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Innovation and Creativity as Drivers of Contemporary Society

A New Direction: The Central Role of Creativity and Innovation in Community Building

A key objective of the current focus on creative communities is the forging of new and different linkages between art, commerce and community (Eger, 2003). The desired partnerships between art and commerce reflect a much bigger push by governments and businesses to highlight the critical importance of innovation and creativity to effective competition in a global marketplace. As the knowledge intensity of economic activity rapidly rises, governments are increasingly recognising that innovation and creativity are key ingredients for economic growth (Manley, 2001). Businesses also progressively understand that innovation may offer their sole sustaining competitive advantage, and that future survival depends on their capacity to identify and capitalise upon new ways of thinking, meeting demand and staying ahead of their knowledge competitors (Ireland & Webb, 2006; Mann & Chan, 2011).

While there is a growing recognition of the changing nature of the economy, it remains difficult to characterise the new knowledge economy because, unlike previous economic changes, which have been distinguished by physical symbols such as the heavy machinery of the

industrial age or the computer of the information age, the knowledge economy is distinguished more by ideas, interaction and creativity (Martins & Terblanche, 2003). However, these new understandings of the role of innovation and creativity in the knowledge economy have been driven primarily by the technological changes facilitated by the advances of the information age (Martins & Terblanche, 2003).

Of special relevance is the emergence of the internet as a worldwide communications network, now recognised as the primary carrier of 'all communication and financial transactions affecting life and work in the 21st century' (Eger, 2003, p. 5). The internet's dominant application, the world wide web, is now integrated into the marketing, information and communications strategies of almost every major corporation, educational institution, community service organisation, commercial charity and government identity in the western world (Eger, 2003). While communications and information technologies have been important in providing infrastructure and applications to support the evolving knowledge economy, interest is now focusing on business and community developing practical applications for technologies to enhance economic development, create jobs, and improve quality of life. In other words, 'technological propagation in smart communities is not an end in itself but rather a means to a larger end with clear and compelling benefits for communities' (Eger, 2003, p. 7).

In this environment, innovation has become the predominant occupation of enterprises, especially over the last decade (Dickie, 2005b). It is now seen as a key to organisational competitiveness and effectiveness. There is also a growing consensus that innovation is complex and multifaceted and cannot be fully understood without analysis of the personal, organisational, technological and environmental contexts in which it takes place. However, there is agreement both that the foundation of all innovation is the generation of ideas and that it is people who develop, carry, react to and modify ideas towards fruition. The new economy's voracious demand for ideas and innovation has manifested in the emergence of what Florida (2002) has termed the 'creative class'. According to Florida, the main difference between the creative class and other classes is best understood through the kind of work they perform. Members of the creative class are paid mainly to create the plan and subsequently have considerably more autonomy and flexibility than do other classes.

Florida recognises that the emerging creative class is currently significantly smaller than the service class (those who deliver services, currently comprising approximately 45 per cent of the workforce) but that its vital economic role gives it substantial influence that is being felt by organisations, enterprises and communities, primarily because, like the managerial class of the 1950s, the creative class is the norm-setting class in respect of the knowledge economy (Florida, 2002). However, these norms are markedly different as the creative class values self-expression, individuality, and openness to difference (Florida, 2002). The identity of the creative class is also differentiated in that it is not solely defined by salary, organisational status or, indeed, discipline — it is inherently inclusive. It encompasses people in engineering and science, architecture and design, education, music, arts and entertainment (Florida, 2002). Members of the creative class balance financial considerations against ‘the ability to act as they wish, set their own schedules, perform challenging work and live in communities that reflect their values and priorities’ (Eger, 2003, p. 12).

Economic Drivers

Along with other researchers (Eger, 2003; Markusen & Schrock, 2006; McGranahan & Wojan, 2007; Peck, 2005), Florida (2002) has provided a huge service for communities struggling to redefine themselves for the new economy. Community organisations and governing bodies are increasingly realising that traditional economic stimulus tools such as grants and subsidies are having limited impact; communities are adopting strategies to attract and retain creative workers who have the potential to generate new approaches, new strategies and new products. It is about ‘organising one’s community to reinvent itself for the new, knowledge-based economy and society; preparing its citizens to take ownership of their community; and educating the next generation of leaders and workers to meet global challenges’ (Eger, 2003, p. 4).

Changes in the economy, especially those related to globalisation, digitisation, the rise of the knowledge worker, the boom in intellectual property, and changes in leisure consumption (Tepper, 2002), offer significant challenges to conventional approaches to community development and capacity building. Essentially, the established

approaches to community arts, community capacity building, community cultural development, and even the more recent approaches to the development of creative communities are now being challenged firstly by the concept of the knowledge economy and, more recently, by the emergence of the creative economy, the underpinning ideas of which stress the centrality and interdependence of knowledge and creativity in the economy. While the economic value of knowledge is not new and has played a key role in economies for centuries (e.g. knowledge of land management has always been a key resource in agricultural economies, and knowledge and management of natural resources and labour have been key resources in industrial economies (Jaffe & Trajtenberg, 2002)), knowledge in the twenty-first century has become so integrated into economic activity that the primary resources now driving economic growth are knowledge, creativity, innovation and talent (Hawkes, 2005; Jeffcutt & Pratt, 2002; Peters, Marginson & Murphy, 2009).

Increasingly, the knowledge economy relies not only on the creation of knowledge but also on its propagation and use. Economic success depends not only on the capacity of businesses to gather, absorb and utilise existing knowledge but also on their ability to generate new knowledge (Teece, 2010). In this environment, sustained business success is heavily dependent on the ability to innovate, to recognise and exploit new ideas and opportunities ahead of the competition. The ability to innovate, in turn, depends partly on the availability and application of creative skills (Cox, 2005). Among other priorities, businesses need access to the talents of creative people in order that innovation may flourish:

People with ideas — people who own ideas — have become more powerful than people who work with machines and, in many cases, more powerful than people who own machines (Hawkes, 2001, p. 35).

The Emergence of the Creative Economy

Recognition of the importance of people and their creativity has led to the coining, adoption and widespread use of the term ‘creative economy’, with its implication that the success of business and industry, and the consequent prosperity of nations, is dependent on the creativity of workers:

Creativity, properly employed, carefully evaluated, skilfully managed and soundly implemented, is the key to future business success — and to national prosperity (Cox, 2005, p. 3).

The term has thus not only consolidated the key concepts inherent in understandings of the knowledge economy but has also provided new depth and meaning by linking economic development more closely with human talent. The concept of the creative economy has not only captured our understanding of the importance of digitisation and globalisation as core foundations driving economic change but has also deepened our appreciation of the impact of economic change by drawing attention to four key outcomes:

1. The increase in the value of creativity and the subsequent rise of the creative worker resulting in significant changes in the world of work
2. The increase in leisure time and changes in the way leisure time is used, resulting in an increase in the consumption and demand for creative products and services
3. Recognition of the economic centrality of development of talent and human capital
4. Recognition of the key role of education in stimulating and developing creativity and nurturing human talent.

Changes in the World of Work

The new economy's recognition of the centrality of ideas and talent is impacting significantly on workforce development, as workplaces are progressively requiring not only academic and vocational skills but also less tangible qualities such as flexibility, responsiveness, creative thinking, problem solving and interpersonal skills (Brown, Hesketh & Williams, 2003; Rojewski, 2002). As a result, the older, hierarchical, tightly structured organisations are being replaced by new kinds of working arrangements aimed partly at attracting workers with new skills and contemporary attitudes. Greater decision-making and problem-solving authority rests in the hands of front-line employees as self-managed, cross-functional teams replace bureaucratic structures (Isaksen, Dorval & Treffinger, 2011; Proctor, 2010). Such workplaces need employees with skills in communication, maintaining relationships, problem solving and the management of organisational

processes. Psilos’s (2002) identification of the skills necessary to acquire and retain a job in today’s workplaces is presented in Table 9 in terms of three levels of skills for the new economy.

Table 9. Skills for the New Economy.

Basic skills	Higher-order thinking skills	Affective skills and traits
<ul style="list-style-type: none"> • Oral communication. • Reading, especially understanding. • Basic arithmetic. • Writing. 	<ul style="list-style-type: none"> • Problem solving. • Learning skills, strategies. • Creative, innovative thinking. • Decision making. 	<ul style="list-style-type: none"> • Dependability and responsibility. • Positive attitude towards work. • Conscientiousness, punctuality. • Efficiency. • Interpersonal skills and cooperation. • Working as a team member. • Self-confidence, positive self-image. • Adaptability, flexibility. • Enthusiasm, motivation. • Self-discipline, self-management. • Appropriate dress, grooming. • Honesty, integrity, ability to work without supervision.

Source: Adapted from Psilos, 2002.

The breadth and depth of the skills identified in Table 9 illustrate that human capital has become the primary determinant of economic viability. This is the case not only for nations and regions but also for rural and remote communities.

The Demand for Creative Products

Over recent years, there has been an exponential increase in the size of the market for creative products, services and new ideas (Caves, 2000; Cunningham, 2006; Tepper, 2002). While there are many factors influencing the growth of the sectors making up the creative economy, recent shifts in leisure consumption and the way leisure time is used have significantly contributed to a massive increase in demand for and expenditure on creative products (Freeman, 2007). This has created an annual growth of the creative economy in OECD countries

that has been twice that of the service industries and four times that of manufacturing (Howkins, 2002). The creative industries in the United States alone have been 'estimated to be worth over \$360 billion making them more valuable than the automobile, agriculture or aerospace industries' (Robinson, 2001, p. 42). The British, Americans and Japanese all spend more on personal entertainment than on clothing or health care (Howkins, 2002). However, creative products are, in economic terms, luxury goods and, inevitably, the demand for them rises and falls as income levels rise and fall. Thus, creative products are victims of cyclic shifts in the disposable income of populations (Freeman, 2007) and, consequently, such trends must always be considered in light of broader patterns of economic growth.

The link between leisure, disposable income and demand for creative products is further evidenced by an analysis of sources of income for creative products in the United Kingdom (Freeman, 2007). Freeman (2007) estimates that the creative industries sell 61 per cent of their products to households, suggesting a strong consumer-led market demand. This strong consumer-led demand has contributed to profound shifts in the nature of the arts and the artistic world (Morato, 2003). The demand for technology-based, audio-visual creative products is growing rapidly, particularly in terms of games, music, film, video and publishing. The demand for interactivity in these products is strongly influencing the nature of creative products. Technological innovation is enabling new relationships with consumers who seek greater control and influence over products so they can adapt and customise them to suit their personal needs and circumstances. Interactivity, convergence, customisation, collaboration and networks are now key criteria for creative products (Cunningham, 2004). While still controlled by major publishing and broadcasting systems, global film studios, and flagship arts companies, the response to this new demand for interactive, digitised products is being met primarily by micro and small enterprises (Cunningham, 2004). The emergence of micro and small creative enterprises relating to and operating with large established distribution and marketing organisations provides new opportunities for creative business development in rural and remote communities as technology has reduced reliance on size and place. Small enterprises can create or contribute to the creation of product from any location.

Talent and Human Capital

Shifts in consumer demand are also having significant impacts on labour markets and workforce development, as previously held ideas and beliefs regarding productivity are being reassessed, reshaped and realigned (Psilos, 2002). Human capital, especially in the form of individual creativity and talent, is now being recognised as a primary determinant of economic vitality and sustainability (Atkinson & Easthope, 2009; Storper & Scott, 2009). The flatter and more flexible organisational structures inevitably mean that decision-making and problem-solving authority is increasingly resting in the hands of front-line employees (Psilos, 2002). Thus the multiple dimensions of human capital drive both the creation and application of knowledge at the centre of the process of economic growth (Banks, 2010).

As higher levels of human capital have been found to be strongly associated with higher levels of creativity, innovation and productivity (Banks, 2010), growth and development will depend more and more on each community's capacity to invent, innovate and adapt. Success will depend on the skills and attitudes of community residents, and how those skills are utilised by community organisations and businesses.

The Role of Education in Stimulating and Developing Creativity

Communities, workplaces and organisations are not alone in recognising the centrality of creativity; governments are also developing policies and programs on the premise that creativity is a key national resource that must be fostered and managed to stimulate future economic growth through innovation. Nowhere is this link more relevant than in education as schools, colleges and universities seek to stimulate the development of the creative human capital platform on which innovation depends.

Adams (2005) draws on the work of contemporary educational theorists to assert that thinking is the core aspect of the creative process and to identify four aspects of creative thinking:

1. Comfortably disagreeing with others and attempting solutions that depart from the status quo
2. Combining knowledge from previously disparate fields

3. Persevering through difficult problems and dry spells
4. Being able to step away from an effort and return later with a fresh perspective (incubation) (Adams, 2005, p. 6).

While there is little evidence that current curricula or learning approaches address these aspects, Eger reports that creativity can be encouraged and enhanced through the use of thinking tools coupled with an appreciation of the links between 'mind and body, sense and sensibility' (Eger, 2003, p. 19).

Coupled with a growing interest of the potential of education to encourage creative thinking and innovation is an increasing awareness of the specific role of arts education in stimulating creativity and inventive thinking. The arts, after all, represent the curriculum area that explicitly regards creativity as a core element (Davis, 2008). Moreover, original and inventive thinking derives from non-verbal and non-logical forms regardless of field or curriculum area (Eger, 2003). To support the development of creative, inventive thinking people, students 'should learn to abstract, empathise, analogise and translate intuitive forms of knowledge into numbers, words, image, sound and movement' (Eger, 2003, p. 19). That is, in many instances, the arts can provide the most effective thinking tools to encourage creativity.

The Role of the Arts in Innovation and Creativity

At the heart of endeavours to build innovative and creative communities is the dawning recognition of the vital role that the arts play in enhancing economic development. Ultimately, a successful creative community will be one that 'exploits the vital linkages between art, culture and commerce, and in the process consciously invests in human and financial resources to prepare its citizens to meet the challenges of the rapidly evolving post-industrial, knowledge-based economy and society' (Eger, 2003, p. 12). The role of the arts in communities has always been valued, albeit primarily as entertainment and with an underlying assumption that they are an expendable aspect of community life. However, over the last decade, the demand for creativity has outpaced the ability to produce sufficient workers to meet the needs of the growing digital entertainment industry

based on the merging of entertainment and information technologies, incorporating games, films and television. It is partly this demand that has stimulated the emergence of Florida's creative class. Florida argues that the individuals who make up his creative class share a common ethos that emphasises individuality, creativity, difference and merit but, most importantly, understand and appreciate that 'every aspect and manifestation of creativity, cultural, technological and economic, is inextricably linked' (Florida, 2002, p. 34).

The traditional contribution of the arts to a region's attractiveness and liveability has been underscored and stressed in recent years by numerous studies that point to the economic success of cities and regions that have lured companies and workers to their areas through the promotion of their arts programs and cultural advantages (Bayliss, 2007; Yigitcanlar, Baum & Horton, 2007). While towns and regions may adopt strategies to attract workers to their areas, arts-based education is also critical to ensuring the next generation of leaders and workers for the knowledge economy. Arts programs serve local communities extensively by 'contributing to the region's innovation habitat, thus improving the quality of life — making them more attractive to the highly desirable, knowledge-based employees and permitting new forms of knowledge-intensive production to flourish' (Psilos & Rapp, 2001, p. 1).

While current understandings of how the social and cultural benefits of the arts impact on communities are reasonably well recognised, less so is an appreciation of how the arts can integrate with and inform other aspects of community planning and development. To develop a vision with the arts at the heart of community development is a bold endeavour only achievable if arts programs and artists operate in a way that encompasses community-wide objectives and builds towards community-shared visions of the future. It requires artists and arts workers to create a fresh dialogue with new community partners who may not previously have been perceived to be collaborators. Similarly, 'creativity' is a term that has too often and for too long been applied almost exclusively to the arts and artists. New understandings of the notion of creativity as a non-domain-specific, multi-discipline area of human activity are influencing approaches to problem solving, planning and implementation of programs and projects (Haufman & Baer, 2005; Haufman & Sternberg, 2006).

Whole-of-government strategies and programs that are now being implemented in certain areas are providing good examples of how different disciplines can work collaboratively to solve problems and deliver services in creative and innovative ways (Gemmel & Clayton, 2009; Miller, Hess & Orthmann, 2010). The push towards whole-of-government approaches has provided an opportunity to position the arts as an integral player in broader and more dynamic policy debates and programs — linking the arts to reconciliation, social cohesion and economic prosperity:

If the arts are to impact on all Australians, it needs to enter communities of interests — and draw government, media and corporate support. For that to happen, we need to put culture not at the end of the value chain, tacked on if and when funds are available, but right at the start — and the heart — of community building and engagement, where it belongs (Bott, 2006a, p. 4).

Currently, the arts play a central role in urban revitalisation and community renewal; they attract new businesses, visitors and residents and encourage consumer spending, which creates new economic opportunities and increased community revenues (Grodach & Loukaitou-Sideris, 2007; Richards & Palmer, 2010). In turn, new opportunities stimulate the development of new skills and the creation of new ideas (Brault, 2005). The arts also enhance the market appeal of regions and communities and have been identified as a key component in attracting new economy workers and thus encouraging corporate relocation (Florida, 2002; Pratt, 2009; Scott, 2006). The arts are also being more explicitly recognised as a key contributor to workplace innovation (McNicholas, 2004). While workers with arts-related skills have for some time been seen as critical to software development firms, technology companies, advertising firms, and audio-visual and entertainment industries, other industries are now recognising the value of high-level communications and creative problem-solving abilities (Phillips, 2004; Seifter, 2004). Involvement in the arts is now seen by some companies as providing employees, whether scientists, marketing managers, financial managers or business analysts, with opportunities to network, stimulate creative thinking and build team spirit (Birch, 2002). The key issue is the extent to which the arts can help build the skills required by businesses and enterprises so that they can compete effectively in the new economy.

The Need for Arts Education

The accumulation of human capital, like physical capital, requires investment of resources and time, and is a key area for investment in education systems. However, a distinction needs to be drawn between the role of education in giving people the ability to acquire specific skills and vocational competencies, and its role in developing analytical, problem-solving and communication skills (Banks, 2010). The new economic focus on creativity and innovation demands more from education and both categories of skills, the generic and the specific, are important to future growth and development (Banks, 2010).

However, it must be acknowledged that learning occurs beyond schools and workplaces, that learning about and through the arts happens in all kinds of cultural and heritage organisations, including community organisations (Culture and Learning Consortium, 2009). In such environments, learning about the arts, local culture or heritage can inspire community engagement, leading not only to personal, social and community benefit but also to the development of creative solutions to social and economic challenges. Community cultural organisations need to understand and appreciate that learning lies at the heart of all community concerns, and learning about and through the arts may provide a key mechanism for developing creative community solutions (Holden, 2008). Community cultural organisations need to ensure that learning and community development are central to their functions and the 'needs of children, families, and other learners from the wider community are identified and addressed' (Culture and Learning Consortium, 2009, p. 7).

Contemporary scholars and researchers confirm the value of the arts in providing 'authentic learning experiences that engage minds, hearts and bodies' (Fiske, 1999, p. ix), nurturing the development of cognitive, social and personal competencies. However, research has also demonstrated that (i) success in the arts often provides a bridge to success in other areas of learning, (ii) the arts can connect with disengaged students, providing motivation to learn, and (iii) the arts provide new challenges for successful students (Catterall, 2002; Deasy, 2002; Fiske, 1999; Rabkin & Redmond, 2006). The arts have also been shown to connect learning experiences to the world of real work (Fiske, 1999; Larson & Walker, 2006). Research has shown that

arts-based learning experiences have a remarkable consistency with the demands and processes of the new economy and workplace. In arts-based learning environments and contemporary workplaces, 'ideas are what matter, and the ability to generate ideas, to bring ideas to life and communicate them is what matters' (Fiske, 1999. p. 12). The arts have been shown to encourage other competencies recognised as important in contemporary workplaces, including self-directed learning, the promotion of complexity in the learning experience by encouraging open debate and discussion, and the encouragement of risk-taking in a managed way (Burton, Horowitz & Abeles, 2000; Catterall, 2002). However, there is little direct evidence of curricula designed to foster the development of creativity leading to innovation. Indeed, the arts still tend to be perceived as isolated from other curriculum areas (Davis, 2008) and the growing awareness of the link between the arts and creative thinking seems to be largely ignored by curriculum designers.

The Rise of Creative Industries

The creative economy values human capital and talent, and recognises that such capital and talent is found in all aspects of society (Mellander & Florida, 2006). Human creative capital is broad and deep, and includes not only writers, actors, singers and other traditional artists, but also advertisers, architects, multimedia developers and others. Creative capital is not limited to the world of the arts and entertainment but is also located in business, technology, the sciences, and many other areas of the broader economy (Hemlin, Allwood & Martin, 2004). The creative economy is 'bigger and broader than we think, and is much more than culture and the arts' (Cunningham, 2006, p. 2). In this context, the relatively new term, the 'creative industries', may be seen to address only one component of what makes up the creative economy. One of the first uses of the term came in the report of the Creative Industries Task Force in the United Kingdom, which defined the creative industries as those activities that have their origin in individual creativity, skill and talent, and that have the potential for wealth and job creation through the generation and exploitation of intellectual property (CITE, 2001). The CITE report included the following as creative industries: advertising, architecture, arts, crafts, design, fashion, film, interactive leisure software, music, television, radio, performing arts and publishing. If this list is considered indicative

of the creative industries, two conclusions can be drawn. Firstly, the creative industries clearly represent just one small component of the creative economy; secondly, traditional roles associated with the arts and cultures are just one cog of the creative industries (see Figure 3).

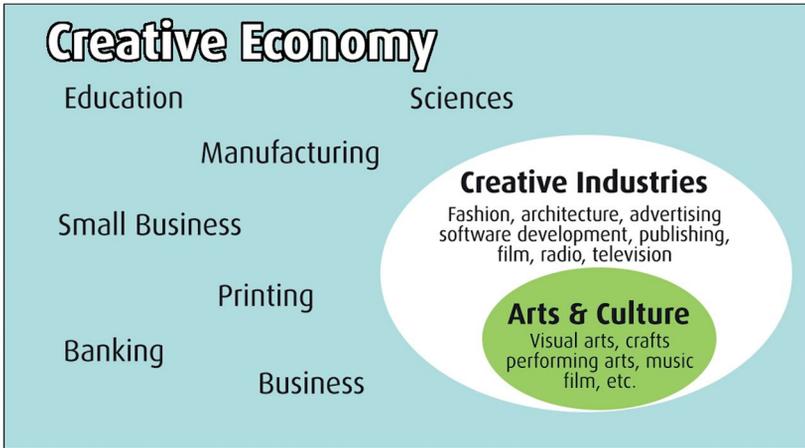


Figure 3. Creative Industries and the Creative Economy.

Source: Author's research.

Figure 3 can only be indicative as the relationships between roles and functions within the creative economy are complex. The key point to be drawn from Figure 3 is that the creative economy is broad and includes many industries, not only those traditionally labelled creative. The special case that has been made historically for the strong link between the arts and creativity is becoming more difficult to sustain in an environment where creativity is increasingly seen as an essential element for all aspects of the economy:

The 'price' to be paid for a creative economy is that the case for the arts and culture will become less about their special or exceptional difference, and become diffused into the need for creativity across the economy and society (Cunningham, 2006, p. 4).

Hence there is an inherent challenge for both. The arts need to reconsider the alignment of their identity as a special case, while society (and the economy) need to recognise the integral and all-encompassing need for creativity into the future in order to be both sustainable and self-generative.

Reach and Definition

Since the release of the CITF report (2001), the 13 industry sectors identified as comprising the creative industries have been widely accepted, despite their divergent scope. All 13 identified sectors are underpinned by creativity as their prime source of value, a value that is becoming progressively more important for growth in knowledge-based societies (Caves, 2000; Garnham, 2005). Each of the identified sectors has, at its core, individual skill, creativity and talent, and each has the potential for wealth and job creation through the exploitation of intellectual property (Kenway, Bullen & Robb, 2004). The concept of creative industries thus links previously disparate industry sectors and expands significantly what have been traditionally seen as the key components of the creative sector, primarily the arts.

The new concept has corralled the established arts (theatre, dance, music, and visual arts), the established media (radio, film, and television), the design and architectural sectors, and the new media (games, software). This grouping is less coherent than our traditional definitions of the arts, media and the cultural industries, and is little more than an eclectic alliance of activities that have creativity as their core. However, the major purpose of the creative industries umbrella is not definitional; it is the provision of a strategy for linking creativity with economic and industry development policy (Cunningham, 2006). By grouping industries under the creative banner, governments have been able to draw attention to that fact that creative industries are a significant component of gross domestic product and, in advanced economies, have the potential to grow at a faster rate than many other industry sectors (Hesmondhalgh & Pratt, 2005). As a consequence, many countries have developed creative industries strategies aimed at nurturing the development of creative skills and facilitating the establishment of creative enterprises and industries. In essence, the concept 'foregrounds the sector's economic potential and makes the creative industries the sparkplugs of the next generation, post industrial growth' (Cunningham, 2006, p. 14).

The Contribution of the Creative Industries

It has been argued that the creative industries concept may be overhyped rhetoric destined to lose favour along with previous attempts to ramp up the importance of new industries or industry

groupings (Hutton, 2008). This view is advocated primarily by those concerned that the new industry grouping might marginalise the traditional arts and cultural sectors by aligning them far too strongly to economic agendas and undermining not only the social and cultural outcomes of the arts but also the higher agenda of the arts to explore the meaning and purpose of the human condition. Such concerns have deepened over the last decade as evidence of the scope of the creative economy has begun to be quantified by government and economists. In 1999, the creative industries accounted for \$US2.2 trillion or about 7.3 per cent of the global economy, although the contribution of the creative and performing arts was only 1.7 per cent (Cunningham, 2005; Cunningham, 2006).

There is also a view that industry classifications, including classifications of the creative industries, can never capture the dimensions and trends underpinning the economy of the twenty-first century given its inherent demand for novelty and change, complex and dynamic structures and industry groupings, and complex contractual relationships and networks (Caves, 2000). While a crisis of industry classification is identifiable in all industry sectors, it is likely to be particularly relevant in the creative industries that are arguably subject to more rapid change and greater differentiation and specialisation (Cunningham, 2006). That is, not only is the sector diverse (comprising the traditional arts, established media, design and architecture, and the new media) but the groupings within the sector have vastly different business models, commercial positions, product cycles and revenue sources, and are driven by different philosophies and demands, all of which makes the overall contribution of the sector to social, economic and cultural development difficult to measure in the short to medium term.

There are, however, inevitably contrary views regarding the inclusion of the traditional arts in the creative industries grouping; these opposing views point out that the creative industries may have the positive effect of linking the traditional arts and the cultural industries to the emerging, broader economic agendas of government and industry, thus providing new opportunities and challenges (Galloway & Dunlop, 2007; Potts et al., 2008). As the concepts of the creative industries and the creative economy have gained wide acceptance in contemporary policy and industry debate, they have been well accepted by governments, and have become a key consideration in the

development of economic policies and national innovation agendas (Throsby, 2008). What defines creative industries in the new economy is the proposition that 'creativity is their primary source of value, something that is becoming increasingly important for growth in post industrial, knowledge based societies' (Cunningham, 2006, p. 14). In this context, the key contribution of the creative industries concept, at least in policy terms, has indeed been to mainstream arts and culture and connect them to broader economic agendas.

The potential of this contribution is deeper and stronger than simply linking traditional arts and culture with the economic powerhouses of publishing, media and software development. It provides a chance for the arts to engage actively with the new concepts evolving from the knowledge economy, including creative human capital, creative assets, intellectual property and cultural economics (Tepper, 2002). Just as importantly, it provides an opportunity for the traditional arts and culture sector to connect with and benefit from government and business agendas to support industry development and stimulate innovation in business and industry. If the arts can position themselves to take advantage of emerging economic agendas while simultaneously protecting their role in community social and cultural development, their role may become more central in efforts to find solutions to contemporary community challenges.

The opportunities arising from the new focus on economics should not be considered simply in terms of financial transactions. The creative industries challenge traditional economic approaches because their unique and complex organisational structures and contractual processes are more likely to be dynamic and matrix based rather than the more traditional linear client/provider structures (Cunningham, 2006). Challenges also arise because the creative industries are characterised by high levels of experimentation and risk taking, which are often minimised in more established industries (Foord, 2009). What is now required are new understandings and models for arts-based development based on the growing awareness and appreciation of the creative economy. Such models are essential to increase understanding and appreciation of the role of the arts and their contribution to creativity in the economy. They might also provide a framework through which this might be quantified. While the benefits of positioning the creative industries in the spheres of industry development and the broader economy are significant, the

new focus on creativity and the economy should not distract from consideration of the well-established social and cultural outcomes of the traditional arts (see Chapter 3). An approach that balances economic outcomes with the social and cultural benefits of the arts provides an opportunity to develop more comprehensive approaches to the integral role of the arts in community development.

The Fostering of Innovation

As indicated above, the concepts of the creative economy and the creative industries have provided catalysts for linking the arts (both the traditional arts and new media) more strongly to the creative economy. They are thus well placed to capitalise on the idea of creativity as an input to the broader economy. This, in turn, has the potential to link with the concepts of design and enterprise that drive innovation and change in the knowledge economy (Cox, 2005). There are, however, significant challenges to overcome before the potential of the creative industries to foster innovation can be achieved. Perhaps the most significant of these challenges arises from the bedrock from which the creative industries have emerged: the notion of creative human capital, which is multilayered and multidimensional, comprising designers, cinematographers, writers, lyricists, artists, crafts people, computer interface designers and many others who operate in different working environments with different reporting structures and economic drivers. Additionally, people operating in the creative industries are driven by a multitude of divergent goals and philosophies (Smith & Warfield, 2008).

While this diversity is an important strength of the sector, it has generated fundamental chasms that divide the sector and render it difficult to establish consensus about its role in supporting innovation. To engage with and benefit from government-sponsored innovation policies and agendas, the creative industries need to articulate a clear, shared vision outlining their real and potential contribution to the creative economy and the innovations that drive it (Cunningham, 2006). There is also a commensurate requirement to specify the roles and contributions of the occupations comprising the sector to the creative economy (Throsby, 2008). Whether a sector as diverse as the creative industries can find common ground remains to be seen but, as Cunningham observes, 'the critical spirit that constitutes the

creative community makes me doubt that there would be a robust and enduring consensus ... to withstand the processes that contemporary public funding must go through' (2006, p. 43).

Further challenges are the reduction of insularity and the establishment of proactive engagement with other sectors of the economy. The varied elements that comprise the creative industries sector have primarily been focused on creative outputs and products in the form of plays, books, games, films and multiple, diverse other creative commodities. While creative products are critically important and will continue to be a key area of growth to meet increasing consumer demand, it is equally important for the sector, as well as occupations within the sector, to move towards the provision of creative inputs to the broader economy (Potts et al., 2008). Sustained success in the new economic conditions depends on the ability of all industries to innovate to exploit new ideas and opportunities and bring them to market in a timely manner. This ability to innovate depends on the availability and exploitation of creative skills. The link between creative skills and the broader economy is well synthesised by Cox:

In an enterprise culture, these needs create a virtuous circle: for sustained innovation and growth, companies need to be able to draw upon the talents of a flourishing creative community; for innovation to flourish, the creative community need to be responding to the demands of dynamic and ambitious businesses (Cox, 2005, p. 11).

Currently, there is little practical evidence of acknowledgement that creativity has the potential to be a powerful contributor to economic growth across a broad spectrum of industries and businesses. While there is a theoretical recognition that 'much of the real growth dynamics will be found in this move' (Cunningham, 2006, p. 16), neither the businesses nor the creative occupations comprising the creative industries have demonstrated a willingness to move creativity from the sidelines to the nerve centre of innovative activity.

A further challenge to the fostering of innovation by the creative industries is the dual-edged sword created by the concept of an industry group for creative occupations. On the positive side, the concept emphasises that the creative industries are a significant component of gross domestic product for many of the world's leading economies and contribute to export dollars and domestic jobs (Cox, 2005). The industry grouping also allows the creative

occupations to position themselves within broader contemporary policy agendas, especially those related to industry development and innovation, and thus broaden considerably the support base for the arts and associated subgroups. This potential allows occupations within the creative industries grouping to access new sources of state funds and potentially benefit from a strategic move from the periphery of economic activity to recognition as a key player in the creative economy (Cunningham, 2006). The downside of the establishment of the new creative occupations industry groupings is the potential perception of a special category of creative workers focused on the design and production of unique products for a particular segment of the market linked to arts and culture. Such a perception at least partially inhibits the creative industries from linking broadly with the economy and recognising that creativity is integral to business, health, manufacturing and very many other areas of development.

Critical Factors in Innovative Practice

For many individuals and the communities in which they live and work, innovation is a remote concept, focusing primarily on high-end innovations such as biotechnology, stem cell research or new information technologies. Consequently, innovation tends to be seen as something that happens to people, businesses and communities rather than something that is created by people and communities (Dickie, 2005b). However, the Cox Review of Creativity in Business placed primary emphasis on the potential innovative use of creative skills by small- and medium-sized businesses. Cox (2005) argued that the opportunities arising from global economic change to conceptualise innovative products and services, and to produce these and bring them to market quickly, were particularly relevant to small- and medium-sized enterprises. However, these opportunities can only be realised if employers and employees understand and appreciate that creativity and innovation should be embedded across all aspects of business. Creativity and innovation can no longer be perceived as remote from people, their communities and work places; it must be integrated into all aspects of work and community life. This concept of integration of creativity and innovation is well summarised in the Cox Review:

It is common for those in business to see creativity and the related area of design as largely concerned with aesthetic considerations such as style and appearance. While these are important considerations, they are only a small part of I am talking about here. Creative businesses are creative throughout. As well as being the path to new products and services, creativity is also the route to greater productivity whether by way of higher-value products and services, better processes, more effective marketing, simpler structures or better use of people's skills (Cox, 2005, p. 3).

The challenge primarily revolves around attitudes, understanding and behaviour. Cox drew on surveys of business organisations in the United Kingdom to identify the major obstacles impeding businesses from making greater use of their creative talents to stimulate innovation. Obstacles focused on lack of awareness and experience of businesses and their employees in creative problem solving, lack of confidence and belief in the potential of new approaches and products, and limited ambition or appetite for the risks associated with innovation. Cox (2005) recommends several approaches to stimulate changes in the attitudes of businesses and their employees, including the following:

1. Improving the effectiveness of government support and incentive schemes for research and development
2. Broadening the understanding and skills of future business leaders, creative specialists, engineers and technologists
3. Taking steps to use the massive power of public procurement to encourage more imaginative solutions from suppliers
4. Raising the profile of the nation's creative capabilities by way of a network of centres of creativity and innovation.

While these high-level approaches are important, it is equally critical to encourage active change on the workplace floor and in community organisations.

Engaging the Arts and Artists

There is now a strong recognition that changes in the economy have pushed creative assets to the centre of economic life. The new creative economy has been reported as having a major effect on the arts, which, as previously acknowledged, have now been heralded as the one of the potential new engines of economic growth and development

(Tepper, 2002). However, the arts and artists are not necessarily central to new approaches and ‘the creative economy ... is bigger and broader than we think, and is much more than culture and the arts’ (Cunningham, 2006, p. 2). In the new environment, artists may need to reconsider their roles and determine their positions in relation to new economic approaches, especially their relationship to innovation. Bohm-Parr (2011) examined the contemporary roles of artists and identified a fundamental dilemma for today’s artists, which relates to the fundamental tension between sustaining artistic integrity whilst retaining economic viability and engaging more broadly with community.

If, despite the broad acceptance of the key importance of innovation to the new economy, the concept remains remote and perceived as removed from the work habitat of most people, then effort needs to focus on helping people connect in meaningful and practical ways with the role of creativity and innovation in their lives (Sahlberg, 2009). Firstly, the adoption and promotion of simple and straightforward definitions of the key concepts could provide a platform for enhanced appreciation of links with everyday living and working (Cruikshank, 2010). While there are many appropriate definitions of creativity and innovation in the literature, those adopted by Cox are among the most simply stated and accessible:

Creativity is the generation of new ideas — either new ways of looking at existing problems, or of seeing new opportunities, perhaps by exploiting emerging technologies and changes in markets (Cox, 2005, p. 7).

Innovation is the successful exploitation of new ideas. It is the process that carries them through to new products, new services, new ways of running the business or even new ways of doing business (Cox, 2005, p. 8).

The usefulness of these definitions, aside from their deceptive simplicity, is that they significantly broaden what has been traditionally seen as the support base for creativity and innovation, the arts and the creative industries. Consequently, they challenge artists and arts workers to examine their future roles and potential contributions; artists must articulate their new directions in supporting innovation. While artists need to connect fully with the new concepts, simply stated definitions are only the beginning of the process of connecting

artists with these concepts. Practical approaches are needed to help them understand how they can most effectively contribute to new products, services and processes. In the new environment, and as part of the creative economy, artists and arts workers are no different from others (Markusen & Schrock, 2006); all must now work out new ways of connecting and developing practical methods of contributing.

One way to help people connect practically with creativity and innovation is to introduce and stimulate open discussion around the interconnecting concepts of the arts, design and innovation (Rosenfeld, 2004). The arts and the creative industries provide the skills that help to fuel design, which is one of the processes that links creativity and innovation and builds enterprises (Cabrita & Cabrita, 2010; Cox, 2005; Mann & Chan, 2010). The arts not only generate and shape ideas but can also contribute to the formulation of design concepts, the tools through which ideas become practical and attractive propositions for users or customers (Totterman, 2008). While the concept of design in the new economy is not the preserve of the arts and the creative industries, artists may be in a position to lead development, especially if they build on their skills and experiences gathered through working with risky concepts on projects requiring the generation and application of new thoughts and approaches.

Valuing Creativity and Innovation: The Challenge for Communities

Traditional community development models were conceived and developed before communities began to be pressured to respond to the globalisation of national economies with the consequent emergence of more complex and competitive economic environments. They evolved before creativity took centre stage in economic thinking and innovation came to be seen as a key business driver. These models matured before the emergence of the concept of the creative class and precede the view that 'every manifestation of creativity, cultural, technological and economic, is inextricably linked' (Eger, 2003). As a consequence, established theories and approaches to community development, including CCB, community arts, CCD and the newer concept of creative communities, are now being marginalised as newer concepts related to the emergence of the creative economy become

mainstreamed. The concept of the creative economy is broader, deeper and bigger than conventional approaches to community development can encompass. Communities are struggling to develop new approaches to build creative capital and are attempting to take 'a fresh look at how cultural development contributes to authentic, vibrant and creative — and economically successful — communities' (Bulick et al., 2003, p. 4).

While the traditional approaches to community development presented in Chapter 3 have made important contributions to the theory and practice of community development over the last two decades, their limitations have become more obvious as communities face new challenges arising from momentous economic and structural change. The new environment demands fresh approaches to community development based on flexibility, agility and responsiveness (Hutton, 2008; Tepper, 2002). Such approaches require greater diversity in community skills, the identification and application of unique community resources, as well as the recognition of distinctive experiences able to be coalesced to build imaginative and inventive responses to new and continuing community challenges. Yet it remains important not to throw out the baby with the bathwater. There may be residual values from these models that can be channelled anew.

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