

Tvrdon, Jozef; Belvoncikova, Eva

Conference Paper

Policy for the Support of Creative Economy

52nd Congress of the European Regional Science Association: "Regions in Motion - Breaking the Path", 21-25 August 2012, Bratislava, Slovakia

Provided in Cooperation with:

European Regional Science Association (ERSA)

Suggested Citation: Tvrdon, Jozef; Belvoncikova, Eva (2012) : Policy for the Support of Creative Economy, 52nd Congress of the European Regional Science Association: "Regions in Motion - Breaking the Path", 21-25 August 2012, Bratislava, Slovakia, European Regional Science Association (ERSA), Louvain-la-Neuve

This Version is available at:

<https://hdl.handle.net/10419/120562>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

1. Introduction

In research oriented on a task and position of regional policy for supporting creativity at regional level it is also necessary to deal with some wider aspects, such as regional policy definition, conceptual approaches and as well as its specific forms in regulating of conditions for the creative activities' development in specific regional environment.

One of the research aims is to evaluate ways towards supporting policy oriented on creative industries development. The target is to identify changes in tools used in developed economies and the outcomes confront with the status and possibilities of application of regional policy for supporting the creative economy in Slovakia; on this confrontation to propose changes in the way of applied policy.

In this research we also use domestic and foreign practices in solving similarly oriented projects, as well as from foreign and domestic literature with same topics and objects.

2. Development Tendencies in the Supporting Policy – Evaluation of Theoretical and Practical Approaches

Effectively developing regions create an environment, where economic, social, cultural and political activities intersect each other. Such regions are formed in conditions of competitiveness but also cooperation in existing public structure. This structure creates and forms regulatory surroundings and thus regulates activities of all subjects within the region.

The newest theories on regional development accent an approach that development of a region is derived from development of intraregional development, but is also influenced by various institutes that create environment, influence creation of relations among stakeholders and form rules for communication and various activities (Capello 2007). Institutional milieu and regional conditions influence successful development of a region and have direct impact on its competitiveness.

Shift from the traditional model of “government” based on planning, government interventions and public enterprises towards “governance” is recognised. The problems are more and more solved through stakeholders' interventions at various governmental levels; it goes into multilevel governance that prefers inter-sector communication, coordination activities and agent institutions. Institutional surrounding influencing development of regional economies usually operates at several levels: local, regional, national and multinational.

Several tendencies could be observed in the institutions in regional development. It is conversion of public administration institutions into *decentralised organisations*, entering of private sector and a creation of joint public-private institutions. *Agent organisations together with organisations for SMEs support* obtain specific status and they are called “new model” of regional development agencies by some authors. *Universities* are becoming more important as “knowledge edge” between local and global economy. An important task is played by European structural policy in creation of regional development agencies’ clusters. Above mentioned points at complexity in creation of regulatory framework and also conditions for development of individual bodies in the region. Coordination of measures formed by individual levels of institutional framework could cause a problem.

On the basis of the institutional approach the regional policy could be defined as a policy of all measures of public policy that are formulated with the aim to influence economic performance of one or more regions against other regions through institutionalisation of options and incentives that (positively) discriminate firms on a basis of the spatial criteria. At the heart of this process is the relationship between the policy-making public bodies and the private subjects. The basic rule underlying public policy is that government at various levels can legitimately institute options and incentives in order to influence the behaviour of private entities in accordance with political priorities. The assumptions involved in regional policy could be identified in the case when development in the past/ present is contrasted with the prospects of more desirable future, and causal relations are suggested that will enable policy-makers to take the region in this direction (Halkier 2006).

From the viewpoint of the new ways toward a state and regional aid reform we can identify following shifts in regional policy tools application:

- there is a shift from fiscal aid provision toward the supply of financial stimuli, mainly grants,
- there is a shift from preferential reliefs/ allowances on social security payments for the firms localised in the problem regions because of competition policy pressures,
- there is a reduction in emphasis on direct investment support in favour of measures improving business environment,
- on the other side, a tendency to offer support in competition base (up to specific amount of projecting budget) is raising.

In terms of innovation policy tools, one can observe their orientation on SMEs' support (1970s), on support of innovation diffusion (1980s) and support of innovation clusters and networks as a support of innovation diffusion as a system in 1990s. In the first two periods this policy had the coordination nature - innovation support in SMEs, technology transport, knowledge diffusion and in the next period (since 1990s) its nature was active – support of innovation strategies creation and systemic approach towards innovation diffusion. This means that a change from the coordination to the active regional policy had a strong impact on the tools used for the dynamic of knowledge diffusion and innovation creation (institutions, cluster initiatives support) and also on indirect support (e.g. depreciation charges, tax allowances). Basic change of the tools was in its main focus: on the support of links between research infrastructure and local firms; it is the support of systemic approach and of dynamic knowledge diffusion in the regions.

Current theories and their practical applications point at the concept of endogenous regional development. Generally agreed is the fact that success is reachable only by cooperation among economy, research, education and policy at all levels. Endogenous theories of regional development encompass special tools for regional economy improvement, competitiveness growth of small and medium sized enterprises, innovation promotion, set up of new firms, attraction of new stakeholders to the regions, human resource development and infrastructure development and modernisation. This endogenous concept should be accompanied by policy of international integration oriented on export, international networks and on international funds. In this cooperation task of regional policy new objectives and methods are seen: the task of mediator in experience exchange and best practise, benchmarking, management of networks and clusters and new task in regional marketing and management.

3. Creative Economy as Policy Object

As mentioned above, an important role in the endogenous development concept is played by the innovation, in which considerable role, besides other factors, is played by creativity. The creative economy¹ is an economy, which besides traditional (exhaustible)

¹ A term creative economy is used as a wider term comprising two basic ways towards creative economy: orientation on *creative industries* with firms, which product depends on creativity and on *cities* with the task to attract creative individuals and to use creative potential of the creative cities in order to solve their problems.

sources also uses human creativity, accepts institutes of creative industries, creative class and creative cities, whereby freedom is an integral part of its development. Talent and abilities are among its basic factors influencing development (Howkins, 2001). This economy has very high portion of creative individuals on total number of employed and also has a high portion of research and education institutions that participate in knowledge creation (Florida, 2002).

Regarding an object of the policy it should be necessary to look at definitions of creative industries, creative class or creative activities in the creative economy. However, uniform definitions of mentioned terms nor creative economy do not exist. The first study about the economic and social values of the cultural and creative sectors for Europe The Economy of culture in Europe² reviewed about 30 national definitions, then international OECD, UNESCO, WIPO, the International Intellectual Property Alliance works on creative sectors, as well as, at the European level, the Eurostat's LEG Task Force international definitions. As the paper deals with the example of the UK and Finland, comprehensive while different approaches of these countries are explained here.

Term *creative industries* is attributed to the UK to the first Blair administration in the late 1990s. The concept was formalised by DCMS³ Creative Task force and the two editions of the DCMS' Creative Mapping Document published in 1998 and 2001. The scope⁴ of the DCMS definition is one of the widest amongst the approaches reviewed. The approach is economic and the definition itself is: "Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property". Although Finland geographically belongs to the Nordic approach called *experience economy*⁵, in the questionnaire ranked itself among „copyright industries“ approach.

WIPO⁶'s approach is the *copyright industries*, considered to be an economic approach with strong legal bases. Its definition is as follows: "Those industries that are engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter". Copyright is

² The economy of culture in Europe. A study prepared by KEA for the EC, DG for Education and Culture, October 2006

³ British Department for Culture, Media and Sport

⁴ Advertising, architecture, the arts and antique market, crafts, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, radio and TV Activities include: creation, production, distribution, dissemination, promotion, education-related, press-related activities.

⁵ In this economy, the value of physical products only constitutes a fraction of the price. What is being paid for is the history of a product, the setting and therefore the „experience“ provided.

⁶ World Intellectual Property Organisation

a characteristic of their outputs. The scope⁷ is in some cases wider than in case of creative industries.

To mention the Slovak Republic, it assigned itself into „sector specific studies“.

According to adapted DCMS classification there is 12 936 active economic entities in the Slovak Republic in 2012. From those 12 936 entities operating in the creative economy there are 4095 without any employee and 71,9% enterprises have up to four employees (source of data is the Register of Economic Subjects by the Statistical Office of the Slovak Republic). The conclusion is that economic enterprises operating in the creative economy in Slovakia belong mostly to small and medium sized enterprises. This is true not only for Slovakia, but for the most countries in the EU, as showed in a number of studies, e.g study The economy of culture in Europe, study The impact of culture on creativity.

In the market economy there are two groups of policy tools targeted at these economic entities (SMEs). The first group of policy tools is focused on general development conditions of SMEs and the second group of instruments specifies at creativity development of economic entities in the creative economy. This second group respects particularities of economic activities in production of creative products and services. Activities oriented on creative products creation are specific in comparison to classic economic activities mainly in following areas:

- specific arrangement of inevitable investments (expensive production, cheap reproduction; profit reinvestment),
- non-standard business models streaming from often hardly predictable reaction of a customer; structure of business sector (only some big, global players),
- the heart is created from SMEs or micro businesses,
- completely new models of work organisation and infrastructure resulting from them (virtual working environment, clustering, cumulation of business activities and intentions etc.).

As the Report of OMC - Expert Working Group on maximising the potential of Cultural and Creative Industries, in particular that of SMEs created for DG Education and Culture of the European Commission states, in order to create favourable conditions for creative

⁷ Press and literature, music, theatrical productions, operas, radio and television, photography, software and databases, visual and graphic arts, advertising services, copyright and collective management societies. Software and databases are included, which is not the case in the definition of cultural industries. An important feature is the addition of copyright and collective management societies. Interestingly, WIPO recommends that the assessment of the economic impact of the copyright industry be complemented by the assessment of “non-core” copyright industries.

industries development it would be required to activate public policy in specific action areas:

- *Raise general awareness about the importance of the CCIs,*
- *Incite creation of creative industries's segments* (e.g. uses of best practices and statistics to demonstrate the importance of the CCIs),
- *Foster development of the creative industries* (e.g. promotion of entrepreneurship, fostering incubation, promotion of digital infrastructure etc.),
- *Support the new business models and clusters* (e.g. accessing the finance in the creative industries – venture capital, digitalisation of cultural heritage),
- *Link creativity and innovation* (e.g. organising knowledge transfer networks, inciting business to employ creative professionals),
- *Link to other sectors and social goals* (e.g. regeneration of places - urban regeneration, cultural tourism, local and regional development projects),
- *Support exports and internalisation of policies and initiatives in the CCIs* (e.g. European and international dimension, protecting and promoting cultural diversity and intercultural dialogue).

These recommendations name basic components of the public policy system leading to creative industries development. Their elaboration at government departments and in relevant state policies could also become a basis for the creative economy development in the Slovak economy.

The following part of the paper will deal with evaluation and possibilities of wider application of specific instruments for creative economy support in chosen countries and also in Slovakia. As SMEs play the most important role among creative businesses, the paper will look at the instruments supporting business environment of these entities in the creative economy. General tools and also specific tools influencing business environment that form the development of creative industries will also be mentioned there. Further it will also deal with evaluation of intellectual property rights and copyright as another tool for creative economy development.

4. Regulatory conditions of the creative economy development in chosen countries

The situation in the creative economy will be researched in Great Britain and in Finland. The UK is one of the first EU Member states that have formulated a comprehensive creativity strategy. Finland should be considered as an example of the Nordic approach but has a lot of peculiarities that is worth to look at.

British view on the creative industries

As the UK administration is attributed to the creative industries, it could be supposed that the strategic programme for the creative industries is very detailed, well prepared and elaborated. Many experts confess so. In the “*Creative Britain: New Talents for the New Economy*” published by the Department for Culture, Media and Sport in 2008, the British government proposed detailed measures to establish a Creative Britain. It is the most far reaching programme in Europe as it examines all aspects of policy ranging from education, to research and innovation aspects including strategies on IPR or the promotion of the UK as the world’s creative hub.

The Programme also contains a chapter on creative businesses growth and access to finance, where three key areas are seen by the government (the government also asks enterprises themselves to identify more if appropriate):

- The national development agency for the arts is responsible for delivering objectives of the creative economy programme. The support is targeted at projects combining artistic excellence with commercial potential. This should be done both via financial programmes providing venture capital to small creative enterprises mainly via public funding e.g. the Advantage Creative Fund⁸, venture capital schemes⁹; and via education and training schemes to help small businesses develop business plans, trainings in marketing, financial planning and budgeting. The other way of education is to train future managers to help them maximising their financial return on commercial activities in order to have further revenues for their creative work.
- At the regional levels there will be established regional beacons for the creative industries in order to be closer to the artists and businesses to better understand their needs. The pilot projects will be realized in five English regions.
- Very important is an acces of the creative businesses into equity finance, venture capital and debt financing in order to increase investmnet flow into the sector.

In the area of creative clusters there are several commitments oriented on the support of regional and local levels in order to create suitable environment for creative hubs at those levels. These recommendations are:

⁸ It is equity financing and all profits from the invetments are returned and reinvested into new projects.

⁹ It is oriented on entrepreneurs in the cultural sector who wish to move from reliance on grants to developing succesfull businesses.

- Regional development bodies will create creative economy strategic framework in two regions as a pilot in order to align resources and plans and to orient on priority projects.
- The government wants to identify the barriers of investments in next generation broadband that is important for future development.
- Government wants, via regional development bodies, to help those local and regional governments who wish to develop and enhance local creative infrastructure in creating “menu for local infrastructure”. This tool will help local authorities to decide which conditions, e.g. flexible office and rehearsal space or protecting existing venue might be more attractive for creative business in order to start their own creative hubs.
- The UK film association together with national council in arts and humanities research will help to develop “mixed media centres” with cinema at their heart to act as their hubs of creativity in their city regions.
- Last recommendation is for the music art and means protection of live music venues as a part of cultural heritage mainly in the capital London.

Even though intellectual property (IP) rights in Britain exceed international standards, there are new challenges caused by new digital technologies. In order to help IP to ensure that “new innovation can be spread widely so consumer can benefit while providing the right incentives for creators to create”, following measurements should be taken:

- There will be consultation and probably new legislation on IP in case of internet service providers and rights holders to cooperate in taking action on illegal file sharing.
- There will be IP action plan for IP enforcement at all levels of government.
- The government will promote the better understanding of the value and importance of IP. This will be done through formal channels of education (schools) but also public campaigns in order to realize an importance of IP for creators and for consumers.

The above mentioned measures and key areas for the development of the creative industries have been applied in practice via stakeholders from public but also private sectors. At the *national level* there is a number of bodies involved in, mainly DCMS with the direct responsibility for the culture, the Department for Business, Enterprise and Regulatory Reform (BERR), then newly created advisory body Business Council for Britain with the task to have

an economy in the perfect health and Arts Council England as the national development agency for arts with the mission to distribute public money from the government and National Lottery. There are also specialized industry and subject associations, such as British Fashion Council, D&AD¹⁰, UK Film Council, Design Councils, Work Foundation, Arts and Humanities Research Council, Intellectual Property Office that represent certain branch of the creative industry and could be a suitable partner for the dialoge with the government followed by the action.

The *regional and local levels* is representing by Regional Development Agencies in all English regions that help Art Council England to implement its activities in regions. There is also Local Government Association.

Finland in the creative industries sector

Government in Finland realised an importance of the creative economy (or cultural exports or the experience industry as used in that time¹¹) in the end of 1990s. In that time it was through the light of international competitiveness of the country with creative economy sector as a key strategy, which could be seen in a report *Staying Power to Finnish Cultural Exports* published in 2005. The report's proposals are also business oriented:

- The government mentioned in the strategy, that strategic coordination of existing structures and resources is a must,
- It was intention to create extensive CREAMIN – creative economic cluster and a supporting development programme for the creative economy and cultural exports for 2005-2010,
- To count with cultural entrepreneurs as with SME's entrepreneurs in governmental policy development programs and to create service portal for such entrepreneurs,
- To promote capital funding (venture capital) for growth-oriented creative economy companies and project funding by ministries and/or specialized agencies, e.g. Creative Industries Management, Ltd.¹²,

¹⁰ An educational charity that represents the global creative, design and advertising communities
www.dandad.org

¹¹ As the international definition of the creative industry sector was unclear, Finland was advice to create its own definition and delineation with meaning-intensive production as a criterion (*Staying power*, p. 18). Cultural export is a sector in the creative economy and is a profit making industry (p.29).

¹² CIM, Ltd. was founded in Finland in 2000. It is an international company specialized in the finance and development of creative industry (private enterprise in the development and commercialization of immaterial rights).

- Ministry of Finance was appointed for a task to find out whether lower VAT on other forms of culture – except books already applied in Finland – is applicable in other EU countries and its effectiveness. Other task is to study an applicability of the corporate non-profit making enterprises and their possible impact on cultural production.

In 2007 was published another strategy for Creative Industries by the Ministry of Trade and Industry¹³ named Development Strategy for Entrepreneurship in the Creative Industries Sector for 2015 with the goal to fulfil a gap in national development strategies oriented specially on entrepreneurship in CIS.

Strategic goals are focused in following areas:

- Development of the operating environment at both regional and national levels, where an important role is played by networks and their improvement; to obtain qualitative expertise from the bodies able to recognise suitable products for the micro-enterprises. As there has been lack of expertise, an enterprise advisory training programme will be launched, providing sufficient information about creative entrepreneurship and its development. Copyright legislation and/or competition legislation should be rebuilt in order to best suite Finish market.
- Growth and internationalisation, where much demanded Jalostamo (refinery) consultancy model oriented on new and micro companies should be applied into all Finish regions and to all relevant sub-sectors and actors, mainly business incubators. In various consultancy and advisory bodies should be at least one person who is able to advice on the creative economy.
- product development with the aim to find new funding for prototypes and market research, and to find regional risk funding models,
- and finally reinforcement of expertise by management training in business thinking, management of technology.

As one of the targets of this paper is an institutional framework of the creative industry, actors involved in Finnish creative economy are examined here. Important stakeholders creating a product are *artists and arts and culture institutions*. There have been also bodies responsible for information provision, such as art and culture information centres, other responsible for networking and education and research, as well as those dealing with product development. As already mentioned, there have also been cultural enterprises (mainly

¹³ since January 2008 it is the Ministry of Employment and Economy

SMEs) organised largely in business incubators and very important centres of excellence/expertise. *Financial management* has been secured via state funding through Finpro, Finnvera but also private firms, e.g. CIM, Finnish Industry Investment, Ltd.

State level secured mainly administration, directly involved have been the Ministry of Trade and Industry, the Ministry of Culture, The Ministry of Foreign Affairs, the Ministry of Education, others have been the Ministry of Labour, The Ministry of the Interior, the Ministry of Transport and Communications, the Art Council of Finland and the National Art Councils. *Regions* have been represented through provinces, regional centres, provincial art councils and municipalities.

5. Instruments for creation of business environment in the creative economy

Creation of business environment has except macro-level also very specific regional components. It relates to regional science knowledge about regional conditions in the process of creation of business environment at regional level as well as competitiveness of creation, spread and application of innovation in the regions. Practical implication of this knowledge is important in light of regional competitiveness after the entrance of Slovakia into the EU. Analysis shows that small and medium sized enterprises are important regional subjects securing regional employment, main needs of the inhabitants in the region as well as decisive cooperation relations among regional enterprises. In doing so they use conditions of a given region (natural sources, quality of working potential, regional infrastructure in its widest sense) that markedly influence development and effectiveness of business environment and thus businesses in the region.

Both national and regional endogenous concepts contains special tools for regional policy improvements, development of SMEs' competitiveness, for innovation support, establishment of new businesses, attracting new actors into the region, human capital development and modernisation of infrastructure. Endogenous concept should be accompanied by policy of international integration oriented on export, international networks and obtaining international funds. There are new tasks and methods in coordination task of the regional policy: mediation in exchange of expertise and best practise, benchmarking, organisation of networks and clusters, new tasks in regional marketing and management.

Policy orientation should support competitiveness factors, but mainly endogenous and innovative potential with the aim to promote development of qualitatively new factors and to use existing sources, while respecting needs and conditions already existing in the region.

Growth of the business competitiveness through growth of their innovative and technological abilities is one of the basic preconditions of the endogenous development. Task of the government in the creative economy is to create conditions for natural creativity development, to support innovative and invention projects, creative education, networking and education towards quality and freedom of choice.

Conditions influencing creative economy development have their specifics in the following areas:

- They are formed both at central government level and at the level of regions and cities with the aim to reach creative economy synergy,
- The creative economy contains more sectors with the significant part of SMEs, self-employed persons and sole-traders,
- These economic entities have a low need of capital,
- Products and services have high value added,
- From the nature of the creative industries implicit that its interests would not be represented by one partner,
- Thanks to its multitude and structure the creative economy actors are able to operatively react (positively or negatively) on changes of the environment they operate in.

The following part of the paper will deal with general conditions of doing business in the creative economy. Policy suggestions will also go out of the knowledge obtained from the policy evaluation and research in the UK and Finland.

General conditions for the support of creative economy development

Even the research in Slovakia showed¹⁴ that SMEs's sector has become very vital part of the economy and is one of the pillars of the Slovak economy. It was able to absorb most of the vacant labour force and thus contribute toward the stabilisation of the labour market. The SMEs sector had in the quantitative aspect quite quickly approached the trends in the developed market economies and currently is comparable to the situation in other EU countries. This could be verified by the fact that portion of SMEs on the total economic

¹⁴ BUČEK &co. Analysis of the business environment and of barriers of absorption capacity of a region (ANPROBA)

entities is 99%, their share on GDP is more than 60% and portion on employment is almost 60%.¹⁵

Qualitative aspect is much more demanding for adaptation. For the future economic development it is important to draw the attention to removal of the barriers and to support of the aims bringing development impuls for the SMEs in order to improve their competition abilities in the global economy based on knowledge. Substantive groups of firms existing in the global economy could be considered as endangered and without any improvement in the quality and in competitiveness of the production and management it probably would not be able to survive the economic pressure of competitors. Such group of firms ought to be a target group of the supportive SMEs's policy nowadays.

Slovakia is considerably lagging behind just in the areas considered to be an important source of competitiveness of the firms. Low innovation ability could become a big obstacle of competitiveness on the single European market where the ability to flexible adjustment to changing needs of the customers is one of the most important factors in the competitive fight. Firms have been operating in the environment not motivating and disposing for their innovative activities. Lack of finances in public and private sectors, in research and in technological development, weak interfirm connections and fragmented innovation system do not provide enough stimuli for innovation.

More dynamic increase of new SMEs will be more and more dependent on the existence of high-class business environment. Many analyses confirm that elementary barrier in the SMEs development is inadequate conditions, meaning not business friendly environment. Creation of favourable conditions for SMEs development can not be replaced for giving SMEs advantage over others, but it is necessary to understand it as creating such business environment that enables fast and effective growth of SMEs. So coordinated approach, based on cooperation of ministerial departments and regional and local governments, education institutions, business associations, media, financial community and private sector, would be essential for securing an effective SMEs' development.

The Slovak Republic has made a progress in taxation and lowering of fiscal burden. It is necessary to reach an improvement in the area of property rights, legal system and regulation. Negative features influencing business environment are clientelism, interconnection of political and economic powers, misuse of state power for constraint of economic competition and free competitiveness, corruption, legislative adaptation to lobbistic

¹⁵ This research was made in 2006 - 2007 before the economic crisis in Europe and the USA.

groups of businesses, non-transparent sett up of public tenders conditions suitable for in advance chosen business partners, property criminality, financial fraud, fraud in excise duties and VAT, tax defraudation, tax malverisation, money laundering, business with recovery orders etc.

An important principle in creation of conditions for the economic entities in the creative economy is business environment protection within which is important to consider carefully an impact of each legislative or admisnitrative measure. Increase in tax or social allowance load of self-employed or micro-businesses, reinforcement of environment regulation or creation of the new administrative burden have a direct negative impact on the creative industries. A part of the creative industries is able to dynamically develop only because of the fact that administration does not impose any redundant barriers.

New possibilities of financial sources drawings will also be important for the creative economic development. Structural funds (SF) drawings focused on innovativeness can also bring vivid effect not only in the creative industries development but also in positive marketing of the country (and that have positive effect on export, tourism and foreign investments). Because of these positive effects is it necessary to create real conditions for drawings from SF programmes for creative industries entities in the programming period after 2013.

Investment stimuli and financial tools for business activities also have to accept specific requests of creative industries' subjects. It is mainly about their adaptation from the viewpoint of low capitalisation, brand value as a property, high risk of doing business in the initial phase, a need to simplified access towards information about funding possibilities and also simplifying procedure in project application. An important task in the creative economy development could be also played by public-private partnerships.

Aid to SMEs is done by a lot of supportive programmes. As there is a variety of them, it is not useful to deal with all possible and existing programmes in details.

In order to define the supportive policy for the creative economy development it is also important to define the tasks of its stakeholders.

The taks of the *national government* is mainly to create stabile and motivating environment for creation and introduction of products and services based on creativity and innovation. The policy should be oriented on regeneration and development of research and on support of innovation in the private sphere.

As far as the national government secures basic support, bodies at *regional and local levels* are ultimate for some important areas of supporting policy. Efficient policy at these levels should build physical, information and knowledge infrastructure together with the institutions playing an important role in creation and implementation of development cluster oriented strategies and to set up research and industrial parks and business incubators that support competitiveness based on creativity and innovation.

Universities and research organisations play the key role both in education of specialised and skilful working power and in transfer of knowledge into the private sector. Knowledge economy and creative industries utilize mainly high-class education at all levels of education process and superior environment for research development. Apart from rethinking of instruments on research support and volume of funds invested into education, it is also necessary to identify and then remove barriers that hamper transfer of ideas created at universities into their usage in real business.

Formal and informal communication is important for the regional development. Activities leading to regional development support are often covered with an organisation representing regional entities and coordinating their activities. Such an organisation could have various forms, e.g. professional associations (e.g. Centre for Creative Industries) or its activities are replaced by existing organisations such as regional development agencies, advisory centres etc.

Existence of specific infrastructure is the key for the creative economy development. The creative industries need suitable space for cluster initiatives, incubators and knowledge and technology transfers. Searching for and enabling of such localities for the subjects of the creative industries could bring a new life and a basis for development of not such worthy localities, outskirts or abandoned zones.

It is necessary to create conditions by implementing the tools for creative activities' support with the specific focus on SMEs at local, territorial and regional bodies

Specific conditions for the creative economy support

Besides the general conditions mentioned above, it is important to deal with and evaluate specific conditions affecting development of the creative economy, particularly in two areas. To begin with, conditions of the regulatory environment, which affects economic subjects and secondly, conditions in area of the socio-legal protection of intellectual property rights of economic subjects operating in the creative economy. Another significant area of the

development of the creative economy is building supportive institutions within public administration or in the third sector.

Conditions of the regulatory environment

The European Commission in its Communication to the Council and the European Parliament Better Regulation for Growth and Jobs in the European Union ([COM\(2005\)97](#)) emphasizes that because of specific characteristics of the sectors an careful analysis on the appropriate regulatory approach is essential, in particular whether legislation is preferable for the relevant sector and problem, or whether alternatives such as co-regulation or self-regulation should be considered.

Many sectors of the creative economy are characterized by self-regulation, which proof certain sort of voluntary initiative, what allows to service providers, social partners, NGOs and consumers to create and customize shareable standards for their needs to each other.

Generally, in the matter of extensive connections and relations both within the creative industry as well as between industries to each other, a failure of self-regulative mechanisms is possible, and because of that if co-regulation exists, which represents legislation that in its minimal way is in case of a need connected with self-regulation and mechanisms of inter-state regulation. The utilisation of the co-regulative access is suitable unless the self-regulative mechanisms fail. Self-regulative and co-regulative instruments play significant role in protection of consumers, products and services of the creative economy.

The regulative framework for the creative industries in Slovakia is specified above the European standards level what does not stimulate development of new products and services. The strict regulative framework has negative effect on foreign investor's arrival; whose appearance is otherwise stimulated by economic conditions (e.g. equal tax).

Economic and legal protection of intellectual property rights

Intellectual property rights, mainly copyright law, are the elementary instruments of the economic and legal protection of the creative industries. National approach should be focused, considering the EU regulatory framework, mainly on effective implementation, not only within legislation, but mainly in practise, as well as on awareness of legitimate subjects.

Basic problem in the Slovak economy in case of the creative industries, of what the results are protected by intellectual property rights, is not an absence of legislative tools, but

mainly low awareness of subjects concerned, imperfect application in civic and trade arrangements, non-application of enforcement tools provided by the Directive of the European Parliament and of the Council no. 48/2004 on the enforcement of intellectual property rights, as well as the whole length of legal proceeding.

From the viewpoint of correct application and speed of proceeding it would be useful to determine some courts dealing with copyrights and other intellectual property rights, as well as organizing of regular trainings. At the same time, it should be pointed out to the fact that, currently there are special courts (three district courts) focusing on the issues based on protection of industrial property rights and the rights of unfair competition.

It is possible to say that currently is vivid and actual creation of the courts with specialized copyright agenda.

The basis of enforcement is the fact that a subject has to be aware of its law and might not get to disadvantageous situation by its own action because of the legal illiteracy. Therefore it will be necessary to establish a system oriented on education in the area of legal protection, mainly of the beginning enterprises – artists (legal prevention, continual information about their rights).

Institutions supporting the creative economy development

The creative economy overreaches powers of a single ministry. As experience from abroad shows, suitable solution is to create permanent coordination body consisting from representatives of ministries as well as other institutes of public and private sectors operating in the creative economy. Concerning current competences division, the mentor could be either the Ministry of Economy of the Slovak Republic or the Ministry of Finance of the Slovak Republic. It comes out from the fact that creation and application of measures in the creative economy will depend mainly on these two ministries.

Creative Industry Forum is an association operating in the Slovak environment as communication and implementation forum of active entities in the creative industry. Its activities are carried out by conferences (Bratislava 2009, Košice 2010, Trenčín 2011) focused on vulgarisation of creative industry, copyright and other intellectual property rights and on possibilities of creative economy development in Slovakia. British Council organised round table on the future of creative economy in Slovakia in February 2012. Representatives of state administration met in order to continue in initiatives started at the national level by the report Starting-points of conception on cultural and creative industries in the Slovak Republic

(Ministry of Culture 2011). Representatives agreed on the strengthening the creative economy topic within their powers and also on the preparation of development strategy on creative industry in Slovakia.

There are also two cities active in the creative economy development in Slovakia: Bratislava and Košice. Development of the creative industry is a part of the Plan of economic and social development of the capital Bratislava for 2010 – 2020¹⁶, where also an aim of shaping Bratislava as a city of culture and creative industry is defined. Measures are stated quite widely: from implementation of tools supporting creative economy into city plans and policies (elaboration of the city's creative index, analysis of the creative potential, projects supporting creative industry) through primary support of projects focused on restoration and exploitation of cultural heritage in the Bratislava city, the programme on promotion of the city and region to audiovisual industry, cluster support of the art, systemic support of independent spaces for culture for up to measures to enhance development of information and communication technologies (ICTs). City of Košice has updated its Program of economic and social development for 2008 – 2015, where one of the vision is the outcome that city will be the sought out international cultural centre and centre of cultural tourism, so simply cultural and creative industries will be an important part of the city's economy. This vision of the Košice city has the direct connection to the project The European capital of Culture – Košice 2013.¹⁷

Acknowledgement: the paper was written in elaboration of the research project APVV – 0101 – 10 Creative economy – national and regional conditions and stimuli

¹⁶ http://www.bratislava.sk/vismo/zobraz_dok.asp?id_org=700000&id_ktg=11006261&p1=11037700

¹⁷ www.kosice2013.sk

Literature

- BUČEK a kol. Analýza podnikateľského prostredia a bariér absorpčnej schopnosti regiónov. Ekonóm, Bratislava, 2008
- BUČEK, M., REHÁK, Š., TVRDOŇ, J. Regionálna ekonómia a politika, Iura Edition, Bratislava, 2010
- ARMSTRONG, H., TAYLOR, J. Regional Economics and Policy. Blackwell Publishing. 1993. Great Britain
- CAPELLO, R. Regional Economics, London:Routledge, 1. Vyd. 319 s. 2007. ISBN 978-0-415-39520-5
- COOKE, P. Proximities, Knowledges and Innovation Biographies, Paper, RSA International Conference, Aalborg, May 2005.
- FLORIDA, R. Entrepreneurship, Creativity, and Regional Development. Entrepreneurship, 2002
- HALKIER, H. Regional Policy and Knowledge Processes: Towards a Framework for Analysis. Project no: 006187 EURODITE: Regional trajectories to the knowledge economy: a dynamic model. Integrated project. Sixth framework programme. Priority 7. Citizens and governance in a knowledge based society. 2006.
- HOWKINS, J. The Creative Economy- How People Make Money from Ideas , 2001
- CHOVANEC, M.: Kreatívna ekonomika: priestorové aspekty lokalizácie kreatívnych odvetví v slovenskej republike, draft dizertačnej práce, Ekonomická univerzita Bratislava, jún 2012
- MAIER, G., TODTLING, F. Regionálna a urbanistická ekonomika 2, Elita, Bratislava, 1998, ISBN 80-8044-044-1
- NORTH, D. Institutions, Institutional Change and Economic Performance, Cambridge University Press, 1990
- TVRDOŇ, J. a kol. Regionálna politika. In: Konceptné východiská hospodárskej politiky v etape integrácie Slovenska do Európskej únie, Ústav slovenskej a svetovej ekonomiky SAV, Bratislava 2003, ISBN 80-7144-140-6
- TVRDOŇ, J. Regionálny rozvoj – teoretické východiská, In: Regionálna diferenciácia, regionálny rozvoj v Slovenskej republike v kontexte integračných dosahov, Sociologický ústav SAV, Bratislava 2006, str. 400 - 438, 4,39 AH, [CD/ROM], ISBN 80-85544-38-5
- VOIGT, S. Institucionální ekonomie, Praha, Alfa Nakladatelství: liberální institut, 2008
- VÝCHODISKÁ koncepcie na podporu kultúrneho a kreatívneho priemyslu v Slovenskej republike, Ministerstvo kultúry SR, Bratislava, 2011