

### CCIs in Serbia

- Concept definition in the academic and broader professional community: CCIs are set of activities whose products' and services' value stems from (or comes from) creative work which is based on diverse cultural expressions and which, therefore, ensures the sustainability of cultural resources, identities, and values.
- CCIs are not well-accepted in Serbia as a concept that is friendly to our culture and structure of the cultural sector. It is very often used to denote the negative trend of imposing economic success as a norm for the quality of cultural activities, creative work and their outcomes.
- Emerging concept: Creative Entrepreneurship.
- CCIs (2018) 24,289 registered business entities (enterprises and entrepreneurs), including 8,001 enterprises, 16,088 entrepreneurs and 510 public institutions.
- CIs sector is predominantly composed of small and micro enterprises (23.8 percent of the total) and entrepreneurs (67.5 percent).
- Large number of micro organizations with less than 3 employees.
- There is a high level of sectoral fragmentation in CIs compared to the national economy.
- CCIs % of total GVA 3.91%
- CCIs % of total GDP 3.76%
- CCIs % of total employment is 3,35%.
- Employment in CCIs is quite specific. This sector mainly employs highly educated workers on a temporary basis (about 15 % of total employment) and a huge number of part-time workers or freelancers on a project basis.
- More than half of those employed are highly educated people, which indicates that there is a strong cultural capital within these industries. Also, noteworthy is the fact that less than 1 % of all employees in CCIs are the unqualified and low-skilled workforce. Compared to the whole economy where their share is approximately 20 %.

**Employment distribution by CCIs groups (narrow approach) in 2017  
 (number of employed persons vs. % share)**

<b>Creative and Cultural Industries Group</b>	<b>No. of person</b>	<b>%</b>
<b>Narrow CCIs concept</b>		
Architecture	2,235	3.23
Advertising and Marketing	5,590	8.08
Design	2,167	3.13
Crafts	830	1.20
Film, TV, video, radio, and photographers	11,934	17.25
IT, software	24,567	35.52
Publishing	8,345	12.06
Museums, galleries, and libraries	6,970	10.08
Music, performing arts, and visual arts	6,530	9.44
<b>TOTAL</b>	<b>69,168</b>	<b>100</b>

Source: Mikić, H., Radulović, B., Savić, M. (2020) „Creative industries in Serbia: measurement approaches and economic contributions“, *Ekonomika preuzeća* no. 3-4, ISSN 0353-443X, pp. 201-214.

- The concentration of employment is proportional to the market share of leading companies in several branches. For instance, the top-ranking media companies employ approximately 55.6 percent of employed persons in the branch; in the film industry, the first three firms accounted for 75% of total employment in the branch.
- There are two development models in CCIs: one, representing companies that are outsourced by large foreign companies, and the other where work is based on authenticity and originality of author's expressions. The first group of companies achieves high rates of growth and employment but does not create goods protected by intellectual property rights, nor those that have symbolic, cultural, or artistic value. These companies provide services to the global CCIs companies. Most of them are in the film industry, advertising, IT industry, animation, etc. The second group of CCIs operators is much more important for Serbia's creative identity, diversity, and sustainability of cultural expressions and values. They are mostly made up of small creative companies, creative entrepreneurs, and associations that create contents of original character and authentic authors' expression.

#### **Missing data, statistical data collection:**

- Data about CCIs are not being collected regularly and in continuity, and they mainly come from occasional projects. Therefore, we have different studies and approaches to data collection which are mutually incomparable.
- We are missing quality data about creative entrepreneurs, craftsmen, and new digital services (e.g., AR or VR studios with cultural content).
- Since 2017, collected data are not used to provide an objective insight into the development of CCIs, but are filtered to show only positive results and an embellished picture of the CCIs development (if they are published by public government bodies or government consultants in the form of communications or policy papers).
- The most cost-effective approach to data collection is the one based on administrative databases, but such an approach is disabled by the ineffective strategy of open data government. For instance, the Serbian Business Registers Agency charges for data from financial reports that are regularly submitted to it by all entrepreneurs and organizations. Instead, it could offer anonymized open data that are used for statistical purposes and therefore enable researchers to better follow CCIs. The Ministry of Finance and data about public finances are generally not open. If there is some data published, such data are so much synthesized that they cannot be used for the analysis of CCIs. The Statistical Office of the Republic of Serbia has a nontransparent and limiting policy for the usage of their anonymized micro data.

#### **Priorities of policy programs (to which particular branch of CCIs priority is given at the regional and national level)**

- On the level of policy, CCIs are often wrongly understood as IT industry or, sometimes, as entertainment industry, and that affects inefficient public policies measures.
- Based on such understanding, decision-makers are bringing measures directed toward economic growth, scaling and fast (but not necessarily sustainable) results. The measures that are being brought are trying, in an aggressive way, to change the

business models in CCIs in order to enable them to scale up in economic terms, without investments in creativity, excellence, and promotion of diversity of cultural expressions.

- „Hype development of creative industries“ syndrome can be noticed. Different means of promotion and numerous conferences are used to boost enthusiasm for the economic growth of CCIs which can be seen as a form of political populism (e.g., the gaming industry in Serbia is often presented as a global leader although there are numerous boutique companies whose share in the global market is negligible). Such huge media promotion is raising investors' interests but only in the short run.

### **Evaluation about congruences and/or mismatches between point 1 and point 3**

- The gap between certain measures of public policies and practical needs of the CCIs as a sector results in the so-called unfriendly business environment (so call „predatory business environment“ and disrupted institutional norms) and precarious work. With different measures, the government is creating an unfavorable business environment for entrepreneurs, freelance artists, and independent initiatives, the creative class that works on the jobs which are not seen as a priority in “scaling of economic growth”. The results of that are monopolies in certain CCIs branches (e.g., in the music industry, concert industry), lesser possibilities for the development of creative entrepreneurship, and the cases where the fiscal burden for creative entrepreneurs, micro-companies, and freelance artists, is bigger than the burden for big corporations.
- There is a big discrepancy in legal regulations for business activities in CCIs and such regulations are not subject to serious work. The legal norms that are defining business activities in CCIs and culture are outdated and unadjusted to the contemporary development of this sector.
- Fiscal and other measures that are being promoted as support to CCIs are accessible only to the small number of big companies, while the majority of other companies and entrepreneurs cannot use them due to the high financial thresholds that have to be reached as a precondition for the usage of those incentives.
- Numerous measures from the communist and socialist periods are still kept. They are limiting the development of the private sector, entrepreneurship, increasing bureaucracy, and worsening the conditions for innovations and excellence in CCIs.

### **Relatedness of the chosen CCI with other industries existing in the region**

- Relatedness with other industries is low (or small) and the CCIs sector is mostly being developed within itself.
- There are certain connections with tourism and agriculture but the quality of such connections is insignificant in terms of the CCIs as the change agent in transforming other industries.