visitors.

Table 6.1 Holding Temporary Markets for the Supply and Sale of Iranian handicrafts

Year	Number of Markets	Number of Booths	Total Sales (Million Rials)	Number of Visitors (people)
2011	518	6484	96,731.4	7403004
2012	489	4891	109,331.353	23366667
2013	502	7642	217,541.746	47006113
2014	620	7441	232,800	15002700
2015	766	8373	348,237	30300000

70% of handicraft producers in the country are women. In fact, a large number of Iranian women produce handicrafts. And, among total numbers of creative activities, which have been officially registered by CIDI (Creative Industries Development Initiative) committee, i.e. in total, 864 businesses, the share of businesses in the field of craft includes:

- Digital business and cyberspace: 435 – (Among which, 7 are related to Crafts)
- Games, toys and entertainment: 122 – (Among which, 1 is related to Crafts)
- Audio-visual industries: 84 – (Among which, 1 is related to Crafts)
- Cultural heritage, tourism and handicrafts: 79 – (Among which, 38 are related to Crafts)
- Architecture and Design: 48 – (Among which, 1 could be related to Crafts - Jewelry Design)

It means, the total activities related to crafts in Iran are 48 (only around 6% of the

whole creative businesses) (Figure 6.2).

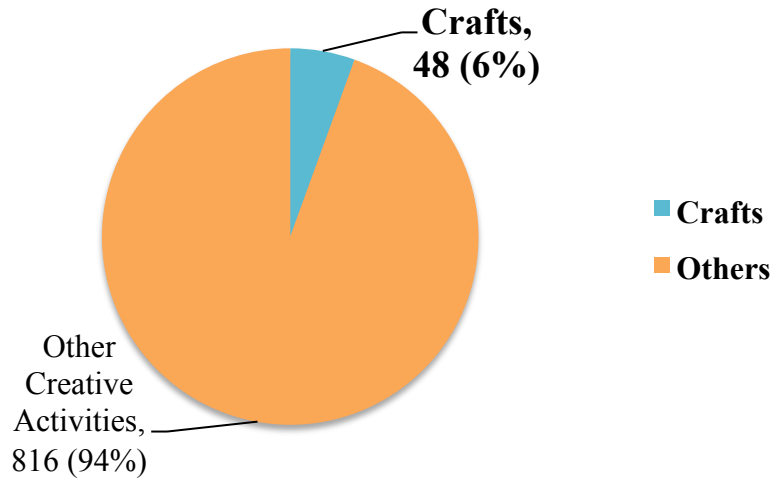


Figure 6.2 The Share of Craft Sector in Creative Industries in Iran (According to Statistics till 2020)

And, the share of activities related to crafts in cultural heritage, tourism and handicrafts sector is 48% (Figure 6.3).

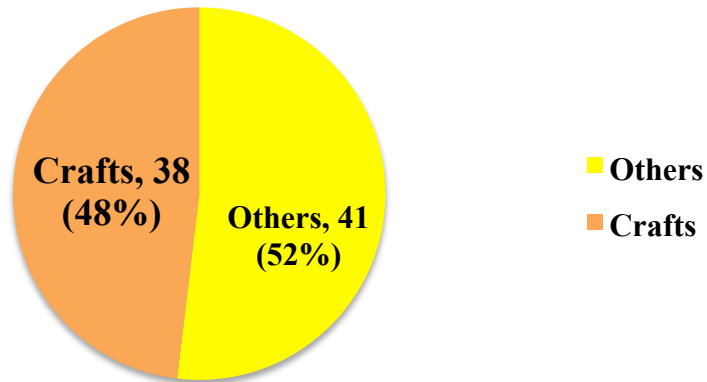


Figure 6.3 The Share of Crafts Activities in Cultural Heritage, Tourism and Handicrafts Sector (According to Statistics till 2020)

CHAPTER 7 – A BRIEF DESCRIPTION OF CASE STUDIES

(7 Iranian Creative Businesses in Crafts Industry) (Empirical Part)

In the previous chapter, a description about crafts industry in Iran and its share in the creative industries have been performed.

I have selected 7 companies, which are currently active in the field of handicraft in Iran and have been registered as creative companies by CIDI “Creative Industries Development Initiative” of Vice President for Science and Technology. Therefore, my case study is at firm level and deals with their businesses in crafts industry in Iran.

In this chapter, I introduce these creative crafts companies and briefly describe their activities. Next chapters analyze and evaluate the performance of these 7 companies.

The criteria are: labor productivity, investment efficiency, income growth rate, the percentage of net profit margin, per capita sale and energy operation.

The 7 creative companies are as following:

- 1) Double Node View Carpet Company (Zeen) (<https://zeen.ir/>)
- 2) Aryan Art Ideators (Gilimo) (<https://gilimo.com>)
- 3) Sadid Sepahan Data Analysis Company (GerehCarpet) (<https://gerehcarpet.ir/>)
- 4) Karmania Pateh Sofa
- 5) 1006 Jolfa Hand-Made Aras Carpets Company (<http://arascarpet.ir/>)
- 6) 6554 Majan Zaranj Sistan Handicrafts Cooperative
- 7) Parivar Design and Creativity House of Balouchestan

1) Double Node View Carpet Company (Zeeen) (<https://zeen.ir/>)

This company sells Mat Weaving Collection, Ceramics Collection, Morvarid Collection (Needlework Gilim), and holds Iranian Artistic Events in Art Shop Gallery. It has been established in 2013 (Images 7.1, 7.2, 7.3 and 7.4).

It has almost 5 employees. It is located in Tehran.



Image 7.1 An Example of Zeeen's Products

Source: <https://zeen.ir/>



Image 7.2 An Example of Zeeen's Products

Source: From their Page on Instagram (zeenshop)



Image 7.3 An Example of Zeen’s Products
Source: From their Page on Instagram (zeeenshop)



Image 7.4 An Example of Zeen’s Products
Source: From their Page on Instagram (zeeenshop)

2) Aryan Art Ideators (Gilimo) (<https://gilimo.com>)

This company is an Internet-based shopping center for selling handicrafts and artistic items in the field of carpet weaving (Images 7.5 and 7.6)

It has been registered in 2019 as the first creative company in Ardebil Province, North West Iran. It is Located in the Innovation Center of Ardabil Science and Technology Park.



Image 7.5 An Example of Gilimo's Products
Source: From their Page on Instagram (gilimo_com)

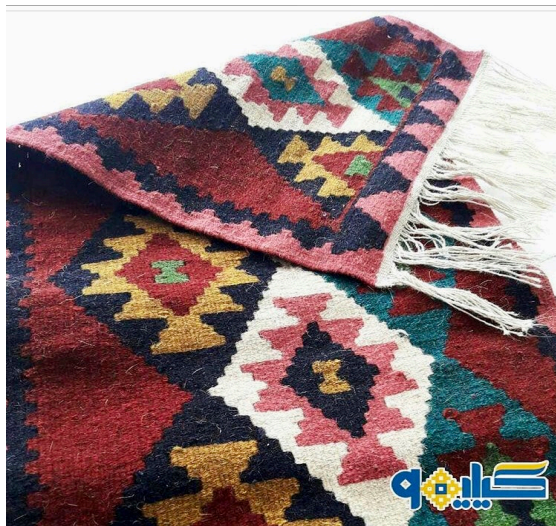


Image 7.6 An Example of Gilimo's Products
Source: From their Page on Instagram (gilimo_com)

3) Sadid Sepahan Data Analysis Company (GerehCarpet)
(<https://gerehcarpet.ir/>)

They sell hand-made carpet, Felt & Gilim (Images 7.7 and 7.8). The company has been established in 2017. They are located in Tehran, Ghom and Isfahan. The numbers of human resources are 5.



Image 7.7 An Example of GerehCarpet's Products
Source: From their Page on Instagram (gereh.carpet)



Image 7.8 An Example of GerehCarpet's Products
Source: From their Page on Instagram (gereh.carpet)

4) Karmania Pateh Sofa

They sell Pateh, which is a precious Iranian traditional needlework folk art (Image 7.9)

This company has been established in 2015. The numbers of human resources are 3. They are located in Mahan, Kerman Province, in the center of Iran.



Image 7.9 An Example of Karmania Pateh Sofa's Products
Source: <https://www.bazarkhanegi.com/product>

5) 1006 Jolfa Hand-Made Aras Carpets Company (<http://arascarpet.ir/>)
This company sells hand-Made Carpet, Verni¹ & Gilim (Images 7.10 and 7.11).
It has been registered in 2017. The number of human resources is 7.



Image 7.10 An Example of Jolfa Hand-Made Aras Carpets Company's Products
Source: <http://arascarpet.ir/>



Image 7.11 An Example of Jolfa Hand-Made Aras Carpets Company's Products
Source: <http://arascarpet.ir/>

¹ Verni, is a kind of Persian rug, which is woven by girls and women of Arasbaran tribes without referring to the map. (Arasbaran, is a mountainous region in the north of East Azerbaijan province in Iran, located in Northwest Iran.)

6) 6554 Majan Zaranj Sistan Handicrafts Cooperative

They sell Iranian traditional needlework handicrafts (Images 7.12 and 7.13).

This company has been established in 2019. The number of human resources is 7.



Image 7.12 An Example of Majan Zaranj Sistan Handicrafts Cooperative's Products

Source: From their Page on Instagram (majan_zaranj_sistan)



Image 7.13 An Example of Majan Zaranj Sistan Handicrafts Cooperative's Products

Source: From their Page on Instagram (majan_zaranj_sistan)

7) Parivar Design and Creativity House of Balouchestan

They do fashion designing with Fashion with Balouch Needlework Patterns (Images 7.14 and 7.15). It is being managed by a young Iranian designer.



Image 7.14 An Example of Parivar Designs's Products
Source: <https://etemadonline.com/content>

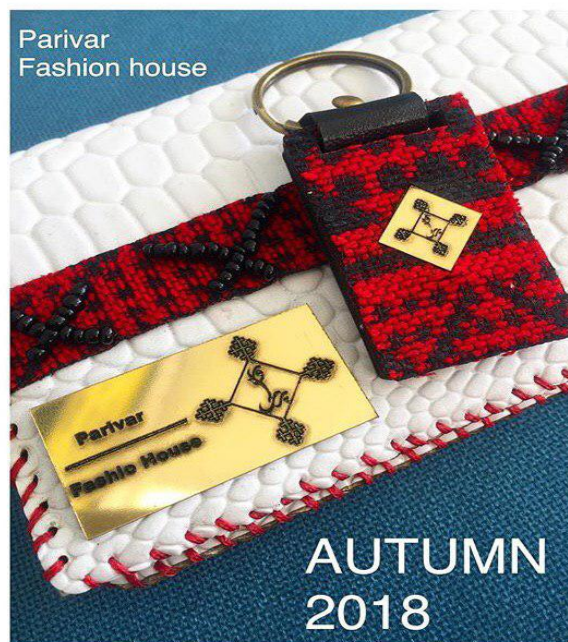


Image 7.15 An Example of Parivar Designs's Products
Source: <https://etemadonline.com/content>

CHAPTER 8 – METHODOLOGY

The purpose of performing any study is discovering the reality. This reality is resulted from investigating the logical relationships between the components. In any study, the researcher makes an attempt to select the most appropriate method, which is more accurate than the others, discover reality rules, and determine the existing relationships between variables. Therefore, any researcher needs to select a suitable method, which ensures studies effectiveness: A method or strategy, which is determined and is consisted of special common trends such as issue statement, data collection and conclusion.

In this chapter, I address the methodology I have adopted for this research. The type of study will be stated; Research orientation; Philosophical foundations or paradigms of research; the main objectives of the research; Rational approach to research; Research strategy; the main strengths and weaknesses of the research methodology are discussed. In addition, study model, statistical society, data collection methods and data analysis methods are presented separately and in detail in the following sections of this chapter.

Study Type

In the common classification of studies typology, nature and natural identity of the study, three types of studies are outlined: Quantitative, qualitative and combined study. This typology is more considered in the field of generality and integrated specifications of elements and study components. Based on descriptions and features, which are presented in quantitative and qualitative type of methodology in books and references, and given the nature of the main research issue and the set of materials presented in the previous chapters of this dissertation, the present study is basically a qualitative study. And, The data analysis of the empirical part of this study has been done by means of quantitative tools, methods. Indeed, because of the philosophical, narrative and descriptive paradigm dominated on this study, the strategy adopted, and data collection methods, which have been the result of ethnographical observation and interaction with the participants in the real environments over a long period, it could be claimed that major procedure of this study is qualitative type.

Study Orientations

The studies, in terms of their orientation, are classified in three types: Fundamental, applied and evaluation study. This research, with organizational point of view, and with the objective of solving a part of problem of creative industries in Iran, and evaluating cultural creative industries with economic impact approach, is basically an applied one.

In other words, the present study is quantitative in terms of data type, applied in terms of results and descriptive and exploratory in terms of purpose.

Study Process

In this study, after reviewing the literature and research, a set of criteria and indicators were collected. The process stages of empirical section have been illustrated in the following chart:

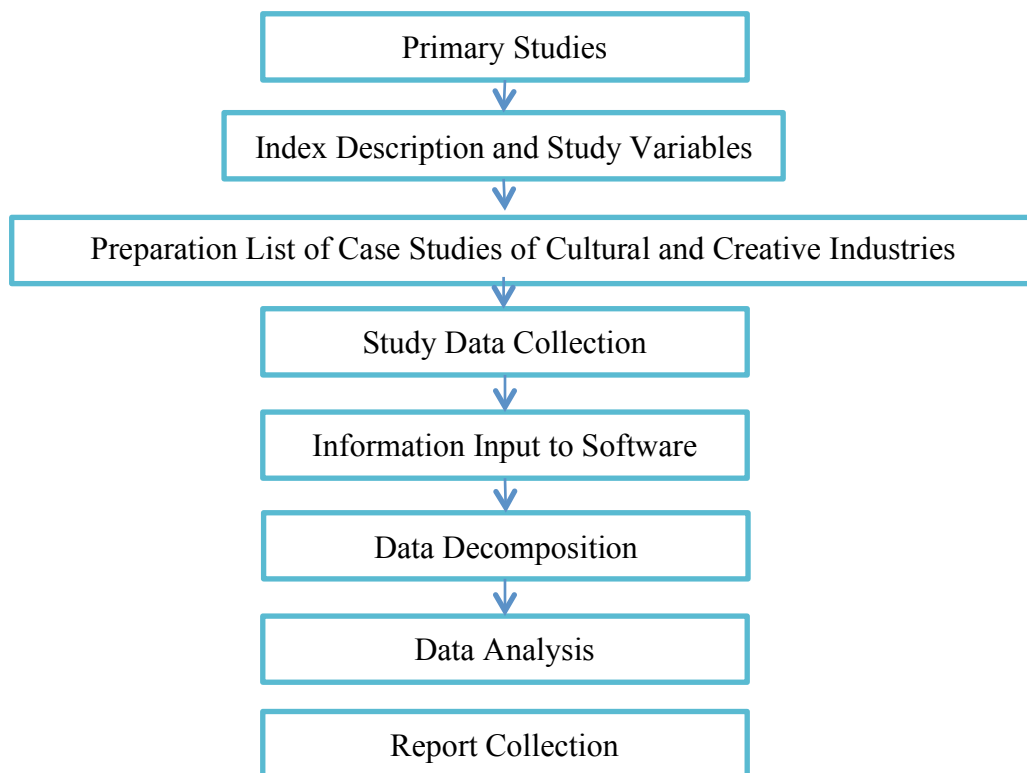


Figure 8.1 Empirical Study Process

In this study, the performance evaluation indicators have been determined according to its literature, and according to these indicators, the variables (inputs

and outputs) of the two-stage data envelopment analysis (which will be described in details, in the following sections) are defined. Then the model is designed and solved based on the defined variables. Finally, the results of performance evaluation of the considered case studies in creative industries are presented.

Study Model

In this research, two-stage data envelopment analysis method has been used. The model presented in this study is based on the model developed by Wang (2010).

In this model, Kao and Hwang (2010) two-stage data envelopment analysis model supposing efficiency on variable scale; and Chen model (2009) considering weight relative importance have been regarded separately in each stage.

Kao and Hwang (2010) considered a two-stage process for 24 life insurance companies in Taiwan, including profit and premium generation. In the first stage, customers eager to pay direct premiums and receive premiums from other insurance companies were included; In the second stage, they considered the premium on the stock of securities to earn investment profit. They then modified the DEA (Data Envelope Analysis) standard model by considering the series relationship between the two-step process and modeled the performance of the entire two-step process as the result of the performance of two separate steps (by performance, we mean efficiency).

Since in DEA two-stage model, efficiency is supposed as a constant scale (CRS: Constant Return to Scale) and not proportionate with the assumption of efficiency on variable scale, the total efficiency of the two-stage was introduced by a total weighted and was modeled by a total weighted efficiency of two separated stages.

Two-Stages Envelopment Analysis

In this part, we describe two-stage envelopment analysis model.

Suppose that n is the number of the existing DMUs (Decision Making Units), and any of these units use m inputs for producing s outputs.

Also, variables V_i ($i= 1, 2, \dots, m$) and U_r ($r= 1, 2, \dots, s$) are respectively, input and output index weights.

Then:

The efficiency of the DMU using CCR model, as follows:

$$Z_0 = \max \sum_{r=1}^s u_r y_{ro} \quad (1 - 8)$$

Where:

$$\sum_{i=1}^m v_i x_{io} \leq 1 \quad (2 - 8)$$

$$\sum_{r=1}^s u_r y_{rj} - \sum_{i=1}^m v_i x_{ij} \leq 0 \quad (3 - 8)$$

$$u_r, v_i \geq 0 \quad (4 - 8)$$

In classical modes, the DMU is treated as a black box, but in many practical examples, DMUs or production processes, they themselves, include subunits, that the subunits are related together in a network form. Stated differently, a subunit output might be another subunit input and, finally, these reactions lead to system final output production.

Therefore, in many cases, it might be needed to investigate a decision - maker inefficiency in its subunits so in such cases, we would have series, parallel and network model.

A decision – maker unit could have a double-stage structure, in such a way that a DMU has a two-stage process and middle values are placed between these two stages. First stage is obtained by using input, output, which the outputs of the first stage shape middle values. Then, in the second stage, middle values are considered as input and final outputs are obtained.

Main feature of this structure is that first stage outputs are only second stage inputs and so on. Figure 8.2 shows the two-stage envelope analysis and its conversion to a single stage.

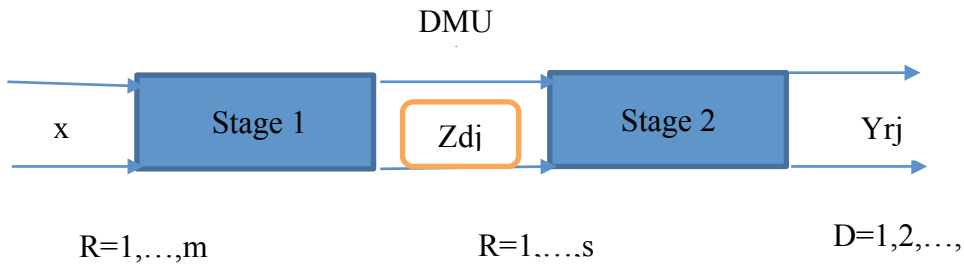


Figure 8.2 Two-Stage Envelope Analysis Model

Two-Stage Envelopment Analysis Model

As it is observed in Figure 8.2, in the first stage, n is assumed as the numbers of DMU to be evaluated,

Where:

Each DMU_j ($j= 1, \dots, n$) consists of:

m input unit X_{ij} ($i= 1, \dots, m$) and D output unit Z_{dj} ($d= 1, \dots, D$)

Then, D output unit, will become second stage inputs, which are called intermediate units. Second stage outputs are determined by Y_{rj} ($r= 1, \dots, s$).

DMU_j efficiencies in the first and second stage are respectively as below:

$$\theta_j^{1*} = \frac{\sum_{d=1}^D \pi_d^1 Z_{dj}}{\sum_{i=1}^m v_i x_{ij}}$$

$$\theta_j^{2*} = \frac{\sum_{r=1}^s u_r Y_{rj}}{\sum_{d=1}^D \pi_d^2 Z_{dj}}$$

Where v_i and π_d^1 are input and output coefficients in the first stage; and u_r and π_d^2 are input and output coefficients in the second stage.

Kao and Hwang (2008), due to the existence of a series relationship between the two stages, defined the total efficiency of DMU_j, the multiply of the efficiency of two stages ($\theta_j^* = \theta_j^{1*} \times \theta_j^{2*}$), assuming ($\pi_d^1 = \pi_d^2$), for $d=1, 2, \dots, D$.

With this description, Kao and Hwang model after linearization is defined as follows:

$$\theta_0^* = \max \sum_{r=1}^s u_r y_{ro} \quad (5 - 8)$$

Where,

$$\sum_{i=1}^m v_i x_{io} = 1 \quad (6 - 8)$$

$$\sum_{d=1}^D \pi_d z_{dj} - \sum_{i=1}^m v_i x_{ij} \leq 0 \quad (7 - 8)$$

$$\sum_{r=1}^s u_r y_{rj} - \sum_{d=1}^D \pi_d z_{dj} \leq 0 \quad (8 - 8)$$

$$u_r, v_i, \pi_d \geq 0 \quad (9 - 8)$$

While total efficiency of θ_0^* is obtained, partial efficiency of first and second stage ($\theta_j^{1*}, \theta_j^{2*}$) are calculated by LP models. We can calculate another stage partial efficiency by having total and partial efficiencies, by means of these relations:

$$\theta_0^1 = \frac{\theta_0^*}{\theta_0^{2*}} \text{ and } \theta_0^2 = \frac{\theta_0^*}{\theta_0^{1*}}.$$

And, partial efficiency of first and second stage is calculated.

Partial efficiency calculation equations of the first stage:

$$\theta_0^{1*} = \max \sum_{d=1}^D \pi_d z_{dj} \quad (10 - 8)$$

Where,

$$\theta_0^* = \sum_{r=1}^s u_r y_{ro} \quad (11 - 8)$$

$$\sum_{i=1}^m v_i x_{io} = 1 \quad (12 - 8)$$

$$\sum_{d=1}^D \pi_d z_{dj} - \sum_{i=1}^m v_i x_{ij} \leq 0 \quad (13 - 8)$$

$$\sum_{r=1}^s u_r y_{rj} - \sum_{d=1}^D \pi_d z_{dj} \leq 0 \quad (14 - 8)$$

$$u_r, v_i, \pi_d \geq 0 \quad (15 - 8)$$

Partial efficiency calculation equations of the second stage:

$$\theta_0^{2*} = \max \sum_{r=1}^s u_r y_{ro} \quad (16 - 8)$$

Where,

$$\sum_{d=1}^D \pi_d z_{dj} = 1 \quad (17 - 8)$$

$$\sum_{i=1}^m v_i x_{io} = 1 \quad (18 - 8)$$

$$\sum_{r=1}^s u_r y_{ro} - \theta_0^* \sum_{i=1}^m v_i x_{io} \leq 0 \quad (19 - 8)$$

$$\sum_{d=1}^D \pi_d z_{dj} - \sum_{i=1}^m v_i x_{ij} \leq 0 \quad (20 - 8)$$

$$\sum_{r=1}^s u_r y_{rj} - \sum_{d=1}^D \pi_d z_{dj} \leq 0 \quad (21 - 8)$$

$$u_r, v_i, \pi_d \geq 0 \quad (22 - 8)$$

In the continuation, Chen et al. by allocating weights to each stage of the model, reflected relative importance of total process. They applied Kao and Hwang's study data and calculated total efficiency through total weighted and then used Spearman's Rank Correlation Coefficient and showed that obtained efficiency values of two Kao and Chen methods had significant difference.

Therefore, in Wang model (2010), They introduced the relative weights of γ_1 and γ_2 , which are greater than zero, for each stage of Kao and Hwang model, and calculated total efficiency as $\theta_0^* = \gamma_1 \theta_0^{1*} + \gamma_2 \theta_0^{2*}$ where total weighted equals (1). According to Wang model (2010), following equations are used for the calculation of total efficiency and first and second stages partial efficiencies.

Total efficiency calculation equations according to Wang model (2010):

$$\theta_0^* = \max(\gamma_1 \sum_{d=1}^D \pi_d z_{d0} + \gamma_2 \sum_{r=1}^s u_r y_{r0}) \quad (23 - 8)$$

Where,

$$\gamma_1 \sum_{i=1}^m v_{ij} x_{i0} + \gamma_2 \sum_{d=1}^D \pi_d z_{d0} = 1 \quad (24 - 8)$$

$$\sum_{d=1}^D \pi_d z_{dj} + \sum_{i=1}^m v_i x_{ij} \leq 0 \quad (25 - 8)$$

$$\sum_{r=1}^s u_r y_{rj} + \sum_{d=1}^D \pi_d z_{dj} \leq 0 \quad (26 - 8)$$

$$u_r, v_i, \pi_d \geq 0 \quad (27 - 8)$$

Partial efficiency calculation equations of the first stage according to Wang model (2010):

$$\theta_0^{1*} = \max \sum_{d=1}^D \pi_d z_{d0} \quad (28 - 8)$$

Where,

$$(\gamma_1 - \gamma_2 \theta_0^*) \sum_{d=1}^D \pi_d z_{d0} + \gamma_2 \sum_{r=1}^s u_r y_{r0} = \gamma_1 \theta_0^* \quad (29 - 8)$$

$$\sum_{d=1}^D \pi_d z_{dj} - \sum_{i=1}^m v_{ij} x_{i0} \leq 0 \quad (30 - 8)$$

$$\sum_{r=1}^s u_r y_{rj} - \sum_{d=1}^D \pi_d z_{dj} \leq 0 \quad (31 - 8)$$

$$u_r, v_i, \pi_d \geq 0 \quad (32 - 8)$$

Partial efficiency calculation equations of the second stage according to Wang model (2010):

$$\theta_0^{2*} = \max \sum_{r=1}^s u_r y_{r0} \quad (33 - 8)$$

Where,

$$\sum_{d=1}^D \pi_d z_{d0} = 1 \quad (34 - 8)$$

$$\gamma_2 \sum_{r=1}^s u_r y_{r0} - \gamma_1 \theta_0^* \sum_{i=1}^m v_{i0} x_{i0} = \gamma_2 \theta_0^* - \gamma_1 \quad (35 - 8)$$

$$\sum_{d=1}^D \pi_d z_{dj} - \sum_{i=1}^m v_{ij} x_{i0} \leq 0 \quad (36 - 8)$$

$$\sum_{r=1}^s u_r y_{rj} - \sum_{d=1}^D \pi_d z_{dj} \leq 0 \quad (37 - 8)$$

$$u_r, v_i, \pi_d \geq 0 \quad (38 - 8)$$

Three-Stages Proposed Model

In the present study, the evaluation of performance of 7 handicrafts companies in creative industries is being analyzed. For that, a three-stage model has been applied. In this model, x_i are first stage input and first stage output is considered as second stage input, and second stage output considered as third stage input (Figure 8.3).

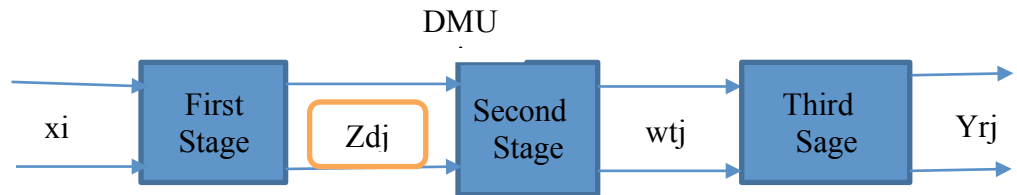


Figure 8.3 Study Conceptual Model

In this model, at first the main model is divided into three parts and in each part, the efficiency is calculated by using Wang model (2010) of two-stage data envelopment analysis. For reaching the integration goal, Figure 8.4 has been drawn.

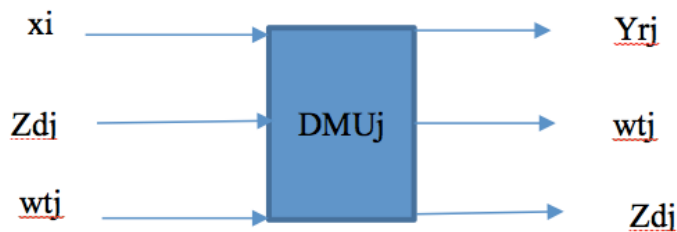


Figure 8.4 Total System Efficiency

Considering above figure (Figure 8.4) and according to Wang equations (2010), the total efficiency of the three-stage system is calculated by means of the following equation:

$$\theta_0^1 = \max \gamma_1 \left(\sum_{t=1}^T \alpha_t w_{tj} + \sum_{d=1}^D \pi_d z_{d0} \right) + \gamma_2 \left(\sum_{r=1}^s u_r y_{r0} + \sum_{t=1}^T \alpha_t w_{tj} \right) \quad (3 - 8)$$

Where,

$$\gamma_1 \left(\sum_{i=1}^m v_{ij} x_{i0} + \sum_{d=1}^D \pi_d z_{d0} \right) + \gamma_2 \left(\sum_{r=1}^s u_r y_{r0} + \sum_{t=1}^T \alpha_t w_{tj} \right) = 1 \quad (40 - 8)$$

$$\left(\sum_{t=1}^T \alpha_t w_{tj} + \sum_{d=1}^D \pi_d z_{d0} \right) - \left(\sum_{i=1}^m v_{ij} x_{i0} + \sum_{d=1}^D \pi_d z_{d0} \right) \leq 0 \quad (41 - 8)$$

$$\left(\sum_{r=1}^s u_r y_{r0} + \sum_{t=1}^T \alpha_t w_{tj} \right) - \left(\sum_{t=1}^T \alpha_t w_{tj} + \sum_{d=1}^D \pi_d z_{d0} \right) \leq 0 \quad (42 - 8)$$

$$u_r, v_i, \pi_d, w_{tj} \geq 0 \quad (43 - 8)$$

The above-mentioned model is a comprehensive model for evaluating total system that in addition to optimization of every single stage, it also takes into account the maximization of total system, which includes the optimization of time, cost and performance.

Variables and Data Collection Tools

As it was said earlier, in this study, the model for the performance evaluation of 7 Iranian creative crafts companies is a three-stage data envelopment analysis, and, every stage output is the next stage input. For evaluating the performance, indicators based on previous researches have been considered as variables of this research, which are the model inputs and outputs.

Table 8.1 Indicators for Performance Evaluation of Crafts Companies

No	Factor (index)	Description	Calculation
1)	Labor Productivity	Labor considered as one of the most important input resources and one of the main indices of human resources. One of the calculation methods of labor productivity is dividing added value by labors services compensation. The concept of this index is that per each Rial unit, which paid for services compensation, how much added value is created.	$LP = \frac{AV}{LC}$ AV: Added Value LC: Labor Services Compensation
2)	Capital Productivity	Capital Productivity means the ratio of added value to fixed asset depreciation cost. This index shows that per each assets depreciation cost unit, what amount of added value is created.	$CP = \frac{AV}{AD}$ AV: Added Value AD: Assets Depreciation
3)	Income Growth Rate	Income growth rate index measures month by month increase percent of income. This index is one of the most important and applicable criteria for operating creative businesses and a good index for showing creative and cultural industries growth rate.	$IN = \frac{IN2 - IN1}{IN1}$ IN1: First Month Income IN2: Second Month Income
4)	Total Factor Productivity	This index shows the ratio of value added to the weighted composition of labor and capital inputs used in industry.	$TFP = \frac{AV}{\alpha L + \beta D}$ AV: Added Value L: Labor Services Compensation D: Assets Depreciation α : Labor Production Factor Coefficient β : Capital Production Factor Coefficient
5)	Net Profit Margin %	Percentage of net profit margin is one of the indicators of profitability and rate of return on investment, which shows the profitability of each Rial of sales and to calculate it, the amount of profit after tax is divided by net sales.	Net Profit Margi = $\frac{NP}{NS}$ NP: Net Profit NS: Net Sale
6)	Sales Per Capita	Per capita sales are of financial indicators of productivity and represent the amount of sales per employee.	Per Capita Sales = $\frac{NS}{LN}$ NS: Net Sale LN: Labor Numbers
7)	Energy Productivity	Energy efficiency represents the added value created for the energy used.	$EP = \frac{AV}{EC}$ AV: Added Value EC: Consumed Energy Cost

Based on Table 8.1, the variables of present study are as follows (Table 8.2):

Table 8.2 Study Variables

No	Factor (Index)	Description
1	Labor Productivity	First Stage Input
2	Capital Productivity	First Stage Input
3	Income Growth Rate	Second Stage Output; Third Stage Input
4	Net Profit Margin %	Second Stage Output; Third Stage Input
5	Per Capita Sale	First Stage Output; Second Stage Input
6	Energy Productivity	First Stage Output; Second Stage Input
7	Total Factor Productivity	Third Stage Output

In the present study, statistical society consists of all staffs, investors, and Iranian crafts industries experts. Field studies and data mining method have been used for collecting data.

Analysis Method

As we have observed, two-stage envelope analysis method according to Wang model (2010) has been used for evaluation of the performance of crafts industry in Iran.

For performance evaluation and determining efficient units, we need to solve presented model that in this case, it would be by using genetic algorithm. The structure of this algorithm is presented in detail below.

In the previous section, the inputs and outputs of each stage were identified. In order to evaluate the performance, first the inputs and outputs of each stage are used using fuzzy hierarchical analysis method for weighting and prioritization.

Then, if the weight of an index was less than one third of the highest weight, that index is removed and thus, the list of indicators in Table 8.2 is monitored and the final list is prepared. After preparing the final list, the input and output indicators of each stage of the data envelopment analysis model, the relevant data are collected and the model is solved using a genetic algorithm.

Fuzzy Hierarchical Analysis Method

Hierarchical process method was first proposed by an Iraqi person called Saaty in the 70s. This method, like what is done in the human brain, analyzes problems. The hierarchical process enables decision makers to determine the simultaneous effects of many complex and uncertain situations. This process helps decision makers set priorities based on their goals, knowledge, and experience; in a way that they fully consider their feelings and judgments. The hierarchical process method forms the weighting problem of the indicators into a more flexible problem by using pairwise comparisons between the indicators. The hierarchical process summarizes the results of these pairwise comparisons in the pairwise comparison matrix. In fact, decision-makers have to determine how much each index is superior to the other in each pairwise comparison (Kahraman, 2008).

Using this method in fuzzy way will be as follows:

After collecting data ranged in 1 to 9, stated numbers are converted to fuzzy numbers by using equivalent values in table 8.3, and collected fuzzy values average will be calculated by using fuzzy numbers rules.

Table 8.3 Linguistic Variables Equivalents

Linguistic Values	Definite Equivalent	Fuzzy Equivalent
Equal Preference	1	(1,1,1)
Low to Middle Preference	2	(1,1.5,1.5)
Middle Preference	3	(1,2,2)
Middle to High Preference	4	(3,3.5,4)
High Preference	5	(3,4,4.5)
High to Very High Preference	6	(3,4.5,5)
Very High Preference	7	(5,5.5,6)
Very High to Completely High Preference	8	(5,6,7)
Completely High Preference	9	(5,7,9)

After preparing the decision matrix, the value of S_i for each row is calculated using the following equations:

If the fuzzy numbers are triangular, they are denoted by (l_i, m_i, u_i) , and in this case:

$$s_i = \sum_{j=1}^m M_i^j \times \left[\sum_{i=1}^n \sum_{j=1}^m M_i^j \right]^{-1} \quad (44 - 8)$$

$$\sum_{j=1}^m M_i^j = \left(\sum_{j=1}^m l_j, \sum_{j=1}^m m_j, \sum_{j=1}^m u_j \right) \quad (45 - 8)$$

$$\sum_{i=1}^n \sum_{j=1}^m M_i^j = \left(\sum_{i=1}^m l_i, \sum_{i=1}^m m_i, \sum_{i=1}^m u_i \right) \quad (46 - 8)$$

$$\left[\sum_{i=1}^n \sum_{j=1}^m M_i^j \right]^{-1} = \left(1 / \sum_{i=1}^m l_i, 1 / \sum_{i=1}^m m_i, 1 / \sum_{i=1}^m u_i \right) \quad (47 - 8)$$

The next step is to calculate the degree of magnitude of Si relative to each other, which is based on the following equation:

$$V(M2 > M1) = \text{hgr}(M1 \cap M2) = \begin{cases} 1 & \text{if } m2 \geq m1 \\ 0 & \text{if } l1 \geq u2 \\ \frac{l_1 - u_2}{(m_2 - u_2) - (m_1 - l_1)} & \text{otherwise} \end{cases} \quad (48 - 8)$$

After calculating the magnitude of the Si relative to each other, the final weight of the indices is determined from the minimum values of the comparisons.

Genetic Algorithm

Genetic algorithm is a special type of evolutionary algorithm that uses evolutionary biological techniques such as inheritance and mutation. This algorithm was first introduced in the twentieth century. This algorithm is a population-based metaheuristic algorithm that works with a population of answers in each iteration. Each answer in the population of answers in this algorithm is called a chromosome. This algorithm starts with a population of answers and generates new answers using mutation, crossover and reproduction operators. Each part of this algorithm is briefly described below.

Initial Population Production

As mentioned, a genetic algorithm is an algorithm based on population. In fact, in each iteration or generation, this algorithm deals with collecting answers. Population size must be the same in all iterations of the algorithm.

At the beginning of this algorithm, a population of initial answers whose number is an algorithm parameter must be generated.

Mutation

In each iteration of the algorithm, a percentage of the answers is selected and a neighborhood search operator is applied to these answers, which is called the mutation operator. The number of responses selected to apply this operator depends on the mutation rate. The numerical mutation rate is between 0 and 1 and is the input parameter of the algorithm. For example, if the mutation rate is 0.2, 20% of the responses in the population will be selected to apply the mutation operator.

Crossover

Another operator of the genetic algorithm is the crossover operator, which is applied to two selected answers or two parents and produces two children. The number of answers selected for the crossover operator depends on the crossover rate. The crossover rate is a number between 0 and 1 and is one of the input parameters of the algorithm. If the crossover rate is 0.6, 60% of the answers in the population on which no operator has ever been applied are selected to be applied by the crossover operator.

Reproduction

A number of responses in the population to which the two mutation and crossover operators have not been applied will be passed on to the next generation without any change. The number of these answers also depends on the reproduction rate.

It should be noted that the sum of the rates of the three operators of the genetic algorithm must be equal to 1.

Parent selection

As mentioned in the description of the crossover operator, two answers are selected as parents to perform this operator and are given to this operator. There are different methods to choose parent.

Fitness Function

This function is calculated for each of the answers and is a criterion for comparing the answers.

In this research, in order to solve the model, a genetic algorithm is used, which is designed in a combined form. In the combined structure of this algorithm, the main structure of the algorithm is combined with an improvement procedure based on the variable neighborhood search (VNS) structure. The pseudo-code of the hybrid genetic algorithm is as follows:

```
{  
Step 1: N feasible response generated as algorithm primary responses  
Step 2: mutation rate and crossover rate determined, counter K=0 defined  
Step 3: optimization trend operated on N primary responses  
Step 4: one unit added to counter K ( $K = K + 1$ )  
Step 5: according to crossover rate, parents selected among responses set and  
crossover operator processed  
Step 6: according to mutation rate, responses selected among responses set and  
mutation operator processed  
Step 7: N higher quality responses selected among next generation responses  
Step 8: optimization trend processed over selected responses  
Step 9: if counter K has reached its maximum value, go to step 10; otherwise go to  
step 4  
Step 10: the best response reported as output; and then ended.  
}
```

How to display the answer and generate the initial answers

As can be seen in the data envelopment analysis model, this model includes two variables v_i and u_r . In this research, two matrices have been used to display these variables. In each matrix, the number of rows is equal to the number of members of the statistical sample (number of crafts companies active in Iran creative industries) and the number of columns in the first matrix is equal to the number of inputs and in the second matrix is equal to the number of outputs of the data envelopment analysis model.

Also in this research, random method has been used to generate initial answers, where, from each answer matrix, N is generated randomly (N population size).

To generate the matrix corresponding to v_i for each unit, the limit $\sum_{i=1}^m v_i x_{i0} = 1$ is checked. If this limit is set, the random values generated for v_i for the considered unit are selected as the feasible answers to this matrix.

To generate the matrix corresponding to u_r for each unit, the limit $\sum_{r=1}^s u_r y_{rj} - \sum_{i=1}^m v_i x_{ij} \leq 0$ is checked. If this limit is set, the random values generated for u_r for the considered unit are selected as the feasible answers to this matrix.

Optimization Trend

In this dissertation, an optimization procedure is designed that is applied to the answers and optimizes those answers as much as possible. The improvement procedure designed in this dissertation is based on variable neighborhood search (VNS). 2 Neighborhood search structures (NSS) are designed that are combined with the VNS structure. The neighborhood search structures used in this dissertation to build the VNS procedure are described below.

First Neighborhood Search Structure: For each unit, in this structure, two indices i_1 and i_2 are generated in a uniform interval $[1..i]$ and all the values of two cells i_1 and i_2 in the v_i answer matrix are swapped together. It should be noted that in each change the constraint $\sum_{i=1}^m v_i x_{i0} = 1$ is checked, if this constraint is okay, the matrix with the values changed for v_i for the unit under study, is selected as possible answer to this matrix. Otherwise, all the values of the matrix will be modified to fit the above limit and this may change all or some of the values.

Second Neighborhood Search Structure: For each unit, in this structure, two indices r_1 and r_2 are generated in a uniform interval $[1..r]$ and all values of r_1 and r_2 cells are exchanged in the answer matrix u_r . It should be noted that in each change the limit $\sum_{r=1}^s u_r y_{rj} - \sum_{i=1}^m v_i x_{ij} \leq 0$ is checked, if this limit is okay, the matrix with values changed for u_r for the unit under study is selected as the possible answer to this matrix. Otherwise, all the values in the matrix will be modified to fit the limit, and this may change all or some of the values.

These structures combined together as VNS structure. This combination is as follows:

```

{For each input solution s
  K= 1
  While the stopping criterion is met do
    S1= Apply mutation type k
      S= Acceptance methods (S, S1)
    If s is improved then
      K=1
    Else
      K= k + 1
    If k= 3 then
      K= 1
    End if
  End while}

```

As can be seen in the structure above, after applying the neighborhood structure to the answer, the acceptance procedure is applied to the resulting answer and the previous answer, and one of the two answers is selected as the next VNS iterative answer. The acceptance procedure works in such a way that it determines and selects the better answer from the two answers, using the value of the target function, which is θ .

Genetic Algorithm Operators

Mutation operator: In each iteration of the genetic algorithm, the mutation operator is applied to a group of chromosomes. The mutation operator used in this

dissertation is the mentioned variable neighborhood search (VNS), which has been fully described in the previous section.

Crossover Operator: The crossover operator designed in this algorithm is a single point crossover operator. After the two parents are crossed as input to the operator, the two children are generated as two new answers. In the children produced (new answers), the limitations of the data envelopment analysis model are checked and if the limitations are not met, the corresponding values are corrected. It should also be noted that the roulette wheel method has been used to select parents.

Reproduction Operator: This operator transmits all the answers to which the mutation and crossover operator has not been applied to the next generation.

Next Generation Answers Selection

As mentioned earlier, the genetic algorithm is population-based and works with N answers in each iteration of the algorithm. In each iteration, from the existing answers and the new answers generated, N answers with the best value of the target function are selected and passed on to the next generation.

CHAPTER 9 – DATA ANALYSIS – RESULTS

(Performance Evaluation of 7 Iranian Creative Businesses in Crafts Industry)

Analysis

Analysis is one of the basic foundations of any research methodology. In general, analysis is the method by which the entire research process is guided, from problem selection to access to a result.

This chapter makes an attempt to study the results, taken from analyzing collected data, according to study type and data analysis type in the previous chapter.

Analysis Trend

In this study, the performance of Iranian handicrafts companies, as sectors of creative industries, have been evaluated by using multi-stage data envelope analysis model. According to the literature of the performance evaluation, handicrafts performance evaluation indicators were determined, and based on determined indexes, first, Data Envelope Analysis model inputs and outputs were identified; and then, the model was designed. The model was solved by inputs and outputs and, finally the results of the performance evaluation have been investigated.

In line with obtaining study target, 7 active creative handicraft companies were selected in Iran as DMU (Table 9.1). The brief description about these companies have been described in chapter 7.

Table 9.1 DMUs List and Their Activities

DMU	Name	Creative Product Name
1	Double Node View Carpet Company (Zeeen)	Mat Weaving Collection, Ceramics Collection, Morvarid Collection (Needlework Gilim), Holding Iranian Artistic Events in Art Shop Gallery
2	Aryan Art Ideators Company (Gilimo)	Internet-based Shopping Center for Handicrafts and Artistic Items in the Field of Carpet Weaving
3	Sadid Sepahan Data Analysis Company (GerehCarpet)	Carpet, Felt & Gilim Weaving
4	Karmania Pateh Sofa Company	Pateh (an Iranian Traditional Needlework Folk Art)
5	1006 Jolfa Hand-Made Aras Carpets Company	Hand-Made Carpet, Verni & Gilim
6	6554 Majan Zaranj Sistan Handicrafts Cooperative	Needlework Handicrafts
7	Parivar Design and Creativity House of Balouchestan	Fashion Design with Balouch Needlework Patterns

Each of the mentioned companies is one of the creative industries of Iran, active in crafts industry; and what is intended is to evaluate the performance of the listed companies as creative handicrafts of Iran.

In order to evaluate the performance, first, the inputs and outputs of each stage are used using fuzzy hierarchical analysis method for weighting and prioritization.

Then, if the weight of an index was less than one-third of the highest weight, that particular index is removed and this way, the list of final indicators is determined.

In the continuation of this chapter, first, the weighting results of the indicators using fuzzy AHP (Analytical Hierarchy Process) and then, the results of evaluating the performance of the units using the genetic algorithm are presented.

Results of Determining Final Indicators of Evaluation of Crafts Creative Industries

For pairwise comparisons, the prepared questionnaire was given to 5 experts and after collecting data; the arithmetic mean of experts' opinions was calculated.

After preparing the unit matrix (experts' opinions average), the incompatibility rate was calculated for the collected data.

Incompatibility Rate Calculation Result

In order to calculate fuzzy AHP method incompatibility rate, Gogus and Boucher (1998) Method has been used. In this method, the fuzzy pairwise comparison matrix is converted into two matrices. The AM matrix consists of the mean values of the experts' preferences, and the AG matrix consists of the mean of the upper and lower bounds of the triangular fuzzy number. Then the incompatibility rate is calculated according to "Saaty method" for both matrices and if the incompatibility rate of both matrices is less than 0.1, it is accepted. The only difference between the method of calculating the incompatibility rate for the two matrices is the value of the random index (RI) (Table 9.2).

Table 9.2 Gogus and Boucher Random Index (RI)

Index Number	RI (M)	RI (G)
1	0	0
2	0	0
3	0.49	0.1796
4	0.79	0.2627
5	1.07	0.3597
6	1.1996	0.3818
7	1.2824	0.4090
8	1.341	0.4164
9	1.3793	0.4348
10	1.4095	0.4455
11	1.4181	0.4536
12	1.4461	0.4776
13	1.4555	0.4691
14	1.4913	0.4804
15	1.4986	0.4880

In the following, the calculations provided relating to incompatibility rate. According to “Saaty method”, first, pair comparison matrix (experts’ views arithmetic average) is formulated and the total of each column are calculated. In the next step, column elements are divided by column sum, and normal matrix is formulated.

After the formulation of the normal matrix, relative weight of each factor is obtained from row average of normalized matrix. The normal matrix is multiplied by the relative weight vector and its Eigenvectors are calculated. Then the mean of the Eigenvectors is considered as the maximum Eigenvalues (γ_{max}). Finally, the incompatibility rate is calculated using the following formulas:

$$CI = \frac{\gamma_{max} - n}{n - 1} \quad (1 - 9)$$

$$CR = \frac{CI}{RI} \quad (2 - 9)$$

In this section, after collecting research data, first the incompatibility rate is calculated based on Gogus and Boucher (1998) Method.

Table 9.3 Factors Symbolization

Row	Factor	Symbol
(1)	Labor Productivity	A1
(2)	Capital Productivity	A2
(3)	Income Growth Rate	A3
(4)	Net Profit Margin %	A4
(5)	Per Capita Sale	A5
(6)	Energy Productivity	A6
(7)	Total Factors Productivity	A7

Table 9.4 Pair Comparison Matrix AM

Criteria	A1	A2	A3	A4	A5	A6	A7
A1	1	2	2	4	2	4.50	4
A2	0.50	1	1	1.90	1	1.50	1.50
A3	0.50	1	1	1.50	2	1.50	2
A4	0.252	0.533	0.667	1	2.40	1.50	1.50
A5	0.50	1	0.50	0.450	1	1	1.40
A6	0.222	0.667	0.667	0.667	1	1	2
A7	0.250	0.667	0.50	0.667	0.733	0.50	1
Column Sum	3.224	6.867	6.333	10.183	10.133	11.50	13.400

Table 9.5 shows lower bound average of fuzzy number of experts' preferences in AM Matrix form.

Table 9.5 Normalized AM Pair Comparisons Matrix

Criteria	A1	A2	A3	A4	A5	A6	A7	Relative weight
A1	0.310	0.291	0.316	0.393	0.197	0.391	0.299	0.314
A2	0.155	0.146	0.158	0.187	0.099	0.130	0.112	0.141
A3	0.155	0.146	0.158	0.147	0.197	0.130	0.149	0.155
A4	0.078	0.078	0.105	0.098	0.237	0.130	0.112	0.120
A5	0.155	0.146	0.079	0.044	0.099	0.087	0.104	0.102
A6	0.069	0.097	0.105	0.065	0.099	0.087	0.149	0.096
A7	0.078	0.097	0.079	0.065	0.072	0.043	0.075	0.073

Table 9.5 shows the normalized AM matrix and the relative weight calculation for each criterion. To normalize, in each column, the value is divided by the sum of the values in that column. Also, the average of each row of the normalized matrix was presented as a relative weight.

Table 9.6 Criteria Eigenvectors for AM Matrix

Criteria	Product	Eigenvector
A1	2.311	7.363
A2	1.035	7.347
A3	1.126	7.276
A4	0.875	7.305
A5	0.729	7.147
A6	0.690	7.193
A7	0.525	7.215

Table 9.6 shows the product of the AM matrix multiplied by the relative weight vector of the same matrix, according to which the eigenvectors of the matrix are also calculated.

Similarly, the maximum lambda value is the mean of the eigenvector value of the performance evaluation criteria for the AM matrix, which is equal to 7.264. Given that RI (M) for N = 7 is equal to 1.2824 and based on the calculation relationship of CI, the value of the incompatibility rate is calculated as follows:

$$CI = \frac{7.264 - 7}{6} = 0.044$$

$$CRM = \frac{0.044}{1.2824} = 0.0343$$

Table 9.7 Paired Comparison Matrix AG

Criteria	A1	A2	A3	A4	A5	A6	A7
A1	1	1.50	1.50	3.75	1.50	4	3.75
A2	0.667	1	1	1.45	1	1.25	1.25
A3	0.667	1	1	1.25	1.50	1.25	1.50
A4	0.267	0.693	0.80	1	1.95	1.25	1.25
A5	0.667	1	0.667	0.587	1	1	1.20
A6	0.250	0.80	0.80	0.80	1	1	1.50
A7	0.267	0.80	0.667	0.80	0.84	0.667	1
Column Sum	3.784	6.793	6.433	9.637	8.790	10.417	11.450

Table 9.7 shows the average of experts' preferences fuzzy numbers lower bound in AG matrix form for investigated criteria.

Table 9.8 Normalized AG Pair Comparisons Matrix

Criteria	A1	A2	A3	A4	A5	A6	A7	Relative weight
A1	0.264	0.221	0.233	0.389	0.171	0.384	0.328	0.284
A2	0.176	0.147	0.155	0.150	0.114	0.120	0.109	0.139
A3	0.176	0.147	0.155	0.130	0.171	0.120	0.131	0.147
A4	0.071	0.102	0.124	0.104	0.222	0.120	0.109	0.122
A5	0.176	0.147	0.104	0.061	0.114	0.096	0.105	0.115
A6	0.066	0.118	0.124	0.083	0.114	0.096	0.131	0.105
A7	0.070	0.118	0.104	0.083	0.096	0.064	0.087	0.089

Table 9.8 shows the normalized AG matrix and the relative weight calculation for each criterion. To normalize, in each column, the value is divided by the sum of the values in that column. Also, the average of each row of the normalized matrix was presented as a relative weight.

Table 9.9 Criteria Eigenvectors for AG Matrix

Criteria	Product	Eigenvector
A1	2.093	7.364
A2	1.008	7.260
A3	1.064	7.227
A4	0.877	7.207
A5	0.824	7.185
A6	0.750	7.170
A7	0.637	7.174

Table 9.9 shows the product of the AG matrix multiplied by the relative weight vector of the same matrix, according to which the eigenvectors of the matrix are also calculated.

Similarly, the maximum lambda value is the mean of the eigenvector value of the performance evaluation criteria for the AG matrix, which is equal to 7.227. Given that RI (G) for N = 7 is equal to 0.409 and based on the calculation relationship of CI, the value of the incompatibility rate is calculated as follows:

$$CI = \frac{7.227 - 7}{6} = 0.0378$$

$$CRG = \frac{0.0378}{0.409} = 0.0925$$

As observed, the incompatibility rate for the criteria for evaluating creative handicrafts companies in Iran for both matrices is less than 0.1 and the pairwise comparisons between the criteria are consistent.

Results of Performing Fuzzy AHP method

In the following, the criteria for evaluating creative handicrafts companies are ranked based on the explanations of the previous chapter. In this regard, after collecting the data, which are the numbers from 1 to 9, the verbal values using the equivalent values in Table 8.3 of methodology chapter (chapter 8) are converted into fuzzy-like numbers and the average fuzzy values of the tables collected are calculated using the rules of fuzzy numbers.

The results of the fuzzy AHP method ranking are shown below. After preparing the decision matrix, the value of Si for each row is calculated using the equations No. 44 and 47 of the previous chapter.

For example for the first row we have:

$$\sum_{j=1}^m M_i^j = (2.94,4.16,5.65) + (2.76,4.39,5.89) + (3.36,4.91,6.17)$$

$$+ (2.93,4.32,5.68) + (2.57,4.05,5.23) + (2.52,3.69,5.23)$$

$$+ (0.99,1.03,1.05) = (2.71,4.03,5.31) = (0.06,0.128,0.3)$$

$$\sum_{i=1}^n \sum_{j=1}^m M_i^j = (17.7, 31.484, 45.166)$$

$$s_1 = \sum_{j=1}^m M_i^j \times \left[\sum_{i=1}^n \sum_{j=1}^m M_i^j \right]^{-1} = \left(\frac{2.71}{45.166}, \frac{4.03}{31.484}, \frac{5.31}{17.7} \right) = (0.06, 0.128, 0.3)$$

Table 9.10 Si Values for Creative Handicrafts Companies Evaluation Criteria

Criteria	Si value
Labor Productivity	(0.06, 0.128, 0.3)
Capital Productivity	(0.0423, 0.09, 0.208)
Income Growth Rate	(0.0409, 0.1, 0.314)
Net Profit Margin %	(0.0211, 0.0917, 0.38)
Per Capita Sale	(0.0304, 0.1875, 0.233)
Energy Productivity	(0.0346, 0.1944, 0.23)
Total Factors Productivity	(0.021, 0.099, 0.29)

The next step is to calculate the magnitude of Si relative to each other according the equation No. 48 of the previous chapter.

As an example, in comparison between labor productivity and capital productivity, it is being performed as below:

$$V(M_2 > M_1) = hgr(M_1 \cap M_2) = \begin{cases} 1 & \text{if } m_2 \geq m_1 \\ 0 & \text{if } l_1 \geq u_2 \\ \frac{l_1 - u_2}{(m_2 - u_2) - (m_1 - l_1)} & \text{otherwise} \end{cases} = \frac{0.06 - 0.208}{0.09 - 0.208 - 0.128 + 0.06} = -\frac{0.148}{-0.186} = 0.796$$

In comparison between labor productivity and income growth rate, it is being done as below:

$$V(M_2 > M_1) = hgr(M_1 \cap M_2) = \begin{cases} 1 & \text{if } m_2 \geq m_1 \\ 0 & \text{if } l_1 \geq u_2 \\ \frac{l_1 - u_2}{(m_2 - u_2) - (m_1 - l_1)} & \text{otherwise} \end{cases} = \frac{0.06 - 0.314}{0.1 - 0.314 - 0.128 + 0.06} = -\frac{0.254}{-0.282} = 0.901$$

Table 9.11 Si Magnitude Degree Calculation Results for Iranian Creative Handicrafts Evaluation Criteria

Evaluation Criteria	A1	A2	A3	A4	A5	A6	A7
A1	-	0.796	0.901	0.899	1	1	0.888
A2	0.797	-	0.944	0.991	1	1	1
A3	0.902	1	-	1	1	1	1
A4	0.899	1	0.976	-	1	-	1
A5	0.921	1	1	1	-	-	1
A6	1	1	0.865	0.908	1	-	1
A7	0.887	0.966	0.837	1	0.937	0.954	-

After calculating the magnitude of the Si relative to each other, the final weight of the indices is determined from the minimum values of the comparisons shown in Table 9.12. It should be noted, however, that the minimum values of the comparisons are first normalized and then reported as the final weight.

Table 9.12 Final Weight of Iranian Creative Handicrafts Evaluation Criteria

Criteria	Weight	Rank
Labor Productivity	0.129	1
Capital Productivity	0.093	3
Income Growth Rate	0.114	2
Net Profit Margin %	0.079	7
Per Capita Sale	0.080	6
Energy Productivity	0.090	4
Total Factors Productivity	0.086	5

As it can be seen in Table 9.12, among the criteria for evaluating Iranian creative handicrafts:

- Labor productivity with the weight equal to 0.129 is in the first place,
- Revenue growth rate with the weight equal to 0.114 is in the second place,
- Capital productivity with the weight equal to 0.093 is in the third place,
- Energy productivity with the weight equal to 0.090 is in the fourth place,
- Total factor productivity with the weight equal to 0.086 is the in fifth place,
- Sales per capita with the weight equal to 0.080 is in the sixth place, and

- The percentage of net profit margin weighing 0.079 is in the seventh place.

As shown in Table 9.12:

The highest weight is 0.129 with its one-third equals 0.043.

According to the obtained results:

- The weight of all evaluation factors is greater than 0.043.
- As a result, all of them are selected as factors to evaluate the performance of Iranian creative handicrafts.

Results of Performance Evaluation of Creative Crafts Companies

The data for the considered DMUs are shown in Table 9.13.

In order to solve the multi-stage data envelopment analysis model and evaluate the performance of the surveyed companies, the data envelopment analysis model has been solved by genetic algorithm, which has been coded in MATLAB software environment. For that, first, the model related to the first stage, and then, the model of the second stage have been solved; and finally, the total performance of companies has been evaluated by solving the general model.

Table 9.13 Study Variables Data

DMU	Labor Productivity	Capital Productivity	Income Growth Rate	Net Profit Margin %	Per Capita Sale	Energy Productivity	Total Factors Productivity
Double Node View Carpet Company (Zeeen)	0.67	0.31	0.12	0.49	720000	0.53	0.65
Aryan Art Ideators Company (Gilimo)	0.39	0.47	0.14	0.57	900000	0.74	0.72
Sadid Sepahan Data Analysis Company (GerehCarpet)	0.48	0.66	0.10	0.68	760000	0.82	0.62
Karmania Pateh Sofa Company	0.56	0.39	0.15	0.39	840000	0.62	0.70
1006 Jolfa Hand-Made Aras Carpets Company	0.34	0.74	0.11	0.65	780000	0.79	0.59
6554 Majan Zaranj Sistan Handicrafts Cooperative	0.33	0.52	0.12	0.73	940000	0.82	0.80
Parivar Design and Creativity House of Balouchestan	0.43	0.59	0.10	0.54	770000	0.65	0.69

Setting genetic algorithm parameters

MINITAB software has been used to adjust the parameters of the genetic algorithm. The parameters of society size, number of iterations of the algorithm, mutation rate and crossover rate are among these parameters.

To set the parameters of the algorithm, the values of each of these parameters are examined at three levels, shown in the following Table 9.14.

Table 9.14 Algorithm Parameters Levels

Society Size	Crossover Rate	Mutation Rate	Algorithm Iteration No
70	0.75	0.006	150
150	0.85	0.009	300
200	0.95	0.01	500

To perform the analysis, the gap criterion between the values of the current objective functions and the best value is designed, which is shown below:

$$GAP = \left(\frac{alg_{sol} - Best_{sol}}{Best_{sol}} \right) \times 100 \quad (1 - 9)$$

Alg_{sol} : the value of each obtained target function for parameters combination

$Best_{sol}$: the best value of obtained target function value among all combinations values.

Indeed, this model has been conducted for all above-mentioned combinations and GAP criterion has been calculated and finally related chart has been drawn. Taguchi L9 experiments design method has been used for regulating the parameter. The Orthogonal arrays have been shown for solving this algorithm as below:

Table 9.15 Orthogonal Arrays for Regulating Genetic Algorithm Parameters

Experiment No	Society Size	Crossover Rate	Mutation Rate	Algorithm Iteration No	RPD Value
1	70	0.75	0.006	150	0.5032
2	70	0.85	0.009	300	0.1259
3	70	0.95	0.01	500	0.7419
4	150	0.75	0.009	500	0.6635
5	150	0.85	0.01	150	0.4917
6	150	0.95	0.006	300	0.0045
7	200	0.75	0.01	300	0.7124
8	200	0.85	0.006	500	0.7280
9	200	0.95	0.009	150	0.6521

MINITAB software results, have been shown in the following charts:

Chart 9.1 Signal / Noise Chart

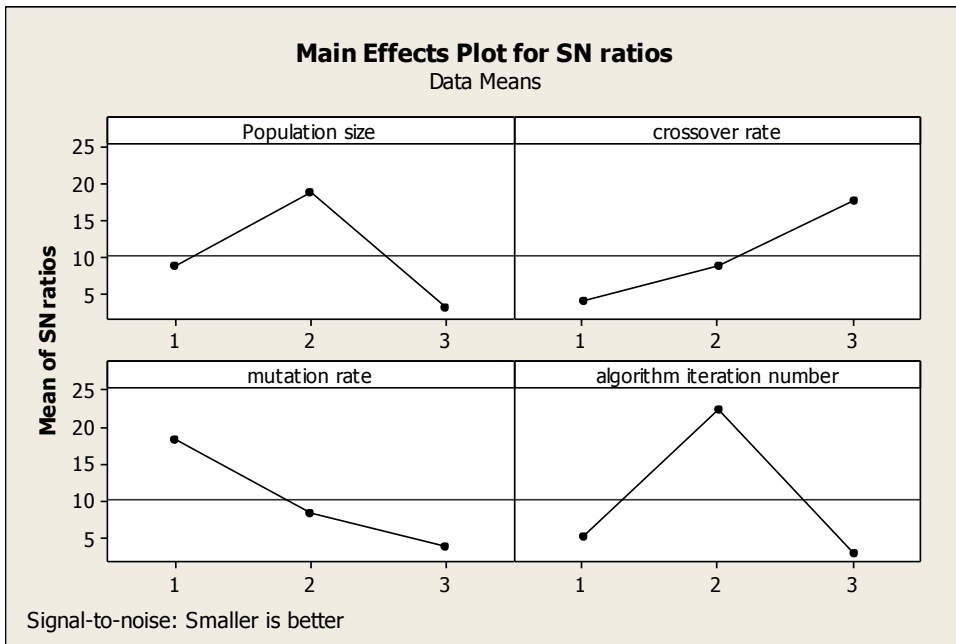
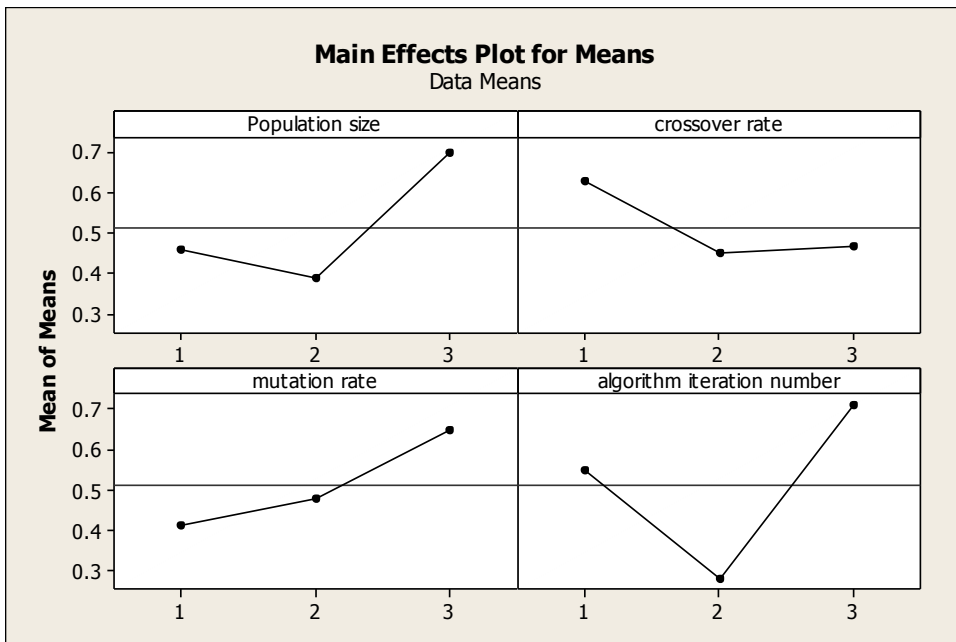


Chart 9.2 Effects Mean Chart



The two diagrams above (Charts 9.1 and 9.2) show the Taguchi analysis for parameter adjustment. As shown in Chart 9.1, level 3 for the mutation rate, level 1 for the crossover rate, Level 3 for algorithms iteration and population sizes are

more effective. Therefore, the values of 300 for population size, 500 for algorithm iteration, 0.01 for mutation rate and 0.75 for crossover rate have been considered.

Performance Evaluation of Crafts Companies based on First Stage

According to the input and output values of the model, the two-stage data envelopment analysis model has been implemented to evaluate the performance of companies and results are shown in Table 9.16.

Table 9.16 Results of Solving the Model for Performance Evaluation of Crafts Companies based on First Stage

DMU	Name	θ_1^*
1	Double Node View Carpet Company (Zeeen)	0.944
2	Aryan Art Ideators Company (Gilimo)	1
3	Sadid Sepahan Data Analysis Company (GerehCarpet)	1
4	Karmania Pateh Sofa Company	0.921
5	1006 Jolfa Hand-Made Aras Carpets Company	0.897
6	6554 Majan Zaranj Sistan Handicrafts Cooperative	1
7	Parivar Design and Creativity House of Balouchestan	0.889

In data envelopment analysis, if the value of θ_o is equal to 1 for a unit under study, that unit is efficient, and if the value of θ_o is less than 1, that unit is inefficient.

As it can be seen in Table 9.16, from the performance point of view, according to the model of the first stage using data envelopment analysis method, the efficient units are as below:

- Aryan Art Ideators Company (Gilimo),
- Sadid Sepahan Data Analysis Company (GerehCarpet), and
- 6554 Majan Zaranj Sistan Handicrafts Cooperative

While, according to this table, the inefficient units are:

- Double Node View Carpet Company (Zeeen),
- Karmania Pateh Sofa Company,
- 1006 Jolfa Hand-Made Aras Carpets Company. And
- Parivar Design and Creativity House of Balouchestan

In this research, after determining the efficient and inefficient units, using the Anderson Peterson method, the efficient units are ranked, the results of which are shown in Table 9.17.

Table 9.17 Results of Anderson Peterson Method for Ranking Efficient Units (First Stage)

Company Name	Efficiency based on Anderson Peterson Method	Rank based on Anderson Peterson Method
Aryan Art Ideators Company (Gilimo)	2.108	2
Sadid Sepahan Data Analysis Company (GerehCarpet)	2.863	1
6554 Majan Zaranj Sistan Handicrafts Cooperative	2.029	3

According to the results of Anderson Peterson method for ranking efficient units, it can be said that:

- Sadid Sepahan Data Analysis Company (GerehCarpet) ranks the first,
- Aryan Art Ideators Company (Gilimo) rank the second, and
- 6554 Majan Zaranj Sistan Handicrafts Cooperative has the third or last rank

Performance Evaluation of Crafts Companies based on Second Stage

According to the input and output values, the two-stage data envelopment analysis model has been implemented to evaluate the performance of the craft companies and the results are shown in Table 9.18.

Table 9.18 Results of Solving the Model for Performance Evaluation of Crafts Companies based on Second Stage

DMU	Name	θ_2^*
1	Double Node View Carpet Company (Zeeen)	0.923
2	Aryan Art Ideators Company (Gilimo)	1
3	Sadid Sepahan Data Analysis Company (GerehCarpet)	1
4	Karmania Pateh Sofa Company	1
5	1006 Jolfa Hand-Made Aras Carpets Company	0.962
6	6554 Majan Zaranj Sistan Handicrafts Cooperative	0.828
7	Parivar Design and Creativity House of Balouchestan	1

As it can be seen in Table 9.18, from the perspective of performance for second stage, using data envelopment analysis method, the efficient units are as below:

- Aryan Art Ideators Company (Gilimo),
- Sadid Sepahan Data Analysis Company (GerehCarpet),
- Karmania Pateh Sofa Company, and
- Parivar Design and Creativity House of Balouchestan

While, according to this table, the inefficient units are:

- Double Node View Carpet Company (Zeeen),
- 1006 Jolfa Hand-Made Aras Carpets Company, and
- 6554 Majan Zaranj Sistan Handicrafts Cooperative

In this study, after determining the efficient and inefficient units, using the Anderson Peterson method, the efficient units are ranked, the results of which are shown in Table 9.19.

Table 1.19 Results of Anderson Peterson Method for Ranking Efficient Units (Second Stage)

Company Name	Efficiency based on Anderson Peterson Method	Rank based on Anderson Peterson Method
Aryan Art Ideators Company (Gilimo)	2.358	2
Sadid Sepahan Data Analysis Company (GerehCarpet)	2.863	1
Karmania Pateh Sofa Company	1.190	4
Parivar Design and Creativity House of Balouchestan	2.012	3

According to the results of Anderson Patterson method for ranking efficient units, it can be said that:

- Sadid Sepahan Data Analysis Company (GerehCarpet) ranks the first,
- Aryan Art Ideators Company (Gilimo) ranks the second,
- Parivar Design and Creativity House of Balouchestan ranks the third, and
- Karmania Pateh Sofa Company is ranked fourth

Result

Evaluation Total Performance

According to the input and output values of the model, the last stage data envelopment analysis model is implemented to evaluate the overall performance of the creative handicraft companies and the results are shown in Table 9.20.

Table 9.20 Results of Solving Total Performance Evaluation Model for 7 Iranian Creative Crafts Companies

DMU	Name	θ_0^*
1	Double Node View Carpet Company (Zeeen)	0.903
2	Aryan Art Ideators Company (Gilimo)	1
3	Sadid Sepahan Data Analysis Company (GerehCarpet)	1
4	Karmania Pateh Sofa Company	0.980
5	1006 Jolfa Hand-Made Aras Carpets Company	0.817
6	6554 Majan Zaranj Sistan Handicrafts Cooperative	0.85
7	Parivar Design and Creativity House of Balouchestan	0.848

As observed in table Table 9.20 in terms of total performance using data envelopment analysis method, the efficient units are as below:

- Aryan Art Ideators Company (Gilimo),
- Sadid Sepahan Data Analysis Company (GerehCarpet),

While, according to this table, the inefficient units are:

- Double Node View Carpet Company (Zeeen),
- Karmania Pateh Sofa Company,
- 1006 Jolfa Hand-Made Aras Carpets Company,
- 6554 Majan Zaranj Sistan Handicrafts Cooperative, and
- Parivar Design and Creativity House of Balouchestan

Table 9.21 shows the comparison between units efficiency for all three models.

Table 9.21 DMUs Efficiency Results

DMU	Name	θ_0^*	θ_1^*	θ_2^*
1	Double Node View Carpet Company (Zeeen)	0.903	0.944	0.923
2	Aryan Art Ideators Company (Gilimo)	1	1	1
3	Sadid Sepahan Data Analysis Company (GerehCarpet)	1	1	1
4	Karmania Pateh Sofa Company	0.980	0.921	1
5	1006 Jolfa Hand-Made Aras Carpets Company	0.817	0.897	0.962
6	6554 Majan Zaranj Sistan Handicrafts Cooperative	0.85	1	0.828
7	Parivar Design and Creativity House of Balouchestan	0.848	0.889	1

According to Table 9.21, we can say:

- ❖ From the point of view of total efficiency, a unit will be an efficient unit if there is an efficient relationship between the first stage and the second stage, which can be clearly seen in the following creative handicrafts companies:
 - Aryan Art Ideators Company (Gilimo), and
 - Sadid Sepahan Data Analysis Company (GerehCarpet)

- ❖ On the other hand, there is no reason that when the unit is efficient separately at the first or second stage, their combination is also efficient. This can be seen in the following cases:
 - Karmania Pateh Sofa Company,
 - 6554 Majan Zaranj Sistan Handicrafts Cooperative, and
 - Parivar Design and Creativity House of Balouchestan

- ❖ If the efficiency of each of the partial component chains $\theta_{1,2}^*$ is less than 1, the unit is undoubtedly inefficient, which can be seen in following companies:
 - Double Node View Carpet Company (Zeeen), and
 - 1006 Jolfa Hand-Made Aras Carpets Company

In Sum:

In this chapter of the research, the collected data are analyzed. The results of solving the multi-stage data envelopment analysis model were shown. In terms of total performance, there are 2 efficient units out of 7 (29%). the two efficient companies are:

- Aryan Art Ideators Company (Gilimo), and
- Sadid Sepahan Data Analysis Company (GerehCarpet)

And other 5 handicrafts companies under review are inefficient (71%).

Also, among the efficient units, according to Anderson Peterson results:

- Sadid Sepahan Data Analysis Company (GerehCarpet), ranks the first, and
- Aryan Art Ideators Company (Gilimo) ranks the second

In addition, based on the amount of total efficiency among inefficient creative handicrafts companies, it can be said:

- Karmania Pateh Sofa Company has the highest efficiency, and
- 1006 Jolfa Hand-Made Aras Carpets Company has the lowest efficiency

And:

In terms of performance according to the following indicators:

- ✓ Labor productivity
- ✓ Capital productivity
- ✓ Sales per capita
- ✓ Energy productivity

Using data envelopment analysis method, the following companies are efficient:

- Aryan Art Ideators Company (Gilimo),
- Sadid Sepahan Data Analysis Company (GerehCarpet), and
- 6554 Majan Zaranj Sistan Handicrafts Cooperative

And among them, Sadid Sepahan Data Analysis Company (GerehCarpet) has a higher economic efficiency.

In terms of performance according to the following indicators:

- ✓ Sales per capita
- ✓ Energy productivity
- ✓ Revenue growth rate
- ✓ Percentage of net profit margin

Using data envelopment analysis method, the following companies are efficient:

- Sadid Sepahan Data Analysis Company (GerehCarpet),
- Karmania Pateh Sofa Company, and
- Parivar Design and Creativity House of Balouchestan

And among them, Sadid Sepahan Data Analysis Company (GerehCarpet) has a higher economic efficiency.

CHAPTER 10 – CONCLUSION

Creativity is one of the pillars of progress and dominant value of the future and as long as this pillar is considered in any field, it will cause its dynamism. The issue of industry is no exception to this rule, and in principle, the industry without creativity cannot be considered a sustainable industry.

Each industrial wave and era impresses its own stamp on all areas. As in the second industrial wave, nuclear families, industrial cities, and the industrial workforce (worker / factory owner) emerged and replaced expansive families, landowners and peasants of the first industrial age; and as in the third wave, the trade and competition market were globalized and the digital global channels and social networks replaced local newspapers and business competition; in the Fourth Industrial Revolution, we will encounter creative cities, creative communities, creative education, creative enterprises, creative businesses and creative workers. They will enjoy great fortune in producing wealth and power. Therefore, we have to go embracing this world in advance. If, in the first wave, the villages, and in the second wave, the industrial complexes and company towns, and in the third wave, innovative areas such as Silicon Valley were the engine of progress and the accumulation and production of wealth and power, in the future world, the creativity and creative industries are becoming the beating heart of the country's economy.

Some scholars and futurists have considered creativity as the source of economic wealth in the future economy. They claim power and wealth in the future of the world will be achieved from creative industries more than everything. Sohail Inayatullah, the renowned futurology researcher, speaks of an age of spirituality for the age we have already entered, but what he means by spiritually is to come closer to creativity (Malekifar and Peyvasteh, 2018).

We need to have the creative clusters and cities with particular brands such as art cities. Each city must be renowned for a kind of creativity in order to create values. Cities need to have identity so that a name can be termed based on its identity in line with the development landscape of the city, and the appropriate policies and planning need to be made for branding the city, and the aura of city's

identity, creativity, and global uniqueness for its reputation. But there are prerequisites required for the re-creation of creative cities and, as a result, making the nation-wide economy creative. There are institutions and laws that become the creativity context, and creative people who produce creative knowledge. These creative activities need to be brought into the industrial and commercial contexts. Creative industries are industries that are based on the generation and dissemination of knowledge and information. The roots of this concept go back to the cultural industries that emerged over time and with the information and communication technology revolution today, in the form of industries such as cinema, software, music, animation, computer games and so on.

In 2013, the sector had a turnover of \$ 2,250 billion. Now this number has reached 6 times more. There are currently about 30 million jobs created through creative businesses around the world; This means that one percent of the world's population is working in this field. Also, 3% of GDP is specific to this area. Middle Eastern countries have earned 86.4 billion dollars in this area in 2016, which is expected to reach 140 billion dollars in 2026 (Donya-e-Eqtasad, 2020).

According to experts, cultural industries are in many aspects the tip of the arrow of growth and development in the 21st century, and according to global estimations, creative industries are the key to the growth of the digital economy.

There is, of course, no global consensus on the relationship between the cultural industries and the creative industries. Some consider the cultural industries the same as creative industries, and some define the creative industries broader than the cultural industries. However, the close relationship between the cultural industries and the creative industries allows us to call the fourth wave also the era of creativity and creative industries.

The concept of cultural economy is one of the newest concepts in the field of economics and culture and it means that countries can stimulate, support and strengthen the growth of the country's economy by using their creative talents, heritage and cultural assets, and ultimately cause welfare and prosperity in the society.

Recently, many economists have realistically identified cultural components, including the creative cultural industries, as variables that drive the growth of

economic activity, in a way that the focus on such components and cultural factors are more than other factors in digital and modern economies.

In short, creative industries are those that can use creativity, skill and individual talent as an advantage and potential talent in creating wealth and jobs through the production and exploitation of intellectual property.

In recent years, the creative industries have been recognized as a growing and important group in industries that have been considered in policy-making processes. Cultural and creative industries have a significant share in the economy and also have powerful social, cultural and political impacts on societies. Today, these industries are increasingly on the policy agenda in developed and developing countries.

The economic value of creative industries goes beyond the obvious production of cultural goods or the employment of creative people and can be expanded as a stimulus and facilitator of the process of change in the economy as a whole.

Creative industries have their roots in the 1990s and were first used nationally by the UK government. The arts, which were partly supported by governments, tended to be seen as a key element in economic activity. Proponents of the creative industry idea argued that the totality of economic activity resulting from creativity and culture, including business forms, required an understanding of the real share.

It was planned to revive the so-called Great Britain's nineteenth-century hegemony in the third millennium. British economists, after extensive research in the 1990s to reach this goal, concluded that England had to become the hub of Europe continent's creative industries. Creative Industries – especially cultural industries – are hegemony formation industries.

According to innovation and creativity researchers, the necessary basis for implementing a resilient economy and the dynamism of industrial companies to acquire technical knowledge and technology is sustainable production. User-generated innovation is perhaps the most important change in the innovation process since the Industrial Revolution and is becoming a very powerful and rapidly growing approach.

This approach has more advantages than manufacturer-centric innovation (which has been the focus of business for hundreds of years). When users can innovate for themselves, they can develop exactly what they want (rather than relying on manufacturers who are often flawed). Users are an important source of creative ideas for new products and services.

Cultural industries are an infinite source of human creativity to achieve growth and prosperity in industry, and technology plays a significant role in promoting, localizing and expanding cultural industries in the countries. Cultural industries are the major part and, according to some approaches, the heart of creative industries. That is why in many cases in the literature review of creative industries, creative industries are always being accompanied with cultural industries and mentioned as cultural creative industries or cultural and creative industries.

A look at the effects of other countries' attention to these concepts and understanding of their consequences make us reflect that they have led to profound changes in the thinking and attitudes of macro-cultural and economic policymakers.

According to experts, "creative industries" have become important components of knowledge-based economies and, in measurable cases, have an above-average share in the field of growth and job creation. The creative and cultural industries are dynamic and rapidly growing industries that have grown in terms of job creation during the economic crisis and are among the group of the largest areas of youth employment in Europe. Its youth employment rate is higher than in other parts of the economy.

According to related publications, the cultural and creative industries in 2014, with a turnover of around € 500 billion, accounted for about four percent of Europe's GDP and more than seven million Europeans, directly or indirectly, are engaged in cultural and creative employment, which is 3.3% of the active population of the European Union. This sector is the third largest sector in terms of employment, after construction activities and food and restaurant services. On the other hand, in terms of flexibility and employment for young people, between 2008 and 2011, the creative industries were more flexible during the recession,

compared to the EU economy as a whole, and employed a higher percentage of young people than other sectors of the economy.

Although the importance of these industries for generating wealth cannot be ignored, it must be said that the most important aspect of creative industries is because of other effects they have on the based society. The creative industries are also the means of transmitting cultural identity, which play a remarkable role in promoting cultural diversity. That is why, over the past decade, a number of countries around the world have realized the importance of creative industries and have begun to develop policies to promote them. The United Kingdom, for example, has identified creative industries policies to lead the way, South Korea has launched a Korean wave by choosing cultural slogans and cultural products, and Australia has made cultural and creative industries the driving force behind its development. European competitors, such as China, have also invested heavily in creative industries, and the United States has been doing so for decades.

Creative industries were officially born in the UK, in 1997 during Tony Blair government. This paradigm was evolved in the UK and this evolution inspired other nations globally. First, developed European countries and also Australia as leaders in this field, started to adopt this new mindset as new source of their economic wealth. France, another country in Europe with its long history in development of cultural policies, as well as Italy the European country with huge cultural assets and heritages along with other European nations started to reflect on these industries and their development. Other countries in the world realized the importance of these industries afterwards, and creative industries emerged as a new concept for economic development of the nations. Some of these nations adopted the original framework, inspired by the UK model. Others took their own strategy for development of creative industries. Reviewing the literature of the creative industries worldwide, the story about these industries, their existence, birth, evolution and policies in Iran is not found; albeit, this is a very new concept in Iran, which has been officially established in 2018. This dissertation makes an attempt to fill this gap by telling the story of the establishment of creative industries ecosystem of Iran, with the focus on the cultural part. Then, there has

been a reflection on crafts industry of Iran as one of the most significant sectors of creative industries, which, however, has not been noticed as expected!

Most countries of the world, considering their cultural capacities and level of knowledge, have contemplated on special topics for the realization of the creative industries.

In our country, Iran, although there is a huge potential for the growth of Iranian creative industries, this issue has not been addressed, as it should have been. Sajjadi Nayeri declares, “according to Ernst & Young Global Review 2015, the turnover of the creative industries in 2013 has been accounted for \$ 2,250 billion. Based on the turnover growth curve of these industries, this number should have reached about 10 thousands billion dollars in recent years. Given that Iran's population is about one hundredth of the world's population, the turnover of these industries in Iran is expected to be around \$ 100 billion. And considering that Iran is a country with a great cultural and historical background, having diversity in cultural manifestations such as diverse music, special architecture, rich literature, relatively strong cinema, owning around 70% diversity of world handicrafts etc., and in short, having a core competency in this field, our share should be even more. Whereas, at present, the turnover of these industries in Iran does not even reach one billion dollar. That is because the necessary and sufficient attention has not been paid to this area. If we were alert to the field of creative industries and could activate our share, we would be able to acquire 5 times more the revenue of oil sales (under sanctions conditions) only from the creative industries alone.”

He believes that "the biggest problem in this area is that decisions are made in departed islands way. One section is under the supervision of the Ministry of Culture and Islamic Guidance; Part of it is under the supervision of the Ministry of Cultural Heritage, Tourism and Handicrafts, part is under the supervision of the Ministry of Industry, Mine and Trade, and part of it is decided by the Vice President for Science and Technology” (Donya-e-Eqtasad, 2020).

However, in recent years, due to the entry of knowledge-based companies into the field of production and the formation of some private companies, scattered activities have been carried out in these fields, which are expected to lead in the long run to create the necessary conditions for the development of creative

industries in Iran. Very recently, though, a dynamic movement has emerged by some organizations, centralized on these industries and their importance on the economic wealth of the country.

Also, the exponential growth of startup businesses has paved the way for the development of Iranian creative industries. Creating start-ups in the field of production and supply of handicrafts and art products is one of the achievements in this field, but the volume of activities is not yet very significant.

Creative industries in Iran, although very recent in terms of its recognition, policies, laws and regulations associated to them, have been increasing so dynamically to present date. We can say that during the last two years, many creative clusters, centers and hubs inside the country have been established, and lots of creative activities are being informed, and they can be registered as creative businesses within the committee, which is officially dealing with creative industries.

According to the classification of creative industries in Iran and the statistics related to them, the biggest share is associated to digital business and cyberspace sector, which contributes almost 50% to the whole creative industries activities. The second sector with the large difference, is the sector of games, toys and entertainment with the share of almost 14%; and learning, printing and publishing has the lowest share, which is almost 2% of the whole creative activities.

Tehran, the capital, has continued to remain Iran's center for creative industries. 84% of the total creative activities are being performed in Tehran. Next city with the largest share in creative activities and big difference with Tehran is Isfahan with 6% of total creative activities.

Creative industries ecosystem is becoming such energetic in the city of Tehran; one can see the potential in this city to become "creative Tehran" and "Cool Tehran".

The country's transition from a Single-Product Economy to a knowledge-based economy is one of the needs of today's scientific and technological community and the country's economic circles. The development and establishment of knowledge-based companies will fundamentally change the country's economic system towards an economy based on knowledge, innovation, technology, and

science. Industries such as tourism, museums, hotels, computer games, media, etc. are all considered in the discussion of creative and innovative industries and can have high employment potential. All these transformations are being happening by means of another transition, which is trying to shift from purely “STEM”¹ approach into “HASS”² perspective in the education system and job market of Iran.

The diversity of Iranian ethnic groups and the cultural and artistic background of Iranians are two things that can help the growth of creative industries, in Iran before any other issues. On the one hand, Iranian ethnic groups such as Turkmen, Kurds, Lors, Baluchs etc. each have their own culture that this culture can be studied and commercialized as the origin of the production of creative industrial products.

On the other hand, Iranians have always been known by the people of the world as people of culture and art; Examples and evidences of this proposition can be clearly seen in the historical relics of previous periods in the form of architecture, handicrafts, decorative accessories, and so on.

Despite, Iranian crafts are one of the outstanding cultural assets and sectors of the creative industries in Iran; the notable macro-policies and appropriate strategies sadly haven't been made for this sector, so far.

Regarding carpet industry, for instance, in spite of the long history of our country in this amazing art – industry, the lack of use of appropriate technology in design, color, size and dimensions, type, yarn, etc. and the lack of attention to customer taste have caused a short life in this industry to obtain a leading role in the international market; and our country with a low competition rank in its record.

In addition to handicrafts, Iranian architecture also has a high status in the world that can be considered and applied in a new level in accordance with modern standards. After these two areas, advertising can also be considered as a creative Iranian industry with relatively significant activities carried out by private advertising companies. The annual revenues from advertising companies in total, is about 3000 billion Tomans (30,000 billion IRR). Although this figure is not

¹ STEM: Science, Technology, Engineering and Mathematics

² HASS: Human, Arts and Social Sciences

very significant compared to foreign countries, but indicates the capacity that exists in this area.

In this dissertation, Iranian creative industries have been reviewed and evaluated in details. First, the concept of creative industries in the world, its inception and its evolution conceptually and in practice were analyzed. And then, the translation of this concept into Iranian context and the economic impact of these industries on Iran economy were argued. Iranian Handicraft as one of creative industries sectors was selected because of my personal interests, and my concern about their isolation both nationally and globally. 7 companies, which are active in this sector in Iran and have been officially registered as creative companies by the committee for creative industries in Iran, have been studied, their performance has been evaluated, and effective factors on the evaluation of creative industries were determined. In order to evaluate Iranian handicrafts as a branch of creative industries based on the determined factors, multi-stage data envelopment analysis method has been applied for analyzing the collected data. This chapter summarizes the result and concludes the whole argument.

Handicrafts in Iran have been considered in the classification of the creative industries. In the category of Iran creative industries, in terms of their share to total creative activities of the country, this sector is standing at the 4th position with the contribution of almost 9%. Crafts industry is, indeed, one of the most crucial areas of these industries, considering the history and diversity of these artifacts. In total, 370 fields have been registered in Iran's handicrafts industry. However, they have not been taken in to consideration as befits them, both domestically and for international presentation. Only 400,000 people are currently working in this sector. In terms of employment discussions, this number, given Iran employment to population ratio, which has been at level of 39.6 % in 2019, aged 15 years and above, is not a promising number.

Iranian handicrafts are one of the most significant arts and have deep roots in the culture and history of this land. Iranian handicrafts have a wide range in terms of diversity and are in a top position among countries in the world, one of the three

alongside China and India. Notwithstanding, unfortunately, its export is ranked 30th in the world.

Iran carries ancient handicrafts. The breadth of these branches can be divided into several sub-branches that show the diversity and growth of the level of traditional arts and its roots in the rich history of Iran. Thus, getting to know the correct knowledge of handicrafts of Iran and understanding its position, as well as evaluating the evolution of these industries from the past to the present, is a vital duty in maintaining and continuing the development of this art and industry.

The overall results of the evaluation of the economic performance of Iran's crafts showed:

Among the criteria for economic evaluating Iranian creative handicrafts performance, which are as following:

- Labor productivity is in the first place,
- Income growth rate is in the second place,
- Capital productivity is in the third place,
- Energy productivity is in the fourth place,
- Total factor productivity is in the fifth place,
- Sales per capita is in the sixth place, and
- Percentage of net profit margin is in the seventh place.

The most important factor is labor productivity.

And, among 7 creative companies, which are active in crafts sector, only 2 of them are efficient according to the above-mentioned indicators.

This sector with industry point of view with huge potential economic impact and contribution into Iran economy has not been expanded well both internally and at the global level in terms of exporting issues.

A) At the domestic level, we can consider following discussions:

Economic and Social Dimensions of Iranian handicrafts

Experts believe that the three main factors in the emergence, continuation of production and prosperity of Iranian handicrafts have long played a role, which are:

1- The existence of an economy based on agriculture and animal husbandry, which, while making plant and animal raw materials available for the production

of various types of handicrafts, also causes engaging in some activities and leisure during seasonal unemployment, which in general, can provide suitable grounds for production and employment in the field of craft.

2- Diversity of climatic conditions; and the existence of various customs and traditions in different regions in Iran, that can be effective in creating a variety of handicrafts with interesting and varied drawings and designs

3- Intrinsic interest of Iranians in art, especially, in indigenous and traditional arts, which can be either a ground for production or an effective factor for the demand to buy works

In addition to the above reasons, the interest of Iranian girls and women artists in home, domestic and ancillary activities along with daily or main work can be seen. Besides, the fact that from the distant past to the present, Iranian handicraft products having both consumption and practical aspects, and beauty and decoration, has been also considered as one of the reasons for the development and prosperity of handicrafts in Iran.

Iranian handicrafts and employment

Undoubtedly, one of the important reasons in justifying the positive aspects of promoting handicrafts industry is related to its effects in combating various forms of unemployment. Unemployment is one of the complex problems of developing countries, which is born of rapid population growth. Among the most common types of unemployment in developing countries is “hidden unemployment”, especially in those countries where the structure of agricultural and rural society still remains traditional.

Hidden unemployment is seen in jobs such as car washes, street florists, cigarette sellers, and even redundant labor in agriculture. Therefore, it is necessary to provide employment opportunities for this seemingly employed but really unemployed force. Otherwise, the false service sector will expand tremendously, or with the advent of agricultural machinery, hidden unemployment will become quite obvious unemployment, which will cause the labor force to migrate if it is not possible to employ people in rural areas. And, irregular migration to cities will spontaneously - as we are witnessing now in our country, Iran - create many

problems and aggravate the existing problems in the field of health, education, housing, etc.

Fortunately, today, with more possibilities than before, which exist in the field of domestic sales and export of handicrafts to foreign countries, it is possible to create jobs, income for this redundant force in the agricultural sector and prevent their excessive migration to cities. Even if the agricultural sector does not have redundant manpower, again due to the salient feature of the activity, which is seasonal, the farmer is unemployed and unproductive for a period of the year (about four to six months), which has increased with the mechanization of agriculture, sometimes it takes up to eight months. It is certain that the months of unemployment for farmers and their families should be considered, because otherwise due to their unemployment, on the one hand, and insufficient income from agriculture to manage a large rural family, on the other hand, the villagers will have no choice but to migrate to the cities.

Today, experience has shown that creating welfare facilities such as water, electricity, roads and some educational and health facilities alone is not enough to keep the population in the villages, but an important factor is creating employment and income for the months of unemployment and leisure of villagers.

Handicrafts with their special capabilities and characteristics such as no need for much investment and the possibility of creating and developing it in rural areas, especially inside the rural areas can play such an important role in a desirable way. As nowadays, in many villages, farmers and their families have achieved significant side income by engaging in handicrafts and producing products such as carpets, various types of rugs, hand-woven fabrics, pottery, mats, etc. And this has been an important factor in preventing them from migrating to cities. In addition, in some areas (such as desert areas) due to lack of agricultural facilities or new industrial activities, homemade and handicraft industries can be the most important source of work and employment.

Iranian handicrafts and per capita Income

Today, the effort to increase per capita income is endlessly competitive among different countries of the world. It seems that if third world countries can even

maintain the current gap between them and the advanced industrialized countries, in their programs they have been successful. Hence, there is no doubt that any factor that helps increase the per capita income of developing countries is important.

Handicraft industry due to their advantages such as "job-seeking", "simplicity of technique" and "no need for extensive technical training" and its extraordinary impact on "increasing the level of employment" etc., it has development and progress more than any other economic activities; in particular, in rural and nomadic areas, handicrafts can be considered as the second source of income, and in some parts of the country even as the most important factor of work and income.

Fortunately, in recent decades, with the development of communication routes and transportation network, the possibility of villagers' access to urban markets has become much more than before, and with the lowest cost and in the shortest time, handicraft artifacts can be offered to urban applicants.

Iranian Handicrafts and GDP

Since handicraft production relies heavily on domestic resources, typically more than 90 percent of the value of data in this field, which mainly includes labor, raw materials, and tools, can be domestically provided, and any increase in the production and sale of handicrafts has a direct effect on the increase in GDP. Therefore, today in some developing countries - the main owners of handicrafts - instead of exporting raw materials such as cotton, wool, hemp, leather, wood, silk, etc., try to turn such materials into handicrafts in which they are proficient and experienced in manufacturing and export their products, which have tremendous added value, to developed countries.

Unfortunately, due to the lack of accurate statistics and information on the annual production of handicraft products in developing countries, which is largely due to the importance of self-consumption of these products in rural and nomadic areas and its lack of supply in market, determining the real share of industry in the total GDP of different countries of the world is not possible. However, some estimates can be made in this regard. Handicrafts have a share of fourteen percent in India's

national income, and many developing countries have mentioned the share of handicrafts in the national income between eight and sixteen percent. Unfortunately, according to the latest estimates, the share of handicrafts in Iran's national income is about five percent. This figure is insignificant compared to some countries and also based on the background and potential possibilities of this "art-industry".

Among the problems and shortcomings in this area, at the domestic level, can be mentioned the followings:

- Since hand working plays a major role in handicrafts, making the mass production is a problem in this area.
- Mismatch of similar samples of a product with the original product due to its handmade
- The inability for the villagers to sell their products. These people do not have easy access to the city and, in fact, they did not have access to the main market and exhibitions to sell their products.
- Reduced access to natural raw materials and a shortage of producers are also among the problems of villagers' handicrafts.
- Handicraft packaging in Iran is poor and for reasons such as economy of scale, difference in dimensions, etc., packaging planning and production is difficult.
- Drought trends in the country in most areas have affected the use of natural resources in handicrafts. For example, in case of mat weaving, which requires natural resources, it has created problems for the makers of these products. In southern provinces such as Sistan and Baluchestan and Hormozgan, which used to have suitable and high quality soil veins, pottery has declined with the decrease of soil quality and the completion of soil veins.
- One of the main problems for villagers and nomads is that due to their low financial wealth and declining sales, no one is willing to learn. This reduces the number of producers and the ranking of Iranian handicrafts in the world.
- Given the existing economic inflation, there is no commercial justification for any of the producers to produce products that risk not being sold, and even if the product stays in the hands of the producer and sells for more than a month, she / he will not make a profit.

Currently, there has been less ignorance related to this industry. Some dynamism and attentions are being observed associated to these activities. Recently, a fashionable trend has become so common, a merge of modern design on traditional handicrafts. They are practical, elegant, modern and at the same time they have preserved the traditional aspects and represent our identity. They are mostly jewelry artifacts, which are also in accordance with international taste. These types of designs need to be more promoted.

This industry is facing a rapidly changing environment. The key-challenges for these creative industries, in particular for the new digital businesses are: The culture of using digital platforms for buying the products online, which is the main way these crafts companies are selling their products, does not exist in other cities except for a few big cities in the country, and many people still prefer traditional shopping for various reasons; Another problem is the lack of an independent investor for these new businesses related to the creative industries. These problems sometimes cause a large percentage of new businesses to fail shortly after they start; Access to financial sources is still seen as a major problem. The banking sector does not have the expertise to analyze business models in this area and does not give enough value to their intangible assets. And the financial and economic crisis, exactly at the time when investment is needed to adapt, makes it more critical; the lack of necessary inter-sectorial cooperation can also be considered as a challenge in this area; Iranian society is transitioning from a traditional to a modern society and many aspects of technology and communication are still neglected. Therefore, so far there has been no government possibility to strengthen the skills related to these areas for the interested parties

B) Iranian handicrafts and export development:

Among the characteristics of developing countries are the mono-product economy and reliance on one or rarely some limited items of export goods. In addition, most of these countries export raw materials such as oil, gas, cotton, coffee, copper, hemp etc. Unfortunately, the experience gained from international trade has shown that with a slight decrease in the world price of these materials, the payments of the exporting countries of such materials suddenly become

unbalanced and sometimes their economic life is threatened to be destroyed. The bitter experience of a sharp drop in world oil prices a few years ago confirms this. On the other hand, the economic foundation of developing countries is such that they need foreign currency to implement economic and social development programs and even in some cases to meet their minimum needs, which depends on the possibility of exporting their materials and products.

Therefore, the development of exports, including the export of raw materials, semi-finished goods and handicrafts for the creation of foreign exchange earnings is one of the basic conditions for economic development.

In recent years, the export of handicraft products has received special attention not only from third world countries but also from some developed countries. In particular, handicraft territories countries try to promote the growth and development of handicraft exports – which is one of their most important export items – by adopting supportive measures and strengthening policies.

The success of the widespread export of handicrafts is due to the following factors:

1- Lack of similarity and competitive aspect of handmade products with industrial products of developed countries; In this regard, it should be said that developed countries are the demanders and developing countries are the suppliers (unlike industrial goods)

2- Relative low prices of handicraft products due to low wage levels in developing countries

3- High purchasing power and "final desire to consume" of people in developed countries and their interest in buying and using "artistic-practical" objects

4- Observance of some social and political considerations by developed countries, which has led to the determination of quotas and customs exemptions for handicraft products exported of third world countries.

Currently, global annual handicraft trade is about \$ 25 billion. China, the world's largest exporter of handicrafts, exports annually about \$ 7 billion of its handicrafts production to other countries.

The export of Iranian handicrafts in recent years has been about five hundred and fifty million dollars (including the export of handmade carpets). In fact, the

highest export of Iran handicrafts has been in 1994, accounted for 1.7 billion dollars.

Creative businesses are mainly based on the needs of modern human being, and countries that care about the creative economy organize their economies by annually exporting a remarkable amount of creative industry products to other countries.

In the following, we will refer to the most important obstacles to the export of Iranian handicrafts in the international markets:

Obstacles facing exports in handicraft industry are more or less the same as other producers and exporters of non-oil commodities are struggling with, in Iran.

- Lack of proper marketing and poor advertising:

According to experts in this field, the most important factor in the prosperity of handicraft exports is modern marketing. In today's competitive world, it is not possible to introduce a country's handicrafts with the old methods at the international level.

Utilizing new methods in global marketing can play an important role in expanding handicraft exports. Therefore, despite the tough competitors in the international arena of handicrafts, we must use purposeful planning in this field.

- Lack of knowledge of the needs of the global market:

Another influential factor in the global sale of handicrafts is awareness of the needs of the global market. The production of handicrafts in a country must be in line with the practical and up-to-date needs of other societies. In other words, handicraft producers should try to present their products in such a way that they find their place in modern life today.

- Lack of proper packaging:

Most experts in the field of handicrafts believe that one of the main weaknesses of the country in the export of handicrafts is the lack of proper packaging. In today's world, one of the most important factors in attracting customers is the use of attractive packaging. In this regard, Iran can use the experience of successful countries to expand handicraft exports.

- Customs and transportation barriers:

One of the phenomena that is seen in the export of Iranian handicrafts is sort of "luggage export" in this field. Unfortunately, a large part of handicraft products are exported in the form of smuggling. The main reason is customs problems and high tariffs in the destination countries, and, indeed the recent "political sanctions" problems.

In this regard, the authorities should try to turn "luggage exports" into professional exports. For this, it is necessary to provide appropriate training to the people who are engaged in this work. On the other hand, in order for handicraft exports to flourish, administrative and bureaucratic barriers must be removed from exporting handicrafts. Incentive policies can also be considered for the export of the handicrafts.

- Lack of a comprehensive database:

To expand the export of handicrafts, a comprehensive database is required for proper planning in this area. For this purpose, accurate and detailed information should be obtained from the countries that import handicrafts. For example, which handicraft products these countries welcome and at what price, as well as new needs in the global market to be examined.

- Lack of support for handicraft artists:

Many people who are active in the handicrafts sector live in villages and deprived areas of the country. Therefore, investments need to be made to support these products in rural areas. For instance, setting up handicraft workshops in small towns and villages can help boost production. It is also necessary to provide good banking and insurance facilities for handicraft artists.

- And finally, high final production cost, lack of export incentives, and lack of brand strategy are among the main challenges facing Iran's handicrafts exports.

Despite the above-mentioned problems, in recent years, there are some plans to promote handicrafts exports, such as designing the digital platform aimed at exporting Iranian cultural products, including handicrafts. However, the craft industry, first, needs to be developed well at domestic level inside the country; then, that would act as an infrastructure for promoting this industry at the

international markets. Iran handicrafts, with the economic and business approach, have not even domestically evolved well. In some cases, unfortunately, they are even declining. 40 handicrafts disciplines have been identified that are being destroyed in the country. Referring to China's success in handicrafts industry, for example, the third largest country in terms of handicrafts export, China owes its success to mass production, use of young workforce, products tailored to customers' taste and practicality of Chinese products, while in Iran, they don't care much about our customers' preference.

In terms of export, foreign traders and delegations have to be invited to visit our exhibitions. Iranian handicraft merchants and producers, also, as trade delegations need to be sent overseas. Offering tax exemptions, establishing permanent art and craft shops overseas, using handicraft elements in urban structures, extending bank loans for the purchase of handicrafts and involving celebrities for advertising the products to boost the industry, are the matter to be done for the promotion of this industry.

In the current situation where many developed and developing countries consider handicrafts as an economic opportunity, it is necessary to pay special attention to this field in Iran. It is, indeed, a pity that with this civilization and cultural background in the field of handicrafts, this field has not been exploited properly in Iran. Therefore, the idea of launching economic activities in this field to introduce the handicraft products of the villagers and sell them needs to be realized and expanded. At first, many people might feel it is impossible to buy handicrafts without seeing the product they would like directly. However, in the examples of similar Indian and other virtual stores and their successes, and due to the fact that Iran has more variety and number of products compared to India, we can conclude that there would be also achievements in Iran. There should be plans and strategies for rural and nomadic handicrafts to become commercially viable.

Government role is also significant. Basically, the government has a great share in promoting the craft industry. As long as there is dependence on oil, there will be no change in attitudes towards industries such as handicrafts. In this regard, Narges Shayegh, the founder of the Aranick website, a digital store for Iranian handicrafts, says that they are implementing a project called "reducing deprivation

through employment of handicrafts” with collaboration with Vice-Presidency for Science and Technology as the employer, in Sistan and Baluchestan province. The first step of this project is to train manufacturers in changing the quality and improving raw materials, creating innovative ideas in design and helping to transfer knowledge and skills to different generations of people in the region. Governments can help develop workshops by providing subsidies to producers. Sales management should not be expected from the manufacturer. Commercial companies need to be strengthened in this area to eliminate sales concerns for the manufacturer. Strengthening political and economic relations and creating a market for sales and exports to foreign countries can help handicraft producers and sellers have access to global markets.

Education plays a key role. Most producers in this field have traditionally entered this area, and non-academically, over the evolution of the field. Therefore, education can play a significant role in improving the quality of raw materials, design, implementation and change of use and the entry of handicrafts into the text of life.

After all, encouraging mechanisms are being performed in the field. The start up events is being held in the country related to this field. I myself, recently, during my stay in Tehran doing field research on creative industries of Iran, participated, the “5th Hangout Startup”, for instance, an event dealing with the new businesses associated with cultural heritage, tourisms and handicrafts, in Research Institute of Cultural Heritage and Tourism (RICHT). Useful ideas in the field were discussed, and the new business, had already operated their business were presented. In terms of quantity as well as quality, it was promising. The businesses were both for the target of domestics merchandising and global markets. There were modern activities using technological tools for promoting the field, such as “educational entertainment and introductory of Iranian Craftsmanship based on Gamification”.

It can be said that many areas of the Iranian creative industries still remain untouched. For example, the industry of making computer games and animation are among the areas in which our country is strong, has appeared mostly as a consumer.

Also, the Iranian creative industries have not been exposed to any of the media fields such as magazines, cinema, Internet and television, whereas, the income of the developed countries of the world from this field is about 90 billion dollars. In this regard, one of the main reasons for these areas, which suffer anemia, can be considered the lack of related educational infrastructures.

Our country still has a long way to the development of Iranian creative industries. Given the economic sanctions imposed by countries such as the United States and the European Union, as well as the existence of major competitors to the creative industries in the world, commercializing creative industries ideas in Iran with a view to exporting them, may seem unlikely in the medium term. However, this leaps has started a few years ago and is gradually continuing. Recently, with the activation of Vice-Presidency for Science and Technology, STDC³ and CIDI⁴ a new arena has opened up for the creative industries in Iran, and if this movement continues in future governments, we will see desirable achievements in this field after a while.

Dr. Akoshideh, head of growth centers in Guilan province (North Iran) and in charge of setting up the Rasht Innovation Center (City of Rasht is the center of Guilan Province), on his interview about creative industries, says: " ... the discussions of the creative industries and the innovation factory or innovation center may have been somewhat prominent in society at the moment, however these are not the new issues. Indeed, it is a new meaning of the same old activities. Stated differently, it is the modern meaning of the same creativity and a new mindset that leads to a new product or process. Therefore, the word "creative" is not newly created. But as we become more aware of its influences, the Science and Technology Park has moved to promote these concepts in order to legally support the creative industries. For example, some handicrafts or similar activities, if developed, a lot of added value will be gained. We used to say that only technology helps us (or helps us more). Now, however, we have come to the conclusion that beside technology, we can work on many other topics and

³ STDC: Soft Technology Development Council

⁴ CIDI: Creative Industries Development Initiative

products because it creates a change in our environment” (novgaam News, 22 January 2020).

If we would like to expand creative industries and create value chains with the "creative industries" approach, we need different sectors of these industries to grow together.

In practice, the government must be committed to reducing its ownership and popularizing these industries, in practice, not only limited to slogans.

It seems that the role of the government in the development of Iranian creative industries can be considered in two general parts: The first part is those missions that positively lead to the development of creative industries in Iran, the realization of which will lead to the strengthening of creative industries in Iran and the flourishing of related talents; The second part deals with missions that are negative and prevent false creative industries from entering the country. False creative industries are those creative industries that are produced by other countries and are imported into the country despite the presence of necessary capabilities to produce and even export them, in the country.

In our country, many people, who do creative intellectual ability and scientific production, have migrated to other countries. In fact, the institution of science and university space in our country does not valorize that much the creative sciences at present, while the future world is a world of creativity, a world in which many jobs become automated and artificial intelligence take on many jobs without the need for human intervention, and things that are both routine and income-generating are done by robots and artificial intelligence one after another. In such a world, consumers are becoming more and more, and the consumptions become more cultural and artistic, and creative people create the problem solving algorithms in a creative way. If for any reason we can not be successful in this kind of knowledge, we will be the losers of the future world and we will not be able to transform our tangible and intangible assets to the wealth, and eventually the sustainable value, but if we succeed in the production of creative knowledge, we will have the possibility of a rapid movement in the direction of progress.

The fourth industrial era into which we have entered is the age of creativity and the creative industries. In this wave, creativity is the epitome of success and

prosperity. Therefore, education must train creative and effective individual. And this is in contradiction with the machine-oriented method of education that dries the source of creativity in man, and makes him a machine.

The dichotomy mindset of “Culture and business”, “culture and commerce”, “culture and market” and in general, “culture and industry”, and “culture and economy” is still somehow a dominating approach of both economists who normally ignore cultural good and services in mainstream economy; and “culture worrywarts” who follow Frankfurt school and Adorno approach of industrialization of culture as a negative, destroying and instrumentalizing issue for the cultural products. It is our mission to make this paradigm happen both within the economics field and cultural ambiance, that these two notions are not only, not separated, but also, placing human and what is basically associated to him, which is culture in the center of new approach to economics, we see they are even strongly intertwined.

According to Ban Ki-moon, the former UN Secretary-General, a large number of development programs have failed due to lack of consideration of cultural contexts. And development has not always focused enough on "people." To mobilize people, we need to know their culture and welcome it. This means encouraging dialogue and listening to the voices of individuals, and ensuring that culture and human rights open up new avenues for sustainable development.

This is “Creative Industries”: a modern prospective look on traditional cultural features, a merge of culture and industry, a combination of past and future, and an attempt to bring “human” at his proper position.

For that, we need to change our introspective look on cultural assets, use technological tools for promotion the creative industries network.

In Iran, tangible and intangible cultural heritage is a tremendous asset existing there: From the festivals with thousands and thousands years of antiquity, such as Norooz, which marks Iranian New Year on the first day of spring; and Yalda Night, Iranian Northern Hemisphere’s winter solstice festival, both of which have the scientific calculation bases and celebrated in an artistic way; to architecture, crafts and the skills, know-how and technics behind them, literature and poetry,

traditional folklore music of different ethnics, gastronomy etc. This excellent treasure, beside being an expression of the identity for Iranian nation, can be transformed into the sources of wealth for the country, as industries, non-oil industry.

And, at the end, the first key step of all these attempts is, indeed, not to take for granted our cultural treasures. We need to look at ourselves from outside the box and sometimes as strangers in order to be able to first, be aware of these cultural manifestations; second, valorize them; and at the end, consider them as a great economic source.

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