

## ECONOMIC MODELS FOR STRUCTURING CULTURAL INDUSTRIES AND MEASURING THEIR CONTRIBUTION TO THE NATIONAL ECONOMY

*With the development of digital technologies, the importance of intellectual property becomes a leading for the development of the creative economy, the structuring of the creative industries, their classification and the measurement of their economic contribution. The lack of a unified international conceptual basis on these issues creates a number of challenges for the identification of the creative economy and the determination of its economic share in the economy as a whole. Existing economic models based on the understanding that creativity and knowledge are the required classification criteria do not meet the requirements of the business environment for clear structuring in the creative sector and determining its economic activity. The need to respond to the emerging need allows the development of a new economic model – the one of the intellectual property system.*

*JEL: A20; K0; L1; L7; M3; O3; Z1*

### Introduction – conceptual basis

The development of technologies, the new digital platforms for access and dissemination of content, initially in their development have imposed creativity and knowledge as business assets and have created the knowledge economy. Consequently, with the growing trends in the development of new technologies and the opportunities they offer for business, the fact that creativity and knowledge as a business asset lack the characteristics needed to be used as business resources, has created serious challenges for the knowledge economy and has led to their conditional division and the formation of the so-called creative economy.

The third wave of social development, the so-called information society (Toffler, 1980) led to the restructuring of the national economy from a three-step model into a four-step one, containing the so-called creative sector. These changes have also built up a new type of industries called creative industries. The rapid pace of technological development, unlimited creativity, multiple creative results and business models for their creation and consumption have changed the markets and have made consumers from passive to an active user of intellectual property. These trends have created serious challenges to the economic

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science (Penchev, 2014), related to the structuring of the creative industries, their classification, economic identification as business entities and the development of classification criterion to measure their economic contribution through traditional economic indicators such as gross domestic product, value added, employment, imports and exports

Given the fact that technological development has the greatest impact in the cultural sector with the boom of the entertainment industry, the research interest in resolving the emerging economic challenges is initially directed to the so-called cultural industries (Adorno and Horkheimer, 1994). The research theme for the cultural industries arises as criticism against the mass entertainment industry, represented by popular newspapers, magazines, films and music. Initially, the concept shocked the theorists and practitioners with their contradiction between "culture" and "industry". Subsequently, the division of two parts of the term sets a boundary between "elite" and "mass" culture, between the higher art of traditional creative production and the mass markets of the popular products of the cultural industries.

The term "cultural industries" places a dividing line between creative works and cultural products produced in an industrial way (Adorno and Horkheimer, 1994). Although their study does not comply with the drastic changes in technology development from the 40s to the 20th century, it is still relevant due to its fundamental foundation in understanding the relationship "culture" and "industry" and due to the recognition of the importance of technology for the development and consumption of culture. Based on it, the terms "creativity" and "industry" are distinguished, and hence the terms "publicly acknowledged as elite" and "commercial". The mass or otherwise called low culture is considered to be the result of repeated production, while the elite culture is the result of the creation of unique works by artists who would not repeat their creativity driven by commercial purposes. A distinctive criterion between mass and elite culture, besides the way of production of cultural products, is the degree of state commitment to the relevant industries. It can be expressed through the provision of subsidies, the establishment of a copyright regime for the protection of creativity or the development of special measures set in the cultural policy of the country.

The accepted then distinguishing criteria for "elite" and "mass" culture continue to be a basic theoretical consideration in contemporary researches of the creative sector. Gradually, with the expansion of cultural industries and entertainment activity, the research interest is reoriented on the definition of not just the specific activities that are inherent in cultural industries but on those related to creativity and intellectual property. Thus gradually begins the formation of the creative economy and the interest in its economic analysis. Initially, the emergence of the term cultural industries is justified by the need to define the activities forming the entertainment sector of intangible production, and subsequently their definition creates the possibility of calculating their contribution to the economy of the country. At a later stage in the development of the theory of cultural industries, these calculations allow the creative economy to be explored economically.

Thus, the content of the cultural industries is defined by industries that refer to the classical industries in the cultural sphere, namely the film and soundrecord industry, the publishing and the radio-television industry, which unite the forms of commercial entertainment that are realized through their mass industrial production, and are subject to government policy

in the field of culture A detailed study of the content of the term "cultural industries" (Golding, Murdock, 2000)

The cultural industries are inherent in creative activities primarily of a cultural nature, related to the creation and industrialization of cultural products and the provision of cultural services (Towse, 2011). Providing access to a cultural product and the promoting of culture are a cultural service, and its use is a prerequisite for creating a cultural product. These are functionally related and interrelated activities carried out in the creative sector.

Some researchers (Cunningham, 2006) extend the scope of cultural services by accepting that even writers, novelists, screenwriters, poets and lyricists, as well as those who create learning materials and contribute to the development of the educational system represents the provision of a cultural service. Their creative activity is essential for the provision of cultural services and the creation of scientific and cultural products.

Cultural industries operate by performing primarily cultural activities without this meaning that creative activities are not inherent in them. On the contrary, the economically cost-effective functioning of cultural industries is a complex symbiosis between cultural and creative activities inherent in the entire creative sector. Creative activities are directly related to the creation of cultural content in the cultural product and to new material, spiritual and cultural values (Flew, 2002). In this search for a decision on which is the business asset that has economic characteristics can be a classification criterion for the creative industries and allows measuring their economic contribution through it, the presented research is interesting and up-to-date. It offers an author's vision of intellectual property as a business resource for the creative industries and classification criterion to measure their economic activity. The study proposes a new economic model in structuring the entire system of creative industries, through intellectual property as a classification criterion, and provides a new approach to measuring not only the economic contribution of cultural industries but also the economic contribution of the so-called innovation industries. The aim of the study is to bring out a new economic model for structuring the cultural industries and measuring their contribution to the national economy. The aim is achieved through the following tasks:

- comparative analysis of the existing economic models for structuring cultural industries;
- analysis of the methodology for measuring the economic contribution of the copyright industries;
- developing a new economic model for the structuring of cultural industries through the development of the creative industries system;
- developing a new approach to measuring the economic contribution of industries across the whole creative industries system.

A leading research thesis is that intellectual property is a classification criterion for the creative industries system, which allows, due to the economic characteristics of intellectual property law, to measure the contribution of the two major types of creative industries (cultural and innovation industries) in the country's economy. The methodology used in the study is interdisciplinary, with the method of comparative analysis and synthesis of the

known practice in the field being applied as a priority. The methodology for exploring the economic contribution of the creative industries is examined in detail in the study. Although an analysis of international practice has been carried out, the part to determine the economic contribution of the cultural industries is limited to the territory of Bulgaria.

### **1. Criteria model for structuring cultural industries**

The complex nature of cultural industries is a prerequisite for a wide variety of definitions. According to UNESCO's definition, cultural are those industries that unite the creation, production and commercialization of intangible content in the cultural sphere. Dualism "creativity" and "production/trade" outlines the cultural and economic aspects of the cultural industries, giving them a different profile. Cultural products are protected by copyright and promote and support cultural diversity and provide access to culture.<sup>2</sup>

Another relatively common definition of cultural industries defines them as activities primarily related to the creation of symbolic goods whose initial economic utility derives from their inherent cultural utility (O'Connor, 1999). The definition includes traditional cultural industries such as telecommunication media, films, book publishing, sound recording, design, architecture, new media and traditional arts such as visual arts, crafts, stage performances, literature, museums and galleries united by the common name art.

The provided definitions for the cultural industries give an interesting, different and comparatively broad view of their content range. Regardless of their advantages, the definition of creative activities in the cultural sector would be unambiguous and limited in terms of their creative and cultural diversity. That is why we will use the so-called "criteria approach". The criteria approach helps to define the scope of cultural industries, not by defining them, but by adopting a criterion for:

- the nature of the activities they carry out;
- the nature of the cultural product and
- the relation cultural product and intellectual property.

This approach allows the identification of cultural industries in the creative industries system, taking into account the structural and functional dependence between them. The criteria that determine the scope of the cultural industries are:

- creativity as a process or inherent human quality;
- the symbolic meaning of cultural products;
- the utility used;
- the methods of production of the cultural product.

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<sup>2</sup> [http://portal.unesco.org/culture/en/ev.php-URL\\_ID=34603&URL\\_DO=DO\\_TOPIC&URL\\_SECTION=201.html](http://portal.unesco.org/culture/en/ev.php-URL_ID=34603&URL_DO=DO_TOPIC&URL_SECTION=201.html), 2016.

### *1.1. Creativity as a process or inherent human quality*

In the creative economy, creativity as a process is associated with the formation of new ideas and their practical application for the production of original and functional cultural products, technological and scientific innovations. Creative ideas, combined with relevant knowledge and skills, form intellectual capital. The relationship of creativity and intellectual knowledge and skills determines its economic aspects, in terms of how it contributes to the development of entrepreneurship, encourages the development of innovations, increases productivity and promotes economic growth (cit: WIPO/UNCTAD Creative economy report, 2008, p. 3). Creativity as a process always has a specific focus on its manifestation (Ibid: WIPO/UNCTAD, p.10). This also determines the existence of several types of creativity:

*Artistic creativity* – the ability to generate original ideas expressed in text, music or painting, as well as the ability to interpret reality in a new way. The originality of the creative process is the creation of something that has not existed so far, or the processing of something that already exists.

*Scientific creativity* – expression of science research curiosity and willingness to experiment and seek new solutions to specific issues.

*Economic creativity* – a dynamic process linked to the economic development. It mainly involves the development of new technological innovations and new business practices. Technological creativity – it consists in the creation of new technologies as a means of presenting and using the results of artistic and scientific creativity.

The importance of the creative process for economic, social and cultural development as well as its relation to intellectual property allows its economic aspects as well as those of creativity-related activities to be measured and represented by capital forms as a production resource using the "model of the five capitals – 5Cs" (Desmond Hui, 2005). Capital as an economic resource may have a material or non-material form. The material form of capital is represented by its monetary appearance, and the non-material – by human intellect (intellectual property) and creativity, and is called "creative capital". It is a set of different forms of expression of creativity. The results of using one of the capital forms in the creative process are called "creative results" that define the framework of the *creative index of the 5Cs model*. Its implementation provides values that express the dependence between social, cultural, human (intellectual property), institutional capital, and the formation of creative capital. Applying the creative index makes it possible to value the relationship and the dependence between creativity and intellectual property as its capital expression and means of protection.

### *1.2. The symbolic meaning of cultural products*

The "symbolic meaning" criterion for the identification of cultural industries can consider the cultural product bilaterally as:

- degree of market risk and

- unique intellectual result.

***a) degree of market risk***

Taking the risk of developing and marketing a cultural product and the degree of its unpredictability determines the symbolic character of cultural products (Towse, 2003). This thesis is based on the understanding that the "symbolic meaning" of cultural products is used to determine the scope of cultural industries through comparative analysis between cultural and creative industries. The analysis is carried out in relation to the "commercial" or "creative" nature of the products produced by the industries. Nevertheless, this criterion for distinction is conditional and does not give objective results, given that cultural industries are a kind of creative industries and that creativity, in whatever way it is presented, acquires potentially commercial character from the moment when intellectual property arises on it and from disclosing it to an audience. Therefore, the "symbolic meaning" of cultural products as a criterion can only be used to distinguish the products of the creative industries from those of conventional industries, because despite the differences between the cultural and creative products, as creative results they own symbolic meaning. Moreover, the risk of defining the symbolic meaning of cultural products is not the absolute factor for their characteristic, since symbolic meaning is not a characteristic inherent only in cultural products.

***b) unique intellectual result***

Accepting the above thesis would be unequivocal and would leave the importance of creative and innovation products in a different category outside of the creative economy. As creative results, creative and cultural products are objects of intellectual property. They are of a non-material character, which has a certain symbolic meaning, due to the uniqueness and originality of the creative and intellectual efforts invested in their creation.

The difference between the two products is in the way of their creation. The cultural product is the result of the economic realization of the cultural content and is mainly intended for mass consumption in the entertainment sector (it is also possible to be an elite product – collectors). The creative product is not created in an industrial way but is a result of R&D activities, and as far as innovation is concerned, they is also related to the management of intellectual property.

These arguments are enough to accept that the "symbolic meaning" criterion is not objective in terms of the classification of cultural industries to creative ones, but rather such a criterion is the degree of commitment of the cultural product to copyright protection.

***1.3. The utility used***

The criterion of "economic utility" defines the place of culture and its symbolic products as a potential production resource for part of the creative industries (priority innovation industries). This criterion relates to the distinction of cultural industries from that part of the

industries that are not connected with the production of cultural products.<sup>3</sup> In this way, industries that use cultural products as a production resource help to promote culture without producing cultural products themselves and are therefore not part of the cultural industries (Martin, 2004).

It is possible for certain creative industries to produce a product in which a certain part is inspired by a cultural product and another part is purely industrial production. This is the so-called "joint or connected product" (Bilton and Leary, 2004). The existence of such products raises a number of controversial issues as it is difficult to determine the amount of cultural participation and innovational technological in the product's content (Throsby, 2001), as is the case with Coca-Cola can. This would also create difficulties in defining the cultural and industrial utility of the product.<sup>4</sup> Although it is perceived as a criterion that identifies the cultural industries, it rather identifies how to form the used utility of their product rather than identifying the industries. This is because this utility is formed in all products of the creative industries due to the non-material nature of the intellectual property objects created. Indeed, the reason for the development of related products in the cultural industries is due to the concentration of creative activities in the culture sector, where it is perceived as a transformation of social life into something that allows everything – from design of the urban space, offices, communications, to promotional strategies of corporations rather than the exceptional availability of economic utility in the cultural product (Flew, 2002).

#### *1.4. Methods of production of the cultural product*

Although this is another classification criterion, the cultural industries would hardly be identified by the methods of producing the cultural product. Because in a production process it is difficult to determine what is "cultural" and what "industrial". Although the term "culture" avoids the purely industrial meaning of the term "industry"<sup>5</sup> [5], the term "industry" is necessary precisely because it emphasizes the economic importance of creative activities as a competitive advantage. Because of this, production methods rather give the cultural product distinction from industrial products outside the creative industries rather than identifying the cultural industries (Grant and Wood, 2004).

The application of this criterion is also extremely controversial given the fact that its use leads to the alignment of the types of creative industries with the business models of the cultural industries (Cunningham, Stuart, 2002). This leads to a new understanding of the

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<sup>3</sup> Of the types of cultural industries, *nonspecific nondependent industries* are essentially innovation industries that facilitate the dissemination and sale of cultural products such as telecommunications, including the Internet, transport, wholesale and retail (NCEA, 2008, see at: [www.nsi.bg](http://www.nsi.bg)).

<sup>4</sup> Similar products are created by the architectural and design creative industries (the so-called partial cultural industries) and the advertising industry whose measure of economic utility is in the activity of the radio-television industry (WIPO Classification, see at: [www.wipo.org](http://www.wipo.org)).

<sup>5</sup> "A share of the economy where large-scale machinery in large factories and plants produce goods for the market; industry", Bulgarian language dictionary, "Science and Art" Publ., 1994, p. 326 or "Factory-processing of raw materials in finished products; industry", Dictionary of foreign words in Bulgarian language, Publ. BAS.

creative economy as structurally differentiated only by the creative activities of the cultural industries. In this criterial system, the dynamics in the cultural sphere poses a number of challenges to the different business models of the cultural industries that design the activities of the creative industries. The variety of these challenges forms the so-called "trinity of the three T", which forms the conditions under which business models apply, or said otherwise, the creative industries operate:

- *technologies* (internet and mobile devices);
- *taste* (of the new generation);
- *talent* (the creativity of young people finding new technological means for expression).

This model is conceptually different and does not contribute significantly to the identification and classification of both the creative industries system and the structural differentiation of the cultural industries in it.

In summary, the criteria model does not provide a single criterion on which to structure the cultural industries in the creative industries system. The model provides a criterial link between, creativity, intellectual property, its importance for the formation of the symbolic importance of the cultural product, the utility used, and the models for producing the product. The disadvantages of the model are in the proposed criteria that structure the cultural industries through a comparative analysis of the characteristics of the cultural product and the market with those of the creative product, when the aim is to distinguish the cultural industries from the creative industries. A model that does not fully take into account the network in the creative industries system in the whole creative economy, but focuses on the cultural industries as its primary focus. We believe that this approach does not fully objectively points out the importance of other creative products to the development of the creative economy and significantly reduces its scope. At the same time, it is looking for a comparative analysis of the content of the activities and products of the creative and cultural industries rather than their classification.

The criteria model does not allow the economic contribution of cultural industries to be measured, since its criteria do not have the necessary economic characteristics to apply the relevant economic indicators. The exception is the "intellectual property" criterion which, in the context of the model, is used only as a means of bringing out the symbolic nature of the product due to the intangible nature of its cultural content, i.e. on the subject of copyright protection.

The development of the concept for structuring the cultural industries and moving from the criteria model to the classification model by bringing out the importance of intellectual property is visible in their identification as "industries producing and disseminating cultural products and services." These are those industries whose origin is in the individual creativity, skills and talent and which have the potential to create welfare and work through the generation and exploitation of intellectual property" (Danailov, 2008).



## 2. Classification models of cultural industries

In theory, there is no uniform classification model applicable to cultural industries. Notwithstanding their diversity, each of the classification models uses a different classification criterion directly related to the intangible nature of creative products. The classification model adopted by us – the intellectual property system – is beyond the scope of the following classification models because these models look for the differences between the creative and cultural industries and we assume that the cultural industries are a kind of creative industries operating in the entertainment sector and, unlike other creative industries, create a product by using cultural content and adding different utility to its creation process, which is called a cultural product for mass consumption. We assume that, according to the model of the intellectual property system, the creative industries function in the three-stage model of the national economy, and because of the creativity in their activities they form a parallel fourth sector, the so-called creative sector.

The classification model is based on the grouping of cultural industries depending on the sphere of expression of *creativity* and not on the characteristics of the *cultural product* as in the criteria model. Depending on the sphere of expression of creativity, the cultural industries are:

*Cultural industries related to traditional creative production, represented by the so-called elite culture* – they create original works of art that are considered to be cultural content in the sphere of art, science and literature. These are creative products whose performance is a single one and is not a subject to mass production. They do not serve as a matrix, model, pattern or print but represent the so-called "prestigious products" whose possession or consumption is associated with a particular social status.<sup>6</sup> The distinction between elite culture and mass culture is the ability to present and disseminate cultural content in different forms at the same time and in multiple specimens.

*Cultural industries for mass consumption* – they create and distribute cultural products for mass consumption. They are mainly developed in the services and entertainment sector. Their main activity is to industrialize a particular cultural content by increasing its utility in order to maximize the economic effect in the form of additional profits. Mass cultural industries are the publishing, music, film and media industries.

*Cultural industries related to the performance activities* – their activity is related to material provision of cultural products. Such are the paper industry, the production of musical instruments and sound and video records, the production of reprographic and photographic equipment and others. These industries are nondependent and have no direct relation to the formation of the utility of the cultural product or to the copyright protection.

The specificity of creativity makes it difficult for creative results to be attributed to a single economic sector. Often, the final product is a collection of creative efforts in the field of science, technology, literature and art at the same time. Therefore, the grouping of cultural industries based on the criterion of creativity is a priority conditional. In order to overcome

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<sup>6</sup> Traditional creativity is considered to be the works considered to be cultural material or intangible heritage, folklore works and craft works.

this conditionality, four major classifications of cultural industries are being developed, systematically building their structure.

Each of them is different in terms of formation of the so-called "basic" and "peripheral" creative activities, which define the so-called cultural industries, and therefore provide a sole classification approach. The proposed classification models group the cultural industries based on the relation of creative activities with the creation of the cultural product (WIPO/UNCTAD, 2008):

- Symbolic text model.
- Concentric circles model.
- British model (UK DCMS) (Department Culture, Media and Sport).
- Trade model (UNCTAD).

All four models use the characteristics of the cultural product as a classification criterion for cultural industries in a comparative analysis with the creative industries. Exceptions are made by British model and Trade model that perceive the cultural industries as creative industries, and the Trade model indicates intellectual property as a classification criterion.

### *2.1. Model of the symbolic meaning of the cultural product*

This model accepts that public culture is formed and transmitted through the industrial production, distribution and consumption of symbolic cultural products communicated by the media, publishers and radio-television operators. According to the model the term creative is identical to cultural. The model divides elite art from mass art.<sup>7</sup> Elite art is not for mass consumption; it lacks market characteristics and is therefore state subsidized. Creative are those industries that give the cultural product mass character. According to the model, the cultural industries are grouped into:

- core cultural industries such as advertising; films; Internet; music; publishing; television and radio; video and computer games;
- peripheral cultural industries represented by the industries of traditional creative production;
- marginal cultural industries such as electronics; fashion; software; sport.

### *2.2. Concentric circles model*

The model considers the cultural utility of cultural products as the main feature that distinguishes cultural from the creative industries. According to the model, creative ideas come from the main creative industries in the form of sound, text or image. The impact of

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<sup>7</sup> This model adopts the old European culture as a standard for traditional creative production. In this case, the symbolic meaning of the cultural product is sought in its industrialized cultural content, and its consumption is being associated with a certain symbolism of empathy towards different cultural levels. Here, the dominating cultural level is the elitist European culture.

these ideas is further spread by the multiplicity of layers of other cultural industries, as a result of which the content of the product changes and, from an elite culture one, it becomes a mass-commercial one. According to the concentric circles model, the cultural industries are:

- core cultural industries related to literature, music, performing arts, visual arts;
- other core cultural industries, such as movies, museums and libraries;
- general cultural industries such as publishing, recording, television and radio, video and computer games;
- related industries such as advertising; architecture; design and fashion.

In this model, the grouping of cultural industries is based on traditional creativity criteria, where cultural industries are self-contained in a group of "common cultural industries".

### *2.3. British model*

The British model arises simultaneously with the understanding of British theory of the term creative industries. The model builds entirely on the idea that the emergence of creative industries follows the emergence of cultural industries, which is why the existence of the creative industries is entirely dependent on the cultural industries and in help in their activities. The British model adopts the identity between cultural and creative industries. According to it, the concept of creative industries is due to the expansion of the cultural industries with creative industries that have contributed to the development of the country's economy. Therefore, there is no classification of the creative industries in groups as "basic" or "peripheral". The model lists all creative activities as inherent in the cultural industries: advertising; architecture; art and antique markets; crafts; design; fashion; films and videos; music; performing art; publishing; software; television and radio; video and computer games (WIPO/UNCTAD, 2008, table 1.1, p. 13).

### *2.4. Trade model*

A wider and more detailed approach to defining the scope of the creative industries and their classification has been adopted by the UN conference for trade and development (UNCTAD) in accordance with international economic and commercial interests in the development of this sector. The scope of the creative industries is wider and includes creativity and any economic activity in the production of symbolic products closely related to intellectual property and with the largest possible market (UNCTAD XI Ministerial Conference, 2004).

The trade model distinguishes the creative industries of industries related to traditional cultural activities such as performing and visual creativity, and industries related to activities closer to the market such as advertising, publishing or media activities. The second group of industries forms its commercial potential from low reproductive costs and from its easy transfer to other economic areas. The model also defines the links between creative industries and other business sectors and sub-sectors.

The trade model assumes that the creative industries engaged in the creation of creative (cultural) content use traditional knowledge and cultural heritage as sources of material for the production of cultural products. The other business sectors and sub-sectors with which the creative industries work together are those in the field of technology and services, such as audio-visual, media and others. The business classification of cultural industries sets out their main characteristics as their classification criteria, namely:

- they are associated with the creation, production and distribution of cultural products and services by using creativity and intellectual capital as an initial resource;
- they carry out knowledge-based activities aimed at, but not limited to, creativity generating potential income from trade and from intellectual property rights;
- they themselves relate to the creative sector, the services sector and the industrial sectors;
- their activities set a new dynamic sector in world trade (WIPO/UNCTAD, 2008, p. 13).

Based on the approach used, the business model groups the cultural industries as:

*Cultural Heritage.* The source is creativity and material for cultural content in cultural products is needed. This group of cultural industries is divided into two subgroups: traditional forms of expression (such as traditional arts, crafts and folklore festivals) and cultural locations (such as archeological sites, museums, libraries, exhibitions, etc.).

*Arts.* This group contains industries based on arts and culture. Their products combine cultural heritage, the values of society and have symbolic significance. They are divided into two subgroups: visual arts (such as painting, sculpture, photography and antiquity) and performing arts (such as live music, theater, dances, opera, circus, puppet show, etc.).

*Media.* They industrialize the cultural content of the cultural product aiming communication with the wide audience. There are no new media, they have a self-classified place. They are divided into two subgroups: publishing and print media (such as books, press and other publications) and audio-visual media (such as films, television, radio and other communication organizations).

*Functional works.* This group covers industries that base their activity on demand and service delivery on a functional basis. It is divided into the following subgroups: design (interior, graphic, fashion, jewelry and toys), new media (software, video games and the Internet), creative services (architectural, advertising, cultural and entertainment, research, digital and other related creative services) (UNCTAD, 2016).

In summary, notwithstanding the development of the concept of structuring cultural industries in the creative industries system and its focus on intellectual property, primarily because of its economic characteristics, the proposed classification models cannot go beyond the classification criteria: cultural product and spheres of manifestation of creativity. Classification in these models continues to be based on comparative analysis between the cultural and creative industries, despite the business model's attempt to bring commercial aspects into perspective by proposing a new classification criterion – intellectual property. The following trends can be seen as innovative: the adoption of

cultural industries as part of the creative industries (British model) and the emergence of commercial aspects through intellectual property as a classification criterion (Trade model). Despite the positive trends based on these classification models and their criteria structuring the cultural and creative industries in a differentiated way, it is still not possible to structure the cultural industries, measuring their economic contribution and determining the scope of the creative economy.

### **3. Copyright model for structuring cultural industries**

It is for this reason that the World Intellectual Property Organization (WIPO) based on the Trade model, brings out the business aspects of cultural products through intellectual property, and develops the so-called copyright model for structuring the cultural industries. The copyright model focuses solely on cultural industries and the commitment of their creative activities to the copyright protection provided for cultural content in the cultural product. The model does not allow the creative industries to be structured on the basis of the cultural industries but only develops the classification system of the cultural industries. Therefore, the model is not comprehensive for structuring the creative industries system and for determining the scope of the creative economy, but is sufficient to impose intellectual property, in particular copyright as a classification criterion with economic characteristics. It is also sufficient to develop a methodology for measuring the economic contribution of cultural industries in the creative economy of the country. In this regard, "Cultural industries have enormous potential for the economic development of the nation by enriching our daily lives and preserving national cultural traditions. That is why WIPO activity will be aimed at strengthening the copyright system, presenting more effective protection, development, use and management of creative results to ensure the position of all countries in capitalizing their creative assets and cultural industries" (Idris, 2004).

#### *3.1. Classification of cultural industries*

According to the model, the core creative industries are the cultural industries that create a product that is intellectual property –the so-called cultural product. Interdependent creative industries have a responsibility to bring the cultural product to the end user. As far as the partial creative industries are concerned, they operate under conditions where the participation of copyright protection in their activities is partial and not so significant. The WIPO's position on the model is that it covers industries directly or indirectly involved in the creation, making, production, communication<sup>8</sup> and dissemination of cultural content, i.e. of author's works (WIPO/UNCTAD, 2008, p. 12).

According to the copyright model, the cultural industries are grouped into:

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<sup>8</sup> By communicating, we understand the activities of radio and television organizations and other telecommunications operators that broadcast wirelessly or via telecommunication satellite or via cable cultural products.

- core cultural industries such as advertising; films and videos; music; performing art; publishing; software; television and radio; visual and graphic arts;
- interdependent cultural industries such as the production of blank records; consumer electronics; musical instruments; paper; photocopying and reprographic machines;
- partial cultural industries such as architecture; clothing and shoes; design; fashion; household goods and toys.

The model identifies the cultural industries in a sequence justified by the logic of the creation of the cultural product and its market realization. According to this classification, the cultural industries are grouped into industries that create the cultural content of the cultural product; industries that are functionally responsible for its economic realization and industries that have supporting and maintaining, performing activity during the economic realization of the cultural product.

#### 3.1.1. Core copyright industries

The core copyright industries create and disseminate for commercial purposes the so-cultural content. The creation of cultural content and its dissemination is a systematic process of many creative activities in transforming it into a cultural product and its consumption. The creative activities of the core copyright industries are functionally dependent from the input till the output of the "value chain" of the cultural industries and are: (WIPO, 2003, p. 29):

##### **a) Functionally grouped by groups of activities:**

- creation and reproduction of cultural products;

In the new technological environment, the creation and distribution of cultural products are done digitally for the purpose of consumption at a place and at a time freely chosen by each user, which is why the Internet is gradually becoming a core copyright industry.

- presenting, communicating, communication and exposure (non-material forms of dissemination) of cultural products;
- distribution and sale (material forms of dissemination) of cultural products

##### **b) Connected with copyright**

The cultural products of the core copyright industries are protected by copyright, which is why 100% of the value added to the national economy must be attributed as a copyright contribution.

The main features of the copyright industries define them as a "collective concept of various creative activities based on new technologies and industrial production methods for creating a mass cultural product such as television and radio programs, press, films, sound recordings, production of technical devices with a cultural purpose" (Philipov, D., 1996, p. 133).

### 3.1.2. Interdependent copyright industries

The economic realization of cultural products is made through the activity of the interdependent copyright industries. Their main function is to facilitate the creation, manufacture and use of copyright-protected cultural products (WIPO, 2003, p. 33), by the production of televisions, radios, blank audio and video records, musical instruments, paper, reprographic machines and other. Interdependent copyright industries operate together with other economic sectors outside of the creative economy. Therefore, in its structural analysis, it is important to determine the degree of dependency of cultural products and business services, transport, production and sales factors, commodity investments, wholesale and retail sales to enterprises outside this sector. The relations between the interdependent copyright industries and other economic sectors are important to determine their economic contribution to the economy as a whole.

Interdependent copyright industries have their own classification model, differentiated by the degree of connectivity of the economic realization of their products to that of the cultural product. According to the model they are:

*Dependent copyright industries* – the products of these industries are consumed simultaneously with cultural products<sup>9</sup>

*Partially dependent copyright industries* – the products of these industries do not perform functions related to cultural products but facilitate their use by providing the necessary equipment.<sup>10</sup>

### 3.1.3. Partial cultural industries

Supporting and sustaining the economic realization of cultural products is carried out by the creative activities of the partially copyright industries. For them, only parts of the activities are related to the creation, production, making, promotion and distribution of cultural products. Their creative activities are not directly dependent on copyright protection. Partial copyright industries are mainly engaged in the production of jewelry and coins, furniture, games, toys, architecture and design and others

### 3.1.4. Nondependent copyright industries

Nondependent industries operate in a direct functional dependence on business services and supply and their existence is justified for the purpose of conducting an objective structural analysis of the creative economy. They are part of it and part of other economic sectors, so determining their contribution to the development of the creative economy is of

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<sup>9</sup> For example, if there is no consumption of televisions, there will be no sense of consumption of television programs. These are creative activities for sale and resale of: TV and radio equipment, CDs, DVDs and other sound techniques; electronic gaming equipment, computers and musical instruments.

<sup>10</sup> These are creative activities for the sale and resale of: photographic and cinematographic instruments; reprographic machines, paper and blank records.

considerable interest and can be done with economic indicators. In statistical classifications, these activities are referred to as general wholesale and retail, transport and telephone internet (WIPO, 2003, p. 35). As far as the main copyright industries are concerned, they act on the transmission, communication, distribution and sale of cultural products.

### *3.2. Methodology of the copyright model*

The exclusive advantage of the copyright model compared to the Criteria and Classification models, apart from classifying the cultural industries, is that through the economic characteristics of intellectual property, copyright in particular allows economic indicators such as gross domestic product, added value and employment to measure their economic contribution to the economy of the country. The economic study requires the application of a special methodology (WIPO, 2015) to collect and process data in the following order:

#### **a) identifying the creative activities that are subject to research**

At this stage, the cultural industries themselves are identified by the activities pursued by the chain of economic realization of the cultural product as creation; reproduction; distribution and consumption.

#### **b) statistical classification of cultural industries**

The aim is to associate the creative activities of cultural industries with economic activities under the International Standard Industrial Classification (ISIC) by classes of activities.<sup>11</sup>

#### **c) collecting relevant data**

The process involves processing the statistics; collecting additional statistics to process the primary information to the required level and identifying the missing information. A questionnaire is being developed to complete it.

#### **d) measuring the contribution of the copyright industries to the national economy**

This is the most difficult stage in the methodology and is constructed in the following order:

- value added measurement – it is done when determining the ways of forming the added value; collecting relevant value added statistics (according to the classification); value added calculation<sup>12</sup>
- measuring employment through employment statistics in general and by industry;
- measuring international trade by volume of royalties;

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<sup>11</sup> ISIC is a standard of united Nation's classification of economic activities arranged so that entities can be classified according to the activity they carry out (see: [www.unstats.un.org/unsd//cr](http://www.unstats.un.org/unsd//cr)).

<sup>12</sup> The added value of cultural industries is calculated in several ways: the output approach, the indicator of intermediate consumption should also be determined; the input approach (the VA is calculated using the compensation of employees plus operating surplus/mixed income plus consumption of fixed capital plus other taxes on production minus other subsidies on production).



- determining the so-called *copyright factor* – the aim is to eliminate creative activities in cultural industries that are not directly related to copyright protection.

**e) analysis and presentation of collected and processed data and results**

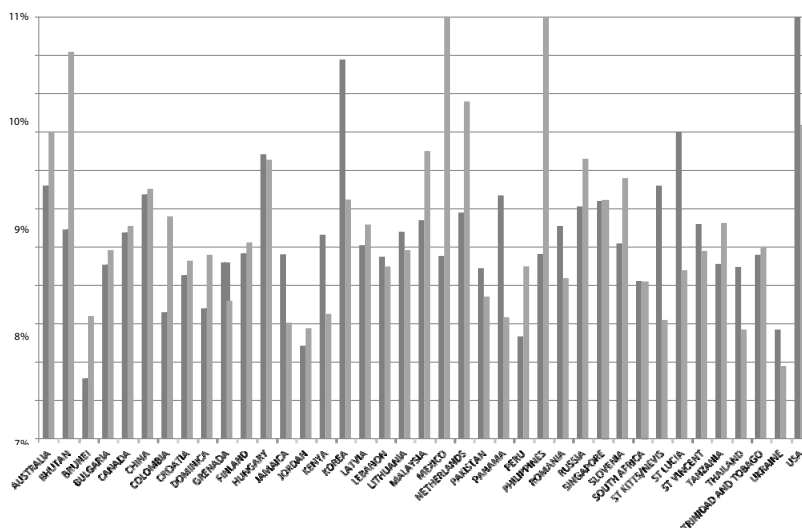
Based on a survey by 39 countries, the data on the economic contribution of cultural industries on gross domestic product and employment for 2015, show that the contribution of cultural industries is significant and often higher than in the agricultural and social services sectors.

The contribution of industries ranges from more than 10% of GDP for the US and 2% for Brunei, with a priority average for most countries of 5.48% and 4.88%, and values between 4% and 6.5% for three-quarters of the countries. Compared to employment, the economic contribution of cultural industries to GDP is comparatively lower. The participation of industries in the formation of national employment is within the average value of 5.34%, with nearly three quarters of the industries accounting for between 4% and 7% of national employment.

The methodology of the copyright model allows a more in-depth analysis of the contribution of cultural industries to the formation of gross domestic product and employment by types of industries. Again data for 2015 for the surveyed 39 countries, are presented in chart 2.

Chart 1

Overall Contribution of Cultural Industries to GDP and Employment



Source: WIPO Guide, p.14<sup>13</sup>

<sup>13</sup> WIPO, 2015, p. 14, Guide of Surveying the Economic Contribution of the Copyright – Based Industries.

Chart 2

Contribution of the Cultural Industries to GDP and employment by groups of industries



Source: WIPO Guide, p.18<sup>14</sup>

As it can be seen from the graph, the core copyright industries make the largest contribution to the formation of both employment and gross domestic product of the countries. In terms of GDP, followed by the core industries are the so-called interdependent copyright industries, with this trend remaining with employment, but with a smaller size of 17.2%. Approximately the same values are the partial and the nondependent industries in terms of employment and with minimal differences in GDP, with the advantage of 16.8% for the nondependent industries. These differences are due to the fact that the nondependent industries carry out, as a matter of priority, innovation activities that, according to the National classification of economic activities, are essentially characteristic for the innovation industries. At the same time, a large part of the innovation productions are robotized productions, which does not require a large number of employed.<sup>15</sup>

The data from the two analyzes allow positioning of the parties on a clustered principle in four clusters by indicators such as GDP and employment. Positioning in clusters is based on the contribution of cultural industries in each country, which allows the development of trends in the development of cultural industries in time with regard to:

- their place on local markets and the global market;
- the monetary value of the cultural product;
- the national policy regarding the cultural sector and
- the cultural characteristics and national traditions ([http://www.wipo.int/export/sites/www/copyright/en/performance/pdf/economic\\_contribution\\_analysis\\_2012.pdf](http://www.wipo.int/export/sites/www/copyright/en/performance/pdf/economic_contribution_analysis_2012.pdf), p. 5).

<sup>14</sup> WIPO, 2015, p. 18, Guide of Surveying the Economic Contribution of the Copyright – Based Industries.

<sup>15</sup> The demand for highly qualified staff increases by reducing overall employment in the industries.

Researches on the economic contribution of cultural industries shows a statistically significant correlation between their economic performance by indicators such as GDP, global innovation, global competitiveness and the intellectual property.<sup>16</sup>

### 3.3. Identification of the economic contribution of the cultural industries in Bulgaria

In 2007, under the methodology of WIPO, the first study for calculating the economic contribution of the copyright industries in Bulgaria was conducted (Chalukov, Borisova, and coll., 2007). The study was conducted with the initiative of the competent national ministries and under the guidance of WIPO. Since 2007, no state initiative has been launched to update the survey data. A comparatively updated study but for the purposes of developing a National Intellectual Property Strategy (2015) is annexed to it as Annex 3 for the period 2003-2009.<sup>17</sup>

Table 1  
Comparative analysis of indicators of cultural industries in the national economy for the period 2003-2005 and 2008-2009 (%)

Indicator	2003	2005	2008	2009
Gross output	4.00	4.51	5.58	5.71
Gross value added	2.43	3.42	5.45	4.62
Gross domestic product	2.08	2.81	4.54	3.97
Employment	3.93	4.31	4.92	5.18

Source: NSIP 2014 – appendix 3.

The economic contribution of the copyright industries was determined using economic indicators such as gross domestic product, value added, gross output, imports and exports and employment in the creative sector for the period 2003-2005. The creative activities of all copyright industries and the economic contribution of each one of them for the development of the national economy are studied.

The economic indicators of the core and interdependent copyright industries have been fully studied due to the higher degree of their economic importance. Data on the economic performance of partial and nondependent copyright industries are reduced by a weighting factor, calculated in advance and applied as a copyright factor.

The copyright factor allows separating that part of the economic contribution of a creative industry that is not directly related to copyright protection. In this way, creative activities that are not related to copyright are eliminated, even though they contribute to their realization. In essence, copyright law is the "weighing of the share in an industry that can be attributed to copyright or to their dependence on it. The weighing process is to establish the proportion of the copyright component in the industry concerned. Its calculation should

<sup>16</sup> EPO and EU Intellectual Property Office, 2016, Industry level Analysis Report: Intellectual Property Rights Intensive Industries and Economic Performance in the European Union and see: [http://www.wipo.int/export/sites/www/copyright/en/performance/pdf/economic\\_contribution\\_analysis\\_2012.pdf](http://www.wipo.int/export/sites/www/copyright/en/performance/pdf/economic_contribution_analysis_2012.pdf).

<sup>17</sup> Structurally and methodologically follows the first study since 2007.

be made in all creative industries outside the scope of core copyright industries, where this share is 100%” (WIPO, 2003, p. 57).

In the study course<sup>18</sup> it was found that WIPO copyright classification of cultural industries did not differ significantly from the national classification system (see Table 2).

Table 2  
Structure of the cultural industries in Bulgaria according to the copyright model

Categories of industries (copyright classification)	WIPO	Bulgaria
1	2	3
Core copyright industries	<ul style="list-style-type: none"> <li>• press and literature;</li> <li>• music, theater, opera;</li> <li>• cinema and video films;</li> <li>• radio and television;</li> <li>• photography;</li> <li>• software and databases;</li> <li>• visual and graphic arts;</li> <li>• advertising services;</li> <li>• CMOs</li> </ul>	<ul style="list-style-type: none"> <li>• press and literature;</li> <li>• music, theater, opera;</li> <li>• cinema and video films;</li> <li>• radio and television;</li> <li>• photography;</li> <li>• software and databases;</li> <li>• visual and graphic arts;</li> <li>• advertising services;</li> <li>• CMOs</li> </ul>
Interdependent copyright industries	<ul style="list-style-type: none"> <li>• televisions and radios, video and CDs, DVDs, cassette players and electronic games equipment;</li> <li>• musical instruments;</li> <li>• computers and equipment;</li> <li>• photographic and cinematographic equipment;</li> <li>• reprographic machines;</li> <li>• empty sound and video records;</li> <li>• paper.</li> </ul>	<ul style="list-style-type: none"> <li>• televisions and radios, video and CDs, DVDs, cassette players and electronic games equipment;</li> <li>• musical instruments;</li> <li>• computers and equipment (and reprographic machines);</li> <li>• photographic and cinematographic equipment;</li> <li>• reprographic machines;</li> <li>• empty sound and video records;</li> <li>• paper.</li> </ul>
Partial copyright industries	<ul style="list-style-type: none"> <li>• clothing, textiles and shoes;</li> <li>• jewelry and coins;</li> <li>• other crafts;</li> <li>• furniture;</li> <li>• architecture;</li> <li>• design and interior decoration;</li> <li>• museums;</li> <li>• games and toys, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• clothing, textiles and shoes;</li> <li>• jewelry and coins;</li> <li>• other crafts;</li> <li>• furniture;</li> <li>• architecture;</li> <li>• design and interior decoration;</li> <li>• museums;</li> <li>• games and toys, etc.</li> </ul>
Nondependent copyright industries	<ul style="list-style-type: none"> <li>• general retail and wholesale;</li> <li>• transport;</li> <li>• telecommunications and Internet</li> </ul>	<ul style="list-style-type: none"> <li>• general retail and wholesale;</li> <li>• transport;</li> <li>• telecommunications and Internet</li> </ul>

Source: Chalukov, I., Borisova, Vl., 2003, p.75<sup>19</sup>

<sup>18</sup> The survey uses data from the 2008 classification of economic activities National classification of economic activities 2008 which applies the new European classification NCEA, Rev.2 in the statistical practice of Bulgaria. The new National classification of economic activities 2008 solves some of the problems with the so-called "mixed codes", identifying important copyright economic activities in separate codes - design, activities in organizing congress and exhibitions, etc.

<sup>19</sup> Chalukov, I., Borisova, Vl., and coll., p. 35 and Annex I from : Guide on Surveying the Economic Contribution of the Copyright-based Industries, WIPO, 2003, p. 73, List of Copyright-based industries.

The creative activities of the copyright industries are empirically identified in the National Statistical Institute through the national statistical system in the form of a database of their economic activity during the reporting period.

The economic indicators used in the survey show the following values generated by the cultural industries for 2008 (see Table 3).

Table 3

Share of cultural industries by national industries by economic indicators

Indicator	Creative industries (thousands BGN)	National industry (thousands BGN)	Share of cultural industries by national industries
Gross output	9284458	158788000	5.85%
Gross value added (GVA)	3147040	57733000	5.45%
Gross domestic product (GDP)	3147040	69295000	4.54%
Employment	188273	3825315	4.92%

Source: Ibid., 2003<sup>20</sup>

The methodology also allows for a more in-depth analysis by types of cultural industries with economic indicators gross output, added value and employment (see Table 4).

Table 4

Share of cultural industries by type in the national economy

Cultural industries	Gross output		Added value			Employment	
	thousands BGN	% of GDP	thousands BGN	% of GVA	% of GDP	number	% of employed
1	2	3	4	5	6	7	8
Publishing industry	1412153	0.889	475438	0.824	0.686	33929	0.887
Music industry	55651	0.035	22220	0.038	0.032	1121	0.029
Visual arts	26156	0.016	4557	0.008	0.007	2233	0.058
Performing arts	408377	0.257	82092	0.142	0.118	15040	0.393
Film industry	197502	0.124	50841	0.088	0.073	2323	0.061
CMOs	10327	0.007	9294	0.016	0.013	50	0.001
Software industry	1379651	0.869	722629	1.252	1.043	25604	0.669
Media industry	443258	0.279	155671	0.270	0.225	5144	0.134
Photographic industry	39365	0.025	18752	0.032	0.027	3003	0.079
Advertising industry	1753054	1.104	292928	0.507	0.423	11498	0.301
Architecture	501311	0.316	252487	0.437	0.364	10044	0.263
Design	32041	0.020	9480	0.016	0.014	954	0.025
Cultural heritage	1049	0.001	437	0.001	0.001	86	0.002
Industry of festivals	48327	0.030	28170	0.049	0.041	981	0.026
Core cultural industries	6308223	3.973	2124997	3.681	3.067	112008	2.928

Source: Ibid., 2003<sup>21</sup>

<sup>20</sup> Chalukov, I., Borisova, Vl., and coll., p. 35 and Annex I from : Guide on Surveying the Economic Contribution of the Copyright-based Industries, WIPO, 2003, p. 73, List of Copyright-based industries.

<sup>21</sup> Chalukov, I., Borisova, Vl., and coll., p. 35 and Annex I from : Guide on Surveying the Economic Contribution of the Copyright-based Industries, WIPO, 2003, p. 73, List of Copyright-based industries.

The dynamics of value added, created in the cultural industries for 2008-2009 shows growth for the film and software industries and relatively low values for the advertising and media industries, performing arts and architecture. As far as the employed are concerned, their number has grown significantly in publishing, software, advertising, architecture and performing arts.

In conclusion, although the copyright model uses the copyright protection of cultural products as a classification criterion and allows the measurement of economic contribution of cultural industries, it is not a sufficient classification basis for structuring them in the creative industries system.

## **5. Model of the intellectual property system**

The positive results from the development of the copyright model still do not allow the structuring of cultural industries in the creative industries system, as the model does not support the construction of the system itself but only classifies the cultural industries by themselves. Nevertheless, the copyright model creates a good basis for strengthening intellectual property as a driver of cultural industries (Howkins, 2013), according to the existing economic models, thus helping to make it classification criteria for systematization of the creative industries as a whole. It is this basis that the present study steps on – that the structuring of cultural industries is possible through intellectual property as classification criteria of the creative industries system. Building on the intellectual property, whose subjects are in the fields of science, technology, literature and art and correspondingly protected as industrial property in the innovation sector or as artistic property in the cultural sector, the system of creative industries is built up of three main groups of industries:

- industries in science, research and development activity, and education, the so-called innovative industries;
- industries in the material production sector (extractive industry, processing industry and partially services sector); the so-called innovation industries;
- industries in the culture sector; the so-called cultural industries<sup>22</sup>

The advantage of the intellectual property system as a classification criterion is that the proposed model, apart from revealing the functional structure of the industries in the creative and innovative sector of the economy as a whole, contributes to:

- the new model of systematization of the creative industries, which, compared to the one currently under consideration, offers serious arguments for the self-determination of both the innovation and the cultural industries;
- in contrast to existing classification models that do not recognize science, R&D and education, even as creative activities<sup>23</sup>, the new model not only recognizes their

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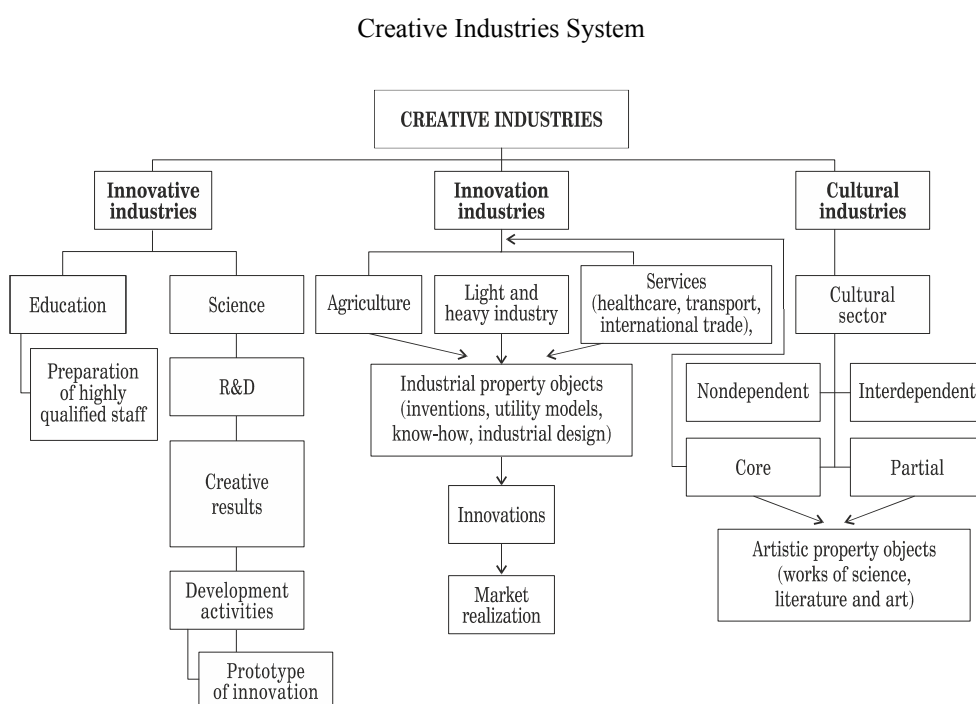
<sup>22</sup> The model excludes the sub-structuring of the cultural industries of core, interdependent, partial and nondependent.

<sup>23</sup> World Conference of Science, 26 June to 1 July 1999, Budapest, see: [www.unesco.org](http://www.unesco.org).

importance but also identifies science, research and educational activities as a separate group of creative industries.<sup>24</sup>

This model allows, through the proposed systematization of the creative industries, to give an economic explanation of the functional link between cultural and innovation industries, through their classification again through intellectual property (in particular industrial property and copyright) (see Chart 3).

Chart 3



Source: Borisova, Vl., 2017<sup>25</sup>

This model allows measuring the economic contribution of both the cultural industries and the innovation industries, both in the creative and the innovation economy. In this case, the

<sup>24</sup> Notwithstanding the fact that researches are not a product for mass consumption, it is undisputed that these are a major resource for the development of the knowledge economy. As they represent creative processes and intellectual property, they are involved in the creation of innovations in the field of technology (product or process), literature and art (social innovation) that determines their importance for the development of innovation and creative economies. Science, R&D and education have their own specific groups of participants, create their own creative product, develop an intellectual property business, and form a self-sufficient market that is sufficient to be identified as a stand-alone industries.

<sup>25</sup> Borisova, Vl., 2017, Business with Intellectual Property at the Creative Industries, Publ. UNWE.

copyright factor should be applied as a research factor for the cultural industries, and the innovation factor should be developed for innovation industries. This may be based on research, development and innovation activities, taking into account the difference between developed inventions, patented inventions and implemented inventions in the production process.

In support of this thesis, a European Union survey can be used which, although it does not determine the economic contribution of the innovation and cultural industries provides evidence-based data on the impact, role and public perception of intellectual property in the economy of the European Union (EPO and EUIPO, 2016).

Table 5  
Contribution of IPR-intensive industries to GDP, 2011-2013 average

IPR-intensive industries	Value Added / GDP (€ million)	Share of total EU GDP (%)
Trade-mark-intensive	4,812,310	35.9
Design-intensive	1,788,811	13.4
Patent-intensive	2,035,478	15.2
Copyright-intensive	914,612	6.8
GI-intensive	18,109	0.1
PVR-intensive	51,710	0.4
All IPR-intensive	5,664,168	42.3
Total EU GDP	13,387,988	

Source: EPO and EUIPO, Industry-Level Analysis Report, 2016, p.8

The data show that intellectual property industries account for more than 40% of the EU's gross domestic product and generate 38.1% of the total employment of the territory of the single European market. These statistics really indicate the importance of intellectual property for both the functioning of the creative industries sector and for the overall functioning of the economy. Despite the research is focused on the contribution of intellectual property to economic development, it is a good basis for developing a methodology for exploring the economic contribution of cultural and innovation industries, i.e. of the creative industries into economic development. The reason why such a methodology has not yet been developed is the lack of a unified model for structuring the creative industries. Although the present study suggests such a model, it could not be applicable at the moment due to the existence of different classification models developed and applied by international organizations from different spheres of public life but related to creativity, trade, science, education, economy, intellectual property, etc. (WIPO, UNESCO<sup>26</sup>, DCMS<sup>27</sup>).

<sup>26</sup> UNESCO, The 2009 UNESCO Framework for Cultural Statistics (FCS), 2009, United Nations Educational, Scientific and Cultural Organization, Montreal. The first FCS dates back to 1986 and has been revised several times, reflecting the changing nature of the cultural sector's breadth. For example, the December 2007 draft of the final 2009 version did not include design and creative services (architecture and advertising) in the core cultural domain.

<sup>27</sup> DCMS/Department for Culture, Media, and Sport, 2011, Creative Industries Economic Estimates, Full statistical Report, London.



## **Conclusion**

Although economic theory has advanced significantly in recent years in positioning the creative economy and structuring its functional units, there are still many inconsistencies in the international understanding of creative industries. The understanding of the priority role of cultural industries in the identification of the creative industries continues, which makes it difficult to economically identify the creative sector, its products and the market. Despite the comparative comfort of this conceptual basis, the needs of the business environment require the development of a more economically oriented concept that allows a clear structuring of the creative industries and their integration into the economic life. This is complementary because it is related to creativity and alternative, because besides the culture it adds innovation concept as well provides the economic model of the intellectual property system. The intellectual property system is a range of creative results, the so-called objects that are created in the fields of science, technology, literature and art; i.e. from the fields of culture and technological innovation, including cultural heritage. These objects are granted protection in favor of their creator through the intellectual property right whose economic characteristics is the trade monopoly. These economic features of the right (the trade monopoly) and the intangible characteristics of intellectual property (creativity) are actually the real engine and classification criteria of the creative industries. It is these that cause industries to be economically active and to measure this activity as an economic contribution.

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