



Executive summary

Cultural and creative sectors are a significant economic driver with strong growth potential

Cultural and creative sectors (CCS) are important in their own right in terms of their economic footprint and employment. In 2018, they accounted for an average of 7% of all enterprises and 2.2% of the total business economy gross value added (GVA) across OECD countries. Cultural and creative employment (including in non-CCS) accounted for up to 1 in 20 jobs in some OECD countries and up to 1 in 10 jobs in major cities and capital regions. Around 40% of cultural and creative employment can be found outside of CCS, e.g. industrial designers working in the automotive industry, highlighting the importance of creative skills for the whole economy.

In the decade prior to the pandemic crisis, growth in the number of CCS enterprises was higher than in the rest of the business economy (18% vs 12%). Growth in cultural and creative employment outpaced growth in overall employment in most OECD countries (13.4% vs 9.1%).

They contribute to innovation across the economy

CCS innovate and support innovation in other sectors in many different ways – through new products, services and content, new business models and ways of co-production, and through skills mobility. However, these types of innovations are not well captured in official statistics, which were designed to measure innovation in more traditional sectors such as manufacturing.

The diversity and special characteristics of CCS require tailored policies

Libraries and cultural centres, film production companies, festivals, museums, global streaming services, theatres, design and architectural companies, and artists all belong to CCS. However, their cost structures and business models vary significantly, from not-for-profit and public institutions to for-profit companies. While CCS include large global players such as Netflix or Sony Records, they are predominantly composed of micro-firms and free-lancers. Many creative businesses are based on intangible assets, lacking the tangible collateral to access bank credit.

Workers in these sectors are highly skilled on average and their jobs are more “future-proof” (10% of these jobs are at high risk of automation compared to 14% in the general labour market). At the same time, they are also more likely to be self-employed (on average twice the rate of the general labour force) and hold multiple jobs combining salaried employment and project work. Contract instability, fluctuations in income, and limited access to social protection make many jobs in CCS more precarious than jobs in other sectors.

CCS workers, firms and organisations were among the worst hit by the crisis and the recovery will be uneven across the sub-sectors

Venue-based activities (e.g. theatre, cinema, museums, etc.) have been heavily affected by social distancing measures with immediate impacts on revenues and livelihoods, as well as on wider value chains. However, those businesses with a strong digital content, such as streaming services and video games, fared much better. The lingering effects of the pandemic could put longer-term strains on the sector and creative professionals, who frequently transition to non-creative careers during times of economic crisis. While public support measures helped to cushion some of the blow, they were not always well adapted to the specificities of CCS, such as workers who combine standard and freelance work. Some sectors are recovering quickly (e.g. music) while others (e.g. festivals and museums) will need more time to fully return to pre-crisis levels.

Digitalisation is changing the ways people engage with culture, spurring new business models and new skills needs

Cultural sectors have long been at the vanguard of digitalisation, developing new models of production and consumption that are then mainstreamed across other sectors. Going forward, addressing disparities in access to digital tools, infrastructure and skills can help capitalise on the full potential of digitalisation in the sector. New technologies can further support cross-overs with other sectors such as health and education, leading to the emergence of new professional profiles and business opportunities.

Cultural participation underpins both the supply of and demand for cultural and creative goods and services, and generates important social benefits

The demand for culture is high. Household spending on recreation and culture grew by 18% between 2011 and 2019, twice as fast as overall spending across the OECD, but clearly COVID-19 left a mark. In 2020, per capita spending on recreational and cultural services dropped by about 30% on average across OECD countries.

Cultural participation is linked to a number of areas of social and economic impact, such as social inclusion, civic engagement and health. Pandemic related lockdowns have further highlighted the importance of culture for people's mental well-being. This increased awareness provides a new opportunity to capitalise on the role of culture in the prevention and treatment of illness, contributing to health and welfare systems. Cultural participation can help tackle societal challenges, such as climate change from new angles, favouring resilience, skills creation and prosocial behaviours.

Culture-led regeneration and development strategies can transform places

CCS not only provide direct economic benefits (through taxation, job creation and innovation), and social benefits (e.g. improved wellbeing and community cohesion) but also contribute to “place making” by making cities and regions more attractive places to work, live and visit, encouraging investment and talent attraction. As governments reconsider their growth models, culture-led regeneration and development strategies can support the transitions to fairer and more inclusive growth.

Better evidence is needed to inform policies and drive investment

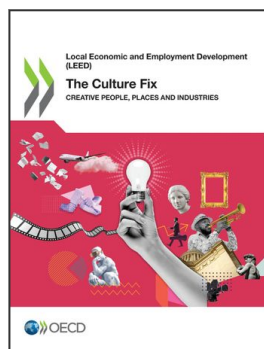
The economic and social impact of CCS is notoriously difficult to measure. Cross-country comparisons are particularly difficult due to varying country definitions, and lack of sufficiently disaggregated and timely data. Increased policy attention to the needs and contribution of the sector in light of the pandemic provides an opportunity to close data gaps to better inform policies at national and local levels and channel investment to areas of economic and social impact.

A cross-cutting approach can help capitalise on the role of cultural and creative sectors in the recovery

To fully reap the benefits from cultural and creative sectors, national and local governments should:

- View culture as an economic and social investment, not a cost;
- Create a level playing field for creative professionals and firms to access employment, social protection, innovation and business support measures;
- Mainstream culture as an integral part of wider policy agendas, such as social cohesion, innovation, health and well-being, the environment and sustainable local development;
- Continue to address data gaps to better inform policies.





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