

Fostering Regional Development Through Cultural and Creative Solutions in the Danube Region

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Abstract This chapter examines the interplay between cultural and creative industries (CCIs) and regional development in the Danube Region. Employing a regional perspective, it identifies policy intervention areas to enhance the conditions for CCIs, presenting a set of non-geographically specific measures derived from best practices. These measures, informed by research conducted during the RESTART_4Danube project, funded by the Interreg Danube Transnational Programme, offer a foundation for regional authorities seeking to promote economic growth within the cultural and creative sectors. The paper acknowledges potential limitations, including generalisation and implementation challenges, and underscores their importance. It calls for future academic exploration in areas such as impact assessment, comparative studies, sustainability, digital transformation, cultural heritage preservation, and more to advance our comprehension of cultural and creative industries' role in regional development, not only within the Danube Region but also in broader contexts.

Keywords: • creative and cultural industries • regional development • strategy • good practices • Danube Region

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<https://doi.org/10.4335/2024.1.2> ISBN 978-961-7124-21-7 (PDF)
Available online at <http://www.lex-localis.press>.



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1 Introduction

In our rapidly changing world, regional development driven by creativity is an issue at the centre of numerous researchers' and practitioners' attention. The EU has adopted and developed several policies to support this, among the most prominent the Green Deal and New European Bauhaus, which understand beauty as an enriching experience inspired by art and culture. The cultural and creative industries (CCIs) sector, frequently seen as a key to contributing greatly to the aforementioned aspirations, is inevitably connected to economic growth, contributing to a turnover of EUR 643 billion in the EU in 2019. Despite the issues the sector suffered during the COVID-19 measures, creative industries are gaining importance in local economies as they increasingly contribute to economic growth (Hauge et al., 2018; Silva & Santos, 2022). The potential for economic growth is why the European Commission is increasingly interested in integrating CCIs into local and regional development processes (Roth & Čosić, 2022).

This paper will address the question of regional disparities regarding the issue of CCIs and their role in regional development. We have adopted the regional approach to analyse and define policy intervention areas to improve CCIs' framework conditions for regional development. The discussion will go in the direction of proposing a set of several measures that regional authorities can adopt to stimulate the economic development of cultural and creative industries in the countries of the Danube Region. The proposed measures are not place-based, meaning that they do not relate to any particular country but are instead seen as a collection of best practices that can be utilised by governing authorities to promote and support the sectors in play. We collected data during two years of work on the project RESTART_4Danube, funded by the Interreg Danube Transnational Programme.

The methodology included fieldwork in ten countries of the Danube Region: Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Germany, Hungary, Moldova, Romania, Serbia, Slovenia, and Ukraine. The fieldwork involved collecting primary and secondary data involving SWOT analyses and joint workshops with local stakeholders and experts in CCIs, regional development, and research. All activities considered the quadruple helix.¹ The approach enabled us to identify the bottlenecks and build on the existing assets and opportunities to strengthen the local CCIs and increase their contribution to regional development processes. We identified five areas of intervention: access to finance, capacity building, cooperation, infrastructure, and framework conditions.

This paper has a threefold aim: (1) highlight the relevance of each intervention area for the improvement of a strengthened creative ecosystem; (2) recommend actions to address the weaknesses of the Danube Region (Roth & Čosić, 2022); and 3) present good practices from the Danube Region along with the steps towards a strengthened creative ecosystem (Zametter & Stainer-Hämmerle, 2022).

2 Cultural and creative industries as a tool of regional development

Scholars have been occupied with how regions diversify into new industries (Boschma et al., 2017; Neffke et al., 2011). Additionally, much has been written on how regions diversify in new technologies (Rigby, 2015) and how regions diversify new growth paths (Hassink, 2005; Isaken & Trippel, 2016; 2017), but also on why they differ in their abilities to do so (Boschma & Frenken, 2006; Boschma & Capone, 2015).

Following previous research, numerous examples confirm the existing regional capabilities condition in which new activities are more likely to develop (Boschma et al., 2015; Van Den Berge & Weterings, 2014). In recent times, cultural and creative industries seem to be a convenient way to further think about economic progress (Besednjak Valič, 2022a; Dellisanti, 2023; Hauge et al., 2018; Power & Scott, 2004; Pratt, 2004), exploiting local cultural heritage (Jelen et al., 2022) and creative potentials of individuals and creators. Furthermore, CCIs are seen as drivers of economic development and local innovative capacity, mainly through facilitating the processes of cross-fertilisation of ideas (Cicerone et al., 2021). In the context of territorial innovation systems, CCIs can occupy the role of territorial actors (Fric et al., 2023), holding particular strategic competencies.

However, without a suitable regulatory framework, cultural and creative skills as a developmental driver for local economies can result in problems (Cerisola, 2018; Sacco & Crociata, 2013). Additionally, the variety of a local system's workforce is expressed at the human level. Such conditions increase the regional potential to absorb new ideas and exploit them as new entrepreneurial opportunities (Piergiovanni et al., 2012). The mechanisms by which CCIs may affect regional diversity rely on creativity, skills, and talent that characterise these sectors and can be employed innovatively as inputs in the production processes of other sectors (Bakshi et al., 2008; Lazzeretti et al., 2017).

Overall, there is growing evidence that CCIs play an essential role in enhancing economic growth and regional development because of their ability to foster cross-fertilisation processes and transversal innovations in the local economy (Bakshi et al., 2008; Lazzeretti et al., 2017; Piergiovanni et al., 2012; Stam et al., 2008). More precisely, the high variety of CCIs is critical to connecting with other sectors and efficiently increasing local innovation and economic growth (Higgs et al., 2008). This position can help the recovery process since, during the COVID-19 lockdowns, the sector experienced a severe setback (Comunian & England, 2020; Luonila et al., 2021). The sector is agile, as the post-COVID-19 era shows positive trends. However, much work is required to support the sector in delivering the desired outcomes in terms of significantly impacting regional development. The statement particularly holds for the countries of the Danube Region.

3 Overcoming regional disparities – the EUSDR as a case of a top-down approach

The European Union Strategy for the Danube Region (EUSDR) is a macro-regional strategy adopted by the European Commission in December 2010 and endorsed by the European Council in 2011. The strategy, developed by the Commission, Danube Region governments, and stakeholders, addresses common concerns. The strategy aims to foster synergies and coordination among existing policies and initiatives in the Danube Region (EUSDR, 2022). In 2009, the European Council formally asked the European Commission to prepare an EU Strategy for the Danube Region (EUSDR):

‘The importance of the Danube Basin for the EU cannot be underestimated. Our policies and the investments we are making in the Basin through the EU’s cohesion policy, in particular, impact the livelihoods of 20 million citizens. The Danube needs a specific strategy comparable to our developing strategy for the Baltic Sea Region. A one-size-fits-all approach does not work in an EU of 27 Member States and 271 regions. We need a targeted policy for the Danube that meets its ecological, transport and socio-economic needs,’ said Commissioner Hübner on the open day in October 2008 (EUSDR, 2022).

The EUSDR includes a comprehensive framework with 12 distinct priority areas, each overseen by dedicated coordinators and working groups, ensuring the effective implementation and steering of activities to achieve specific objectives within these areas. In line with this, the strategy employs policy proposals and tangible initiatives to address various priority areas. To begin, efforts within Priority Area 3, Culture & Tourism, aim to develop and grow cultural activities and creative sectors (Action 5) and preserve cultural heritage in the Danube Region (Action 6). Second, in Priority Area 7, Knowledge Society, the strategy aims to strengthen collaboration among universities, research organisations, and small and medium-sized enterprises (SMEs) in the Danube Region (Action 3) while also increasing awareness and visibility of science and innovation in the region (Action 4). Third, in Priority Area 8, SMEs, the creative industry, academia, the public sector, and civil society are encouraged to compete, collaborate, and exchange knowledge in areas of expertise within the Danube Region (Action 1).

Furthermore, the strategy aims to improve framework conditions, support programmes, and stakeholder capacity building to foster collaboration between cluster initiatives and regional innovation strategies, with a particular focus on rural areas (Action 3), and to strengthen business support for strengthening the innovative and digital capacities of female-led SMEs. Priority Area 9, People & Skills, emphasises the development of relevant and high-quality knowledge, skills, and competencies. Finally, within Priority Area 10, Institutional Capacity & Cooperation, the strategy seeks to strengthen civil society and local actors’ involvement in the Danube Region (Action 7) and strengthen cities’ and municipalities’ capacities to facilitate local and regional development (Action 8). These focused policy proposals and activities demonstrate the EUSDR’s diverse and

integrated approach to tackling crucial issues and advancing Danube Region goals. The RESTART_4Danube project idea addressed all of the above-listed priority areas, and the close collaboration of stakeholders enabled the project implementation in each intervention area.

4 Methodology

The current chapter thoroughly examines primary and secondary sources gathered and assessed as part of the RESTART_4Danube project. This method includes desk research and collecting primary data and information, all supported by interactions with stakeholders and specialists of cultural and creative industries (CCIs) and urban regeneration. All project partners were involved in these collaborative initiatives, combining the outputs of various exchange formats that engage stakeholders at regional and international levels.

To facilitate the formulation of the policy intervention areas outlined below to support CCIs and foster regional development, the project partners initiated an extensive consultation process that included diverse stakeholders from business, government administration, policy-making, and academia. These stakeholders substantially impact the CCI sector's aspirations and possibilities. We collected stakeholders' contributions through a variety of mechanisms, including local group discussions (held during the landscape screening process from September to December 2020), local dialogue events structured as 'Policivil workshops' held between February and June 2021, 'Study visits' held from September 2021 to June 2022, and 'City-study tours' held in June and July 2022.

Furthermore, transnational (policy) dialogue workshops held in April 2021, April 2022, June 2022, and July 2022, along with a concluding conference in November 2022, played a pivotal role in shaping and nourishing the list of policy intervention areas and suggestions for interventions. These collaborative engagements complemented the desk research activities conducted by the RESTART_4Danube project partners.

5 Results

First, we assessed the current situation in the Danube Region with a detailed analysis per country. Each of the project partners analysed their respective countries. For project purposes, we produced a total of 10 country reports based on the information we received. To make an adequate assessment of the CCI sector ecosystem of the Danube Region (in selected 11 countries, being project partners in the RESTART_4Danube project), we employed the social fields approach. The approach was developed by researchers of the School of Advanced Social Studies, in Nova Gorica, Slovenia (Rončević et al., 2022) and adopted on several occasions since (Besednjak Valič, 2022b; Modic & Rončević, 2018). The approach focuses on assessing the innovation potential, the CCI ecosystem, attitudes

towards cooperation and collaboration, values and perceptions towards creativity and entrepreneurship, and impacts of the COVID-19 pandemic. The focus group respondents are to evaluate each aspect of the innovation ecosystem in the following manner: 1-totally unsatisfactory; 2-unsatisfactory; 3-satisfactory; and 4-fully satisfactory. The focus group respondents need to agree upon one joint evaluation and provide justification for it.

The results showed the best scores on innovation profile in the region of Carinthia in Austria and modest assessments in Bosnia and Herzegovina and Slovenia, with other countries ranging in between. Regarding the CCI ecosystem, the authors detected the most favourable conditions in Bulgaria and the least favourable conditions in Moldova. Values for other countries ranged from 2.1 to 2.7, showing potential to improve the existing ecosystems increasingly. Regarding collaboration and cooperation, the best results came from Bulgaria and Hungary, with overall values higher than those evaluating the CCI ecosystem. The lowest scores on collaboration and cooperation came from Ukraine, Bosnia and Herzegovina, Romania, and Germany. When discussing values and attitudes towards creativity and entrepreneurship, as well as towards learning and competition, the scores showed the most favourable attitudes in Austria, Bulgaria, Moldova, Croatia, and Slovenia. The lowest scores came from Ukraine, Romania, and Germany.

Lastly, the authors assessed the impacts of the COVID-19 pandemic, with the scores ranging from lowest in Ukraine and Bosnia and Herzegovina to highest noted in Austria, Slovenia, Moldova, and Croatia. In all countries, the main conclusion was that COVID-19 significantly impacted the further separation of cultural and creative sectors. Creative sectors with high access to digital technologies experienced major growth.

5.1 Defined weaknesses and fields of intervention

Through 14 focus groups and interviews, we defined the following weaknesses and fields of intervention for the Danube Region. First, respondents acknowledged the lack of connection and cooperation between stakeholders. This weakness is addressed through the elaborated intervention area ‘cooperation among the quadruple helix actors of the CCIs ecosystem’. The second weakness detected was the abandoned industrial or historic sites/spaces; the intervention area of infrastructure addresses this weakness. Third, the CCI sector is often not involved in urban planning and processes, and measures defined to overcome this weakness fit under both improving infrastructure for CCIs and improving framework conditions for CCIs. Fourth, we noted how CCIs were affected by unstable financial situations. Therefore, we elaborated a set of measures to improve access to finance. The weakness detected behind this set of measures is the lack of financial stability, notably due to strong grant dependency, the small size of companies (micro-SMEs), the lack of assets and capital, and higher business risks that render CCI less attractive for financial institutions and investors. The measures addressing capacity building intertwine with measures supporting the enhancement of entrepreneurial skills.

Additionally, several measures further address the weakness of migration of young people from poorer parts of the Danube Region. In this context, we also discuss the weakness of smaller cities' inability to attract high-value creative activities.

5.2 Fields of interventions and proposed measures

5.2.1 Intervention area 1: access to finance

Regarding financial intervention, micro, small and medium companies dominate the CCI sector. Moreover, the nature of the work subjects many actors to precarious work. To mitigate the situation, some recommendations are put forward, among others: informing the CCI sector about funding opportunities, increasing the investment readiness of CCI SMEs, and addressing the fact that CCI SMEs or self-employed are not eligible for funding.

The measures taken into consideration should contribute to the improvement of information flow and visibility about funding/investment opportunities (local, regional, national, and European). The CCI sector is seen as peculiar in terms of being perceived as artistic and stereotypically regularly facing financial challenges. However, with the stereotypes successfully challenged, CCIs can act as entrepreneurs who are well aware of funding potentials and investment opportunities. Secondly, there should be more support and more private capital/private funding programmes for CCI companies, especially in the early stage. The Danube Region countries are developing entrepreneurial start-ups and scale-up ecosystems. In those activities, the organisers should also include the CCI sector to increase the possibility of support for private funds and other investment possibilities. Notably, early stages, similar to start-up stages, are essential and require assistance. Thirdly, crowdfunding should be a known and accessible financial source for CCI SMEs. Crowdfunding has become a successful mechanism in start-up ecosystems. Technological advancements enable the spreading of the potential of crowdfunding to the CCI sector. This sector must become the recipient of information on the potential of crowdfunding as an accessible financial source. Fourthly, access for CCIs to public funding programmes (especially outside capital/major cities) should be developed and improved. Outside major cities, the CCI sector is deemed more negligible in scale, and all the above-mentioned sectorial issues become more evident. Smaller cities, therefore, should pay even more attention to the sector's potential. Public-funded programmes should be made equally available. Lastly, synergies between EU funding and regional support to CCIs should be created. Proper and balanced synergies are favourable, as the CCI sector can develop more evenly if in line with regional support. Also, regions can benefit from CCIs supported by EU funds.

5.2.2 Intervention area 2: capacity-building

The RESTART_4Danube activities have demonstrated severe gaps in skills; to nurture and grow the CCI sector, we recommend further activities, including, among others, developing innovation capacities of CCI SMEs, increasing entrepreneurial knowledge/skills of CCI actors, better connecting creativity, innovation and entrepreneurship to reduce misfit between theoretical knowledge and market needs/dynamics, increasing the competence of existing support organisations to provide training and education.

The measures taken into consideration should contribute to the development of support programmes to strengthen the capacities and skills of CCI SMEs. Although CCI sector actors exhibit critical levels of knowledge and skills requested to operate in the developing open markets of the Danube Region (and globally), some business and management skills are missing, marketing skills are absent, and some sector actors exhibit poor digital skills and low levels of IP management. Secondly, there is a need to strengthen the entrepreneurial spirit/competencies and digital skills of young people/students in the curricula of educational institutions. If the creative ecosystem for CCIs is to be nurtured, the missing entrepreneurial competencies (and, at times, entrepreneurial spirit) must be addressed. Developing curricula in this regard, also through official humanities and art study programmes, seems (as in art academies) a vital recommendation. Lastly, there should be support for assessing the innovation capacities of CCI companies. These companies are creative, but to innovate, we need to assess their innovation potential. Not all CCI companies are capable of innovating, and it is essential to develop mechanisms to be able to assess the innovation capacity of those who do innovate.

5.2.3 Intervention area 3: cooperation

This sector, at times, seems scattered and not well connected. However, the desire is to contribute towards networking and creating a community which can exchange information, best practices, and skills when necessary. Strengthening local and regional ecosystems for CCIs, supporting co-creation processes, and creating a sense of ownership between involved stakeholders are proper paths to the community that will reduce fragmentation and strive for cooperation on all levels. Particular emphasis is also on triple helix cooperation, focusing on academia-industry spillovers.

The measures considered should contribute to developing cooperation (projects) involving different institutions, actors, and stakeholders. Joint projects can support cooperation in all directions of the triple helix actors: between higher education institutions and cultural institutions, between industry and CCIs, between municipalities and universities, between municipalities and CCIs, between R&D/HER/students and CCIs, and between CCI companies. Secondly, interdepartmental and cross-sectoral

coordination for urban regeneration processes should be developed. Urban regeneration processes deserve special attention, and while engaging CCIs, the urban regeneration should be undertaken strategically, coordinated, and with the inclusion of all stakeholders of the quintuple helix.² Lastly, networks and clusters of CCI stakeholders (local, national, and European levels) should be created or strengthened. The CCI sector is deeply fragmented and dominated by micro-enterprises and self-employed persons. In addition, CCI actors (enterprises, universities/HER/R&D, public authorities) are not very well connected. We recommend all actions striving for more inclusion and networking.

5.2.4 Intervention area 4: infrastructure

Physical infrastructure is extremely important for the integration of CCIs in processes of urban regeneration. Many cities and localities can take advantage and re-purpose old industrial buildings, where innovative ecosystems can be located (start-up communities). The development of technological infrastructure in this regard is in place so that provided spaces and places can be put to their creative use.

The measures taken into consideration should develop (sustainable) placemaking projects in a co-creation process with citizens and different stakeholders. Developing joint projects, in co-creation with civil society, is one excellent way to initiate the integration process and stimulate social innovation in the areas. Examples of the European Capital of Culture initiative have already had positive results in many Danubian cities. Secondly, creative centres (creative incubator and accelerator programmes/co-working and co-sharing spaces) should be developed. Alongside physical infrastructure, policymakers should strive to develop communities and centres that evolve around communities. This way, a creative ecosystem, similar to the entrepreneurial ecosystem, can flourish, with sector stakeholders enjoying the knowledge transfer and other networking spillover effects. Such programmes include creative incubators, accelerator programmes, and co-working or co-sharing spaces.

5.2.5 Intervention area 5: framework conditions

The overall objective of the intervention area is to improve framework conditions for the inclusion of CCIs in urban regeneration processes. Alongside the intent of the intervention, the area is to contribute towards the encouragement of cultural planning, strengthening support and involvement from local authorities to CCIs, stimulating competition(s) both among and for CCI SMEs, using the industrial legacy (for cross-sectoral and spillover effects), and overcome budget limitations and pressures via decentralised/co-creation/bottom-up projects.

The measures taken into consideration should develop holistic regional strategies for CCIs (covering industrial, cultural and innovation aspects). This way, they will contribute towards the development of firms and long-term policies for strengthening the sector and

including it in the community's overall developmental strategies. The state-of-the-art reveals an overly sporadic inclusion of CCIs in cultural aspects of the development strategies but lacks the industrial and innovation aspects.

Secondly, public support programmes for CCIs/start-ups should be developed. Creative business incubators provide their beneficiaries with physical space and equipment, expertise and know-how, and personal connections/networking opportunities (at local and international levels). Such support programmes can result in, e.g. creative incubation programmes, co-working spaces, R&D opportunities, and competitions.

Thirdly, they strengthen organisations and infrastructures supporting creatives/CCI SMEs. The stakeholders working with CCIs need to upgrade skills where CCIs require the most support. CCIs require support in the administrative field, so the featured recommendation refers to recommendation No. 17, but mostly, they need support in developing entrepreneurial skills. Infrastructure enabling gaining those skills along with physical infrastructure for work is appreciated.

Lastly, bureaucracy should be reduced, or the flexibility of local and regional authorities should be increased. The issue with much bureaucracy has become evident since the start of the project RESTART_4Danube. Young entrepreneurs from the fields within CCIs experienced many issues with local/regional/national authorities due to much bureaucracy. However, the mindset of local and regional authorities, sometimes detected as inflexible, did not contribute towards problem-solving – it has only increased it.

5.2.6 Intervention area 6: miscellaneous

The objective of the last group of policy recommendations targets all those recommendations that do not relate to any of those mentioned earlier and defined intervention areas. In this manner, we propose the following recommendations dedicated to increased awareness and visibility of the sector in public space on the one hand and contribute towards better information and data availability about good practices and stakeholders of the sector on the other.

The measures considered should create a sound database regarding the CCI sector (for example, the number, type of actors, location, and clusters). The main reason for this recommendation is the detected need to obtain the number and scope of the sector. Such infrastructure is needed for networking and elaboration of the ecosystem, as the exchange of knowledge can happen once the system's actors are aware of one another's existence. Secondly, the profile and visibility of CCIs in the public space should be raised. In the cultural domain and cognitive frames of the population, youngsters, and other stakeholders, CCIs need to increase their profiles. Only in this manner will the sector become valued and respected, and the creativity will be related to work and entrepreneurship and not only to leisure activities. Lastly, a system should be in place to

create and feed a single repository of good practices. A repository of good practices is always convenient for reference and as a source of new activities. Especially nowadays, municipalities and local governments seek ideas on integrating and including CCIs in urban regeneration processes. Such a database can serve as an inspiration and reference for future projects.

6 Concluding remarks

The presented work has looked into the critical topic of regional disparities within the field of cultural and creative industries (CCIs) in the Danube Region, addressing its vital role in supporting regional development. Using a regional approach, we have rigorously analysed and defined policy intervention areas to improve the framework conditions for CCIs, focusing on the Danube Region. As a result of the work, we have offered a complete set of policy measures that regional authorities around the Danube Region can consider adopting to catalyse the economic growth of CCIs. It is critical to emphasise that the recommended initiatives are not geographically limited but rather constitute a collection of best practices that may be easily adapted and applied by governing bodies to strengthen and nurture the cultural and creative industries.

We based the findings of this article on a thorough study and data gathered over two years as part of the RESTART_4Danube project, financed by the Interreg Danube Transnational Programme. The Danube area can exploit the enormous potential of CCIs to create sustainable regional development and cultural enrichment by encouraging collaboration, exchanging expertise, and implementing these initiatives. As a result, we are paving the road for a fairer and culturally vibrant future for everyone.

Limitations of the current work arise from the Danube Region's different realities; the reader can understand the recommendations as a collection of best practices that need geographical adjustments to a particular country. Additionally, the recommendations can become outdated and challenging to implement as the CCI sector evolves. Lastly, the recommendations do not deliver the information about the requested resources for their implementation, making it harder to assess the potential impacts. Future research areas can focus on the impact assessment of particular measures in particular geographical and cultural settings. Such an approach would enable the comparative study of different countries. Secondly, since we conducted the activities described in the context of the COVID-19 measures, further research on the sustainability and resilience of the CCI sector to external shocks and crises offers potentially fruitful results. Similarly, the question of digital transformation of the sector, including the adoption of AI, can shed light on future opportunities in the sector.

Notes:

- ¹ The quadruple helix is a concept that emphasises the importance of collaboration between academia, industry, government, and society in order to foster innovation and economic development.'
- ² The quintuple helix is a framework that describes the interactions between five sectors in a knowledge economy: university, industry, government, public, and environment.

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