

**Creative industry and entrepreneurship for a sustainable economic
development: Case of South Africa.**

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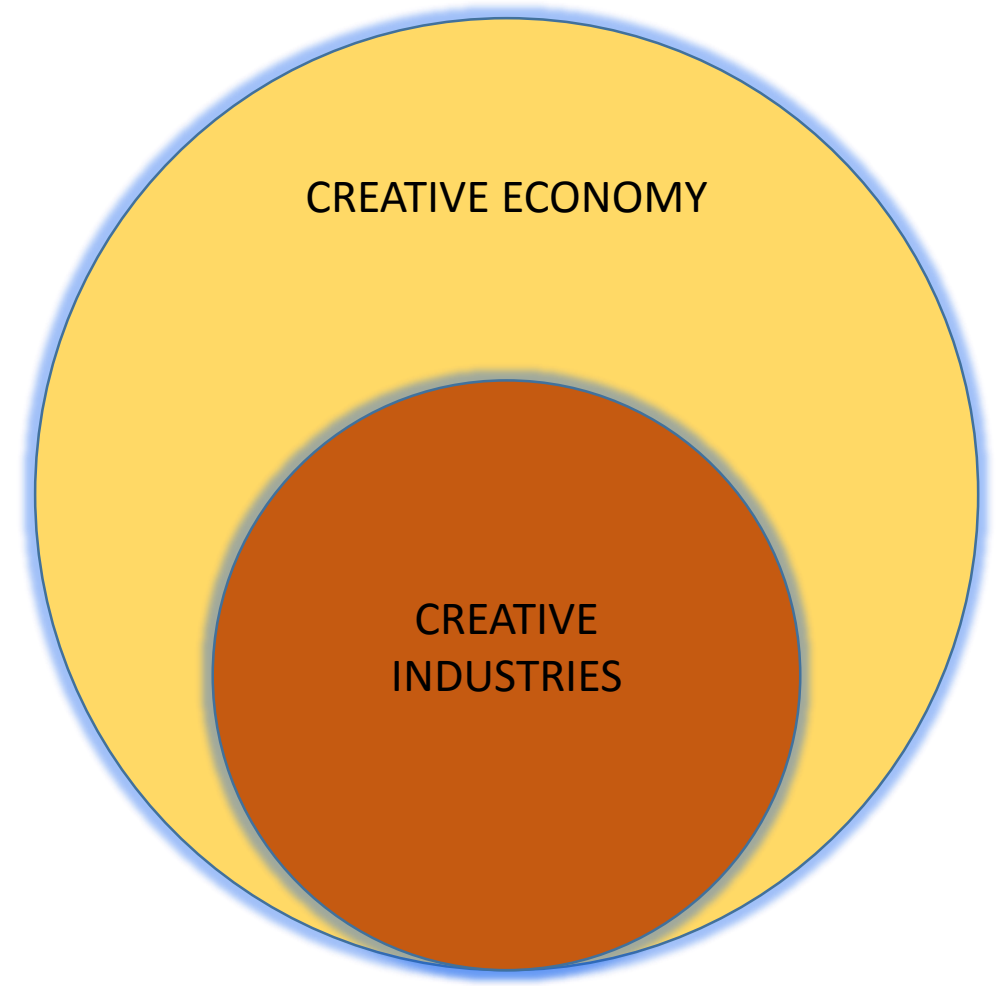
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INTRODUCTION

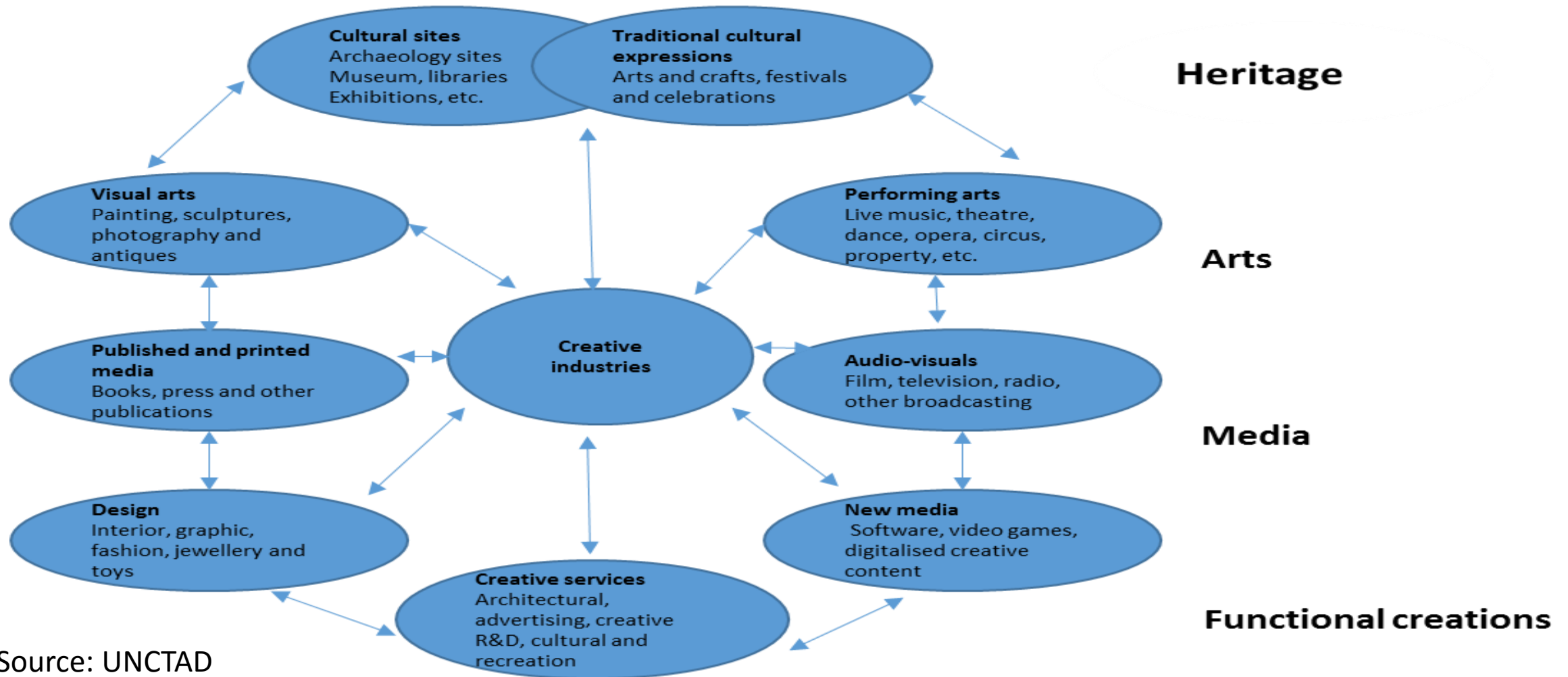
The Accelerated and Shared Growth Initiative for South Africa (ASGISA) has now recognised that creative industries, are recognised as the drivers of sustainable economic opportunities and livelihoods especially for the local communities in South Africa. This paper investigates the role of creative industries in the sustainable economic development of South Africa, and also considers the policy challenges around creative industry development in the country.

DEFINITION OF THE CREATIVE INDUSTRIES

In a study prepared by C. Smith of the Department of Culture, Media and Sport in the UK, Creative Industries were defined as "those industries which have their origin in individual creativity, skill and talent and which have the potential of wealth and job creation through the generation and exploitation of intellectual property"



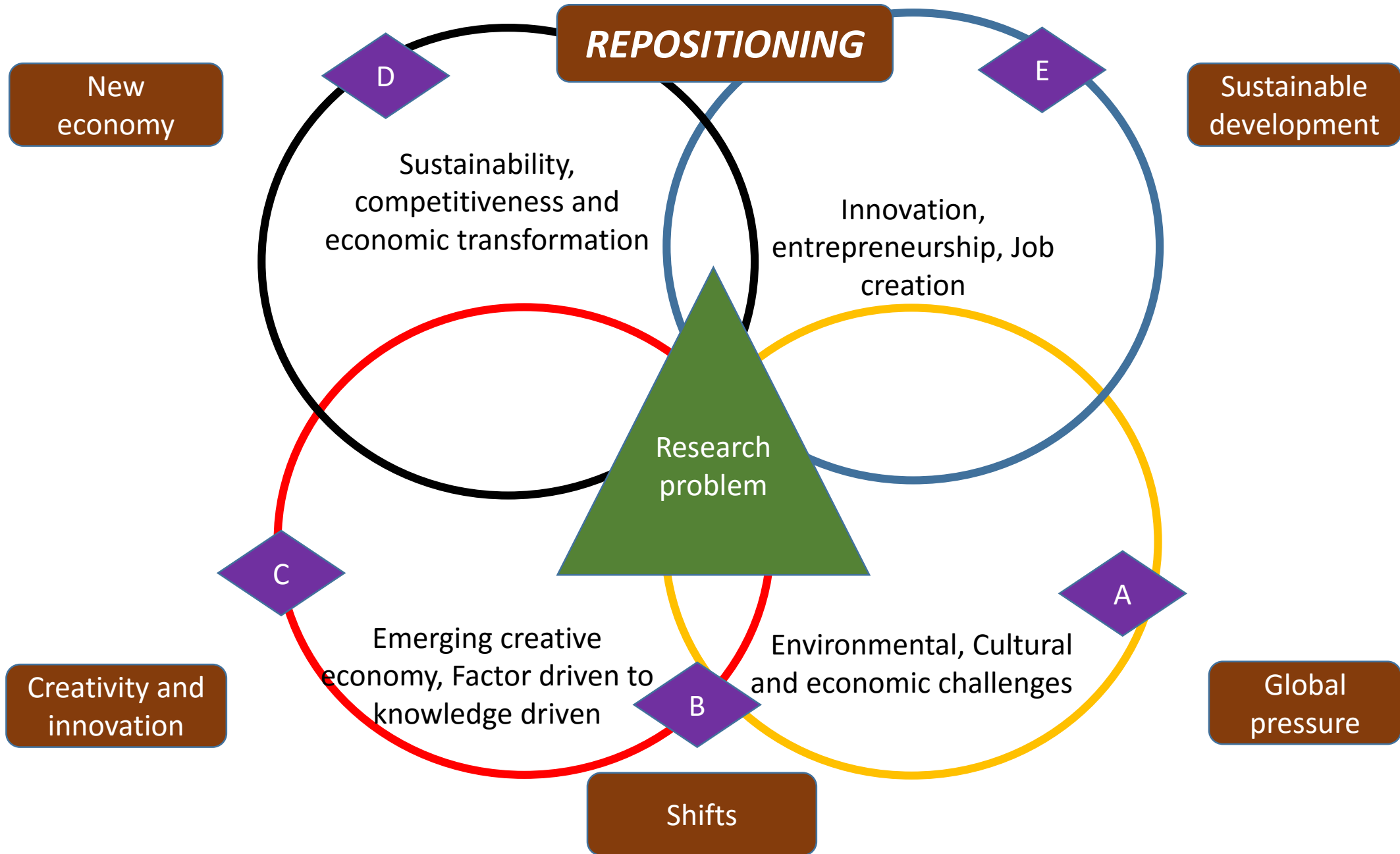
Classification of creative industries



Problem statement

The problem is to address local challenges and take advantage of current global opportunities. South Africa needs to drive economic transformation and improve rural livelihood through exploitation of the innovation capacity that exists within the creative industries. In order to achieve this, there is need to attend to the gaps of South African creative population in such that creative individuals become both motivated and empowered to utilise their unique skills to make a valuable contribution to South Africa's economic and development through increased operative entrepreneurial activities.

The research problem in relation to the overall global environment



RESEARCH QUESTIONS

How does the investing in the creative industries affect sustainable economy in South Africa?

RESEARCH OBJECTIVES

The general research objective is to develop a more beneficial understanding of the needs of creative individuals operating SME in the south African, and develop policies for ways in which the inspired individuals can be motivated towards effectively developing their unique cultural talents in way that they can make a valuable contribution to south Africa's economy and livelihood through effective 'inclusive' entrepreneurial activities.

METHODOLOGY

- The development of a vision of the structure under consideration
- The identification of existing strategies and policies that can promote the advancement of the structure;
- The accessibility of human assets, inputs and base to serve the structure are evaluated
- The economic circumstance of the dynamic parts of the structure (the creative sector) and also its association with global businesses is analysed
- Through the course of the analysis, the qualities of the structure are to be recognized, as are the limitations to its progress.

DATA ANALYSIS

Values and shares of creative goods exports, annual, 2003-2015

Product / Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Art crafts	4.1	4.4	4.1	4.9	5.4	6.5	6.2	28.2	27.6	26.4	23.4	23.6	19.4
audio visuals	1.6	2.7	4.4	3.8	10.4	10.1	7.1	19.6	21.4	19.5	14.1	14.8	12.4
Design	34.4	29.9	37.8	37.8	44.2	56.2	60.3	232.9	225.5	216.9	224.4	226.2	194.0
New media	2.7	2.7	5.3	4.9	11.4	14.6	14.3	23.6	21.7	20.3	17.5	19.8	14.0
Performing arts	0.3	0.5	0.6	0.5	0.7	1.2	0.8	3.2	3.7	3.7	3.1	4.0	2.5
Publishing	51.1	52.9	59.6	60.3	57.3	65.4	60.4	159.2	174.3	135.7	124.3	105.5	83.7
Visual arts	2.1	2.0	2.4	1.7	2.1	4.4	2.6	7.0	6.6	6.9	5.8	6.5	4.7

Values and shares of creative goods imports, annual, 2003-2015

Product Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Art crafts	0.5	1.3	1.5	1.4	1.8	1.1	1.6	7.4	24.6	13.7	13.7	11.4	9.4
audio visuals	0.0	0.1	0.3	0.4	0.5	0.4	0.4	0.3	0.4	0.2	0.4	0.4	0.7
Design	8.5	8.9	10.8	12.5	7.3	5.9	5.0	12.6	8.8	10.1	8.0	6.9	7.0
New media	0.0	0.0	0.0	0.1	0.7	0.3	0.1	1.0	1.7	0.2	0.3	0.7	0.9
Performing arts	0.1	0.1	0.1	0.3	0.0	0.6	0.1	0.3	0.2	0.5	0.3	0.7	0.1
Publishing	0.5	0.6	0.5	0.7	0.4	1.0	0.3	21.3	19.2	38.0	30.7	18.9	8.2
Visual arts	20.3	0.8	0.8	3.3	1.2	15.4	1.1	15.2	16.3	10.0	13.6	14.1	7.8

Top 10 companies: number of projects

Company name	Source country	No of projects	Global projects*	% of global projects**	Projects in last 12 mths
M&C Saatchi	UK	3	22	13.6	0
MCI Group	Switzerland	2	26	7.6	1
Zomato.com	India	2	16	12.5	0
WPP	Ireland	2	238	0.8	0
Avenues: The World School	United States	1	26	3.8	0
MobileWebAdz	UK	1	2	50	0
iROKO Partners	Nigeria	1	1	100	0
iVvy	Australia	1	1	100	0
International Congress and Convention Association (ICCA)	Netherlands	1	1	100	0
Velsoft	Canada	1	1	100	0

Source: fDi Intelligence from the Financial Times Ltd, 2015.

DISCUSSION

Main creative goods imports in developing South Africa economies between 2003 and 2015 were:

- Between 2003 to 2015 the value of total import of creative goods was \$476 million
- The import experiences an annual fluctuating increase in 2014 with an average rate of 15.8%, followed by 3.0% in 2011 and 2.9% in 2012. The year 2009 have the lowest rate of import of 0.4%
- The average import rate within at this period is 2.6%
- The highest import year is 2012 with \$72.7 million, followed by \$71.2 million in 2011. The years with the lowest imports are 2009 with \$8.5 million, and 2004 with \$11.7 million of value share.
- Within the creative goods grouping, the **book's** product classification has the highest value of import of \$137 million, followed by **painting** with \$93.4 million of the total value share of imports for this period.
- The creative products in the grouping with the highest import share are **publishing** \$140 million, **visual arts** \$120 million, **design** \$112 million, and **arts crafts** \$89.4 million respectively.

Main creative goods exports in developing South Africa economies between 2003 and 2015 were:

- Between 2003 to 2015 the value of total export of creative goods was \$3.4 billion
- The export experienced slow annual incremental rate of 0.14% from 2003-2008 (for instance, 4.6% in 2006; 5.3% in 2007; and 6.3% in 2008 respectively). There was a rapid increase in the export rate in 2010 by 18.9%, which peaked in 2011 to 19.2%. It shows a continuous decline of 17.2% in 2012; 16.5% in 2013; 16.0% in 2014, and 13.8 in 2015 respectively.
- The average export rate within this period is 18.8%
- The highest export was \$481 million in 2011 followed by \$473 million in 2010.
- Within the creative goods grouping, the **design**, product classifications have the highest value of export of \$1, 6 million, followed by **publishing** with \$1.2 million of the total value share of exports for this period.
- The creative products in the grouping with the highest export share are **interior** \$966 million, **books** \$579 million, **newspaper** \$482 million, and **fashion** \$393 million respectively.

FDI INVESTMENTS

A total of 56 companies invested in South Africa in creative industry clusters within January 2003 and September 2014. The top 10 companies reported a combined total of 15 projects (24.6% of projects). MCI Group was the only company, with one project, amongst the top 10 to have announced projects. Also, this top 10 companies reports 13.4% of job creation and 13.7% of capital investment. Together, they produce smaller projects in terms of job creation with 14 jobs on average. These companies mostly offer lower capital investment at an average of USD 6.97 million per project (fDi Intelligence market, 2014).

RECOMMENDATIONS

- Human capital development
- Micro and Small Enterprises
- Local and international market growth

- Strategic policy interventions

CONCLUSION

The relationships of South African government with foreign firms can play a key role in developing creative enterprises and can move into higher-quality products and processes. Hence, there is need for supportive development strategies put around empowering local firms and establishing a whole range of fiscal, trade, financial and competition strategies intended to strengthen the relationships between local and international producers.

THANK YOU