

# Creative Economy • Nation Building: *Higher Education as the Catalyst*



## Creative Economy: The Context

The future of jobs is ever-evolving, especially with the high degree of automation and computerisation of tasks and activities. Sectors that require repetitive skills are more prone to getting automated, instead of putting workers in these industries at risk. While it is difficult to precisely predict the types of new jobs that could emerge in the future, it is possible to predict the skills mix that these jobs could require.

The growth, evolution and development of human society have been the result of innovation and creative thinking. As an intelligent species, we have been more solution-driven rather than adaptive. Thus, human civilization has evolved in its social and economic development through varied phases from the agrarian, industrial, informational to the creative. In his book "The Competitive Advantage of Nations", Michael Porter argues, "as nations develop, they progress through several stages in terms of their characteristic competitive advantages and modes of competing", wherein he also stresses the innovation-driven stage as a distinct stage that drives this advantage.

A discourse on economic activity is incomplete without reference to innovations and the ecosystem for creativity and innovative thinking. This takes the discussion beyond the conventional means of production like land, labor and capital to talent and how talent can be developed. It also goes beyond to include an institutional framework required for promoting critical and creative thinking. The next wave of growth is completely dependent on such human capital.

The creative economy as defined in the report published by UNCTAD (2019) is "**an evolving concept which builds on the interplay between human creativity and ideas and intellectual property, knowledge and technology**". Essentially it is the knowledge-based economic activities upon which the 'creative industries' are based.' These industries have been identified in the said report as advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research & development, software, computer games, electronic publishing, and TV/radio.

It may be argued that in the broad sense creativity and innovation have always been a part of the economic value chain in every historical economic model. This has been acknowledged by Howkins (2013) (the initiator of the theory of creative economy), that creative economies have been present in societies over time. **'Creativity is not new and neither is economics but what is new is the nature of the relationship between them'**. This is now more evident with the changes in higher education, employment patterns, job categorizations and competencies and remunerations. The more this notion was analysed the more apparent it became that to assess the true impact of the creative industries, its economic scope and implications, fundamental rethinking was needed.

Today, there is a fusion of aesthetics, arts and creativity with digital and virtual technology which is creating a completely new perspective. Innovation and ideation are now considered as a composite part of day to day businesses whether it is related to banking, travel, hospitality or weather reporting. The number of 'creative' jobs in non-creative businesses is probably greater than within the defined creative industries and thus it is impossible to truly measure their impact on the economy. Much of this could possibly be linked to the fact that the massive impact of technology platforms and digitization of businesses are changing the environment and way of business practices to more systems and solution-driven one. Solution-based and output-driven business processes in today's competitive global environment are creating a continuous need for innovation and strategic thinking which is inherently creative in nature, but does not necessarily get considered as a part of the creative discipline.

Though the creative industries, as identified by the UNCTAD (2019) report, lie in the heart of the creative economy model, it must be understood that economic models do not function in isolation. In this context, the interface between

**FICCI, as a Think Tank, in previous deliberations over the years at FICCI Higher Education Summits and FICCI-EY Knowledge Papers have highlighted the impact of Mega trends and exponential technologies on the future of jobs, future skills and universities of the future.**

**These studies and trends have pointed to the urgent need to look at the Creative economy which in turn has led to key discussions at FICCI Higher Education Summit 2019 - Creative Economy • Nation Building: Higher Education as the Catalyst**

the defined creative industries and other industries contributing to the economic well-being of a society begin to merge into a composite whole. Thus, rather than being a part of an evolved aspect of a fully developed economy, the UNCTAD (2019) report concluded that the rapid rate of growth of 'creative and cultural industries' is being felt in every continent and by developing economies as well.

The report notes "despite the challenges facing the global economy, the world creative economy has shown itself to be both somewhat resilient and growing, with China and the South East Asia region accounting for the largest share of creative goods exports from the developing economic group, which includes Hong Kong, China, India, Singapore, Thailand, Malaysia, Taiwan, Province of China; and Turkey."

In an era of rapid globalisation, the combined impact of culture and commerce that creative industries represent, has a powerful way of providing a unique identity to a country or a region to enable it to stand out from its competitors. The value of the iconic "Incredible India" campaign and its far-reaching impact on the tourism, hospitality, airline and other allied industries is a good case in point. Prestige projects such as these driven by the creative industries have an impact on the entire economy as a whole.

A creative economy is based on people's use of their creative imagination to increase an idea's value, which has been earlier classified as cultural and innovative industries. This covers the jobs and industries that were hereto not included in the so-called 'SIC' and 'SOC' codes (Standard Industrial Classifications and Standard Occupational Classifications) – the classification that defines the international trades and services. One of the first such classifications in 1998 included 13 industries - advertising, architecture, the arts and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, performing arts, publishing, software, television and radio.

Creative skills may be found outside of creative industries—in other sectors—and are likely to be in higher demand in the future.

Researchers at Oxford University estimate that up to 47% of jobs in the US could be replaced by machines in the course of the next 20 years, while their figure for the UK is 35%. On the contrary - a study by Nesta, 'Creativity vs. Robots' argued that the creative sector was to some extent immune to this threat, with 86% of 'highly creative' jobs in the US, and 87% in the UK, having no or low risk of being displaced by automation. The numbers truly bring out the fact that creative economies are going to drive the next wave of human creativity and employment. India - the country with the largest young working population in the world, is poised to leapfrog its economic growth by preparing its workforce towards these creative vocations.

**"The interface between creativity, culture, economics and technology, as expressed in the ability to create and circulate intellectual capital, has the potential to generate income, jobs and exports, while at the same time promoting social inclusion, cultural diversity and human development. This is what the emerging creative economy has begun to do."**

**The creative industries are recognised as a source of innovation, economic growth, personal wellbeing and community cohesion, but harnessing their potential can be a challenge. The creative economy not only requires new and rapidly changing skills, but it also requires a completely new approach to education in which collaborative learning and mutual respect between the traditional disciplines of arts, science and technology will be crucial.**

## Creative Economy: The Impact

Given that the scope and reach of the creative economic context is much more evolved and impacts most industries at large, its effect also becomes wider and deeper. Creativity today is driving industry directly and indirectly through our thinking approach, systems designs, solution-driven management styles, products, processes and work ethos. This interface of creativity in the societal and economic existence of our day to day existence through its potential to create jobs that generate income and sustain businesses is expressed as the intellectual wealth and is a capital asset. Intellectual capital has far-reaching implications as an asset, as it not just the prerogative of the developed economies but may also be equally owned by developing economies. Thus as an effective component of economic growth, this becomes a lucrative and feasible option for developing economies to become strong contributors to the world economy.

As a leading component of economic growth, employment, trade, innovation and social cohesion in most advanced economies, the creative economy also seems to be a feasible option for developing countries. According to the UN Creative Economy Report (2008), if effective public policies are in place, the creative economy can generate linkages within the overall economy at both macro and micro levels. This would foster a development dimension, offering new opportunities for developing countries to fast-track into emerging high-growth areas of the world economy. This provides a new paradigm for industry and business going forward, in the way they are structured and organised, how education is understood and provided, value is measured, and the working career prospects of the population at large are likely to develop.

Intellectual assets which are the mainstay of the creative economy, is not a novel concept. History documents statutes protecting intellectual property as far back as the 1600s and the 1700s under the Statutes of Monopolies act of the English Parliament. With the focus on creative economies the importance of this asset is now most significant and its protection of prime importance. Laws to protect intellectual property are as stringent as those for other capital assets and resources of the industry. Registration of design patents and processes are commonplace leading one to look at the next most important asset of the creative economy – human resources. Regardless of how creativity is interpreted, there is no doubt that it is a key element in defining the scope of the human competencies within the creative economy. To fully appreciate this, it must be noted that the economic outcomes of creativity are achieved through the interplay of four forms of capital – societal, cultural, human and institutional – as the determinants of the growth of creativity resulting in the creative capital.

With the rapid growth of technology and automation, artificial intelligence and robotics, the "Fourth Industrial Revolution" is impacting conventional jobs and sources of employment. The nature of work as we know it is also changing. Creative specialisms are both knowledge-intensive, requiring specific skills and high-level qualifications, with a high concentration of creative inputs. Thus, the job-creation potential of the industries within the creative economy can be an important means for growing the human resource element and thereby, act as an effective way to boost employment. Also, the quality of jobs generated by the creative economy may provide greater levels of employee satisfaction than more routine occupations because of the commitment and sense of cultural involvement engendered among participants in a creative endeavour (Creative Economy Report, 2008).

## Creative Economy: The India Story

The Creative Economy Outlook, (UNCTAD, 2019) notes “ there exists a wide range of creative talent in developing countries and significant levels of intangible cultural capital such as traditional and cultural expressions on which to draw in producing creative goods and services for domestic and international markets.” The UN Creative Economy Report (2008) had stated that the creative sectors of developing economies had a significant potential to contribute towards the achievement of at least six specific components of the Millennium Development Goals namely, poverty eradication and reduction of inequality; gender equality; Sustainable development strategies; global partnerships for development; social inclusion of youth; and access to new communications.

**There has been a leapfrog transition from an agrarian economy to a services economy with significant information technology, as well as information technology-enabled sectors in India.**

The creative economy has a cultural and social impact that is likely to grow manifold soon. In India, the focus is on livelihoods, employment and social context co-existing within a creative occupation. This is accompanied by the second-largest urbanization in human history, with the urban population growing from 375 million to about 800 million in the next few decades. "Rural" and "urban" in India are not just locations; they also embody complex histories and traditions. Spaces within and between rural and urban locations are evolving and mutating as ideal locations for disruptive innovation for an early 21st-century creative economy. Such opportunities could also embed and situate themselves in places that build from ecological and cultural landscapes, propelled more by socio-cultural factors than material transformation alone. The possibilities and implications of these developments in creating economic and non-material value are yet unexplored.

Communities in India have long been at the forefront of creative industries – the handicrafts, tourism, architecture, food and food processing, music and dance, and rich literature has a lasting legacy across centuries in India – and across the regions in the country. Some of the oldest surviving dance and music forms – Odissi, Kuchipudi, Kathakali, Dhrupad, Jatra etc; Oldest literature and planned urban settlements of the Indus valley civilisation – highlight the presence of the creative economy in India since time immemorial.

In today's age of data-driven economies – the size of creative goods and services exports from India has grown from USD 7.5 bn in 2005 to USD 20 bn in 2015 and is expected to grow to USD 35 bn by 2020 – making India one of the largest players in the trade of creative industries. The size of the domestic creative economy is expected to be over 5 times this value in the same period.

Design goods accounted for the largest share of creative goods exports with a value of \$17.9 bn in 2014. Jewellery was a key export at \$13.2 bn followed by fashion accessories at \$3.2 bn. The fashion industry in India is likely to continue its growth as the country has a large young population. Art crafts (carpet and yarn products) was another dynamic sector with exports at \$1.5 bn in 2014. India had a positive trade balance in creative goods trade, which stood at \$15.4 bn in 2014.

Additionally, the contribution of creative economy can be attributed to advancement in technology which provided creative minds resources to develop something new and the world saw the dawn of hyper fast and accurate search engines, a new industry of e-Commerce was born, even the hardware especially telecommunication devices underwent a drastic change, the way we interact, communicate and socialize have been transformed. The creative and innovative founders of these companies were able to leverage technology and create something that has now become a daily necessity of our lives. Some of these companies have created wealth for their shareholders more than the GDP of some smaller nations.

**As the primary producer of the skilled manpower and the key driver of innovation - the higher education system needs to prepare itself for the transformation in the skillsets needed for this new creative economy.**

## Creative Economy: Higher Education as the Catalyst

The World Economic Forum (WEF) used the Three-T framework to develop the Creativity Index of various nations- **Technology, Talent and Tolerance**. Technology explosion, new skill sets, multi-disciplinary thinking, and the need for empathy are catalyzing changes in India's colonial education system. This is representative of an emergent socio-economic shift that requires strategies for democratizing access to opportunities and rewards.

Making higher education more contextual to the current ecosystem is necessary, as it raises some very critical questions. Should higher education just cater to industry jobs or should it create thought leaders rich in curiosity, empathy, values and with the thirst for life-long learning? Does India need to create mentor practitioners who provoke and catalyze learners to push boundaries and venture into the unknown? Can higher education also unveil & explore the unexplored spaces and their potential?

### Disruption in Higher Education

According to a report by the World Economic Forum, the top three skills required in 2020 are critical thinking, creativity and problem-solving. For 2030, it predicts that creativity, critical thinking and decision will be required. These higher-order thinking skills are considered key to success in any field, in the future. There must be constructive alignment between objectives and skills. Curriculums must also be crafted to encourage learning and development at varied stages.

Shifting skills, digital transformation, employment and income challenges, and the industrial revolution have brought higher education to a critical space in between disruption and transformation. The Advent of AI/ML, IoT, smart devices are all transforming the traditional student experience. It is now time to coherently create India's transformative story – one built on future foresight - as a driving force for disruptive change.

## A Systems Thinking Approach

In the present world of collapsed boundaries and multiple schools of thought, both educators and recruiters want youngsters who are innovative & creative, selfless, collaborative, have problem-solving skills, can predict potential issues that may arise and can create multiple outcomes for a challenge. These are the key elements of systems thinking. There also needs to be a seamless integration of immersive learning and design thinking. Systems Thinking catalyzes a re-examination of existing beliefs, assumptions, parameters and values of varied processes. In this context, we need to shift towards creating a “System of Systems.” It's a collaboration where each independently operating process joins hands with another independent process to give birth to a larger process/outcome that cannot function without this symbiotic participation.

## Including All Economic Actors

In India specifically, the rural economy contributes around 46% to India's GDP and 70% of Indians live in rural areas. Further, about two-thirds of rural income is now generated in non-agricultural activities and more than half of the value add in the manufacturing sector in India is contributed by rural areas. The Rural Economy witnesses many of small enterprises (called nano-enterprise) operating in a fairly informal manner in the remote areas. Given their significant contribution to the Indian economy and their potential to scale themselves up, it is extremely important to look at how universities/HEIs can work towards formalizing them and providing them with the impetus to leapfrog.

## Creating Knowledge Incubators

In a time of collapsed boundaries and information overload, what does higher education in India need? To begin with, it needs to transcend the boundaries of the curriculum and explore uncharted territories. Higher education should be contextual and in consonance with its existing environment – it should draw learning from real-life issues and concerns, industry dynamics. Universities then become the Knowledge Incubators that will drive this change. With the target of becoming a 5 trillion economy by 2025 and 10 trillion economy by 2030, India must focus on developing universities as powerful research-based institutions for commercializing knowledge that will nurture and lead innovations.

## Transformative Leadership

Leadership in higher education is one of the most dynamic components in ensuring that the university and higher educational institution continues to operate from the top down with integrity. Amidst rapid technological disruption and radical changes in the conventional format of teaching-learning, the capabilities of leaders in higher education must completely fit into the required framework. Effective leadership with the futuristic approach is the key to taking the higher education sector to the next pedestal. The higher education leader, today, while displaying a transformational leadership, should also be able to foster collaborative relationships within the institution, develop trust amongst stakeholders and work towards quality augmentation of the institution with a student-centric approach.

Higher education in India can be a key stepping stone for nation-building only when it has a holistic approach to nurture and create the future leaders of tomorrow.

**The discussions at the FICCI Higher Education Summit 2019 will provide ideas and directions to universities and colleges from India and partner countries on the possibilities ahead. The summit brings together all the stakeholders to have engaging and effective deliberations to orient thought processes. The aim is to prepare us to strategically adopt futuristic, disruptive and creative processes and technologies to build an educational environment for the creative economy of tomorrow.**

# Acknowledgements

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