The Innovative Response of Cultural and Creative Industries to Major European Societal Challenges: Toward a Knowledge and Competence Base

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Abstract: In this paper we highlight the importance of culture, cultural heritage and creative industries (CCI) in current European policies in relation to a number of societal challenges, and how the CCI are called to innovatively respond to such challenges. We distinguish four main societal challenges to which the CCI can strategically respond and significantly unlock the potential for innovation and smart growth in the EU. These societal challenges are addressed by four main pillars of the CCI, namely: (1) Europeans’ creativity, cultural diversity and values; (2) European identity and cohesion; (3) European employment, economic resilience and smart growth; and (4) Europe’s external relations. We address each societal challenge from the CCI perspective, indicating how the CCI can provide innovative responses to such challenges and enable strategic crossovers through networking and collaboration, but also referring to some criticalities. We further discuss how this CCI capacity needs public support and provide an overview of how this is undertaken via the main EU, national and international policies, with a focus on the latest trends.

Keywords: cultural and creative industries; EU societal challenges and policy; innovation; cultural crossovers

1. Introduction

The year 2021 marks fifteen years since the publication of the European Commission report The Economy of Culture in Europe [1]. The report showed the importance of culture, cultural heritage and creative industries (CCI) in making a significant contribution to Europe’s economy, stimulating a variety of industry mapping methods and applications worldwide (see, among the latest ones, the reviews in [2,3]) and receiving a considerable response from cultural policy makers at European, national, regional as well as local levels. Since then, the figures have increased and in 2017 the CCI employed more than 12 million people just in the European Union, which corresponds to 7.5% of all persons employed in the total economy, 2.5 times more than in the automotive industry and 5 times more than in the chemical industry. Moreover, the CCI create about 5.3% of the total EU GVA and 4% of EU GDP [4]; such averages can be higher in some European regions, at both urban and rural levels [5] (in this paper, by regional or local we usually mean at both urban and rural levels). Regional innovation strategies for smart specialization are important instruments for identifying regions’ opportunities for innovation-driven development [6]. In these strategies, regions have recognized a limited number of well-identified priorities supporting knowledge-based investments focusing on competitive assets and realistic growth capabilities. Even if the CCI have often been mentioned in relation to development since the KEA report, recent studies show that only around 10% of the 243 regional smart specialization strategies give priority to culture [7]. On the other hand, the current COVID-19 pandemic has stressed some of the weaknesses of the CCI, such as the precarity of cultural and creative employment [8], which calls for policy attention and intervention in order to limit CCI fragilities and ensure their benefits.
There are a number of definitions of the CCI that differ marginally; most of them are based on Throsby’s [9] concentric circles model of the creative industries. For their nature, the CCI present different degrees of complexity [10], and bear a dual value, intrinsic and socioeconomic [11]. The latter is also considered instrumental [12]. As creativity is the core of the CCI, they represent one of the most important conditions for innovation and a source of value, and a key factor of competitiveness and smart growth [13,14]. Nowadays, the spillover as well as the crossover effects of the CCI are indisputable [15] and the CCI have become a key asset at the top of any kind of value chain [16–21].

Within a general policy context, strategically associating the CCI with national—and more recently, sustainable—development worldwide [22], the European Parliament [5] (p. 10) has defined the CCI as those “industries that are based on cultural values, cultural diversity, individual and/or collective creativity, skills and talent, with the potential to generate innovation, wealth and jobs through the creation of social and economic value, in particular from intellectual property; they include the following sectors relying on cultural and creative inputs: architecture, archives and libraries, artistic crafts, audio-visual (including film, television, software and video games, and multimedia and recorded music), cultural heritage, design, creativity-driven high-end industries and fashion, festivals, live music, performing arts, books and publishing (newspapers and magazines), radio and visual arts, and advertising”. Culture- and creativity-driven production of meaning and skills is considered the main driver of a new logic of innovation and economic value generation [23], placing the CCI at the intersection of different fields and sectors of the economy and society [24]. UNESCO has highlighted the importance of fostering public–private partnerships as a model for making CCI drivers of economic development [25]. Moreover, the CCI are considered to support regional development, quality of life of citizens and inward investment [26]. In particular, the CCI are deemed to strategically address major societal challenges by significantly unlocking the potential for innovation and smart growth in the EU [23]. These societal challenges reflect four among the main pillars of the CCI with respect to EU societal challenges [27,28], namely: Europeans’ creativity, cultural diversity and values; European identity and cohesion; European employment, economic resilience and smart growth; and Europe’s external relations.

The aim of this paper is to clarify the role assigned to the CCI by current European policies in relation to these four societal challenges and discuss how the CCI are considered to innovatively respond to such challenges. Through a normative perspective drawing on a review of relevant scholarly and policy literature, the contribution of this paper is twofold. First, we highlight various aspects through which the CCI can innovatively address these societal challenges, enabling strategic crossovers through, e.g., networking and collaboration. Second, we discuss how this CCI capacity needs public support, and provide an overview of the main policy initiatives at the EU, national and international levels. In particular, we focus on the latest EU policy developments enabling a creative crossovers framework. In the next three sections we discuss each societal challenge from the CCI perspective, and how the CCI can provide innovative responses to such challenges.

The paper is organized as follows. In Sections 2–4 we analyse how the CCI can innovatively respond to different societal challenges. In Section 5 we offer an overview of the main EU and other policies aimed at fostering a CCI knowledge and competence base. Section 6 focuses on EU latest policy developments fostering creative crossovers. Section 7 discusses key findings and Section 8 offers some paths for future research. Section 9 concludes the paper.

2. Europeans’ Creativity, Cultural Diversity and Values

Nowadays, Europe, as the rest of the world, is severely affected by a number of factors, including climate change, migrations, globalization, national political shifts, social exclusion, digitalization, an ageing population, and weak civic engagement and individualization, which are exacerbated by a post-COVID-19 scenario. Contemporary European society, values and identity are increasingly challenged internally and externally by complexity
and uncertainty, economic and social crises, a difficult cohabitation with new cultures, the gradual erosion of traditional know-how (including crafts) and extreme competition [4]. All these factors hinder European citizens’ capacity for an effective response in terms of resilience, flexibility and rethinking, and hence of preserving their quality of life.

In response to such challenges, the CCI can foster societal values of identity, belonging, democracy and participation in innovative ways, where citizens’ innovation is nurtured by new ideas, processes and mindsets [29,30]. Outputs and processes developed in various cultural and creative organizations can play an important role in overcoming, e.g., barriers to digital effectiveness and shortcomings in organizational culture, hereby representing a driver of innovation by capturing the opportunities of artificial intelligence and automation, as especially a case-study approach (consistent with the diversity of the CCI) has started to highlight (see, e.g., [31] in advertising, architecture and software sectors [32]; in book publishing [33]; and in arts and crafts organizations). The CCI innovation power relies on Europeans’ creativity and the enormous value of European cultural heritage, multilayer theoretical and artistic know-how and practical craftsmanship [34]. As their content is generated by artists and creators, the CCI represent a unique European asset that preserves and promotes cultural and linguistic diversity and drives innovation in the digital as well as multilingual fields, where tangible and intangible cultural heritage (including traditional skills and crafts) are transmitted for the use of current and future generations [35,36]. The CCI can help to more effectively raise awareness and communication, to engage citizens and to foster the effects of active cultural participation in diverse environments, considerably impacting on intercultural dialogue and a multi-ethnic society. National, regional and local know-how can be a source of citizens’ identity, dignity and economic sustainability, while preserving a multilayer identity at local, national and European levels [37].

While confronted with some critical challenges (see Section 4 below), people employed in the CCI tend to develop a significant entrepreneurial attitude, involving creative thinking, problem-solving, resourcefulness, networking, risk taking and resilience encompassing both the economic and societal spheres [38–40].

The creative industries can improve citizens’ quality of life from many perspectives and through the interplay of different factors, such as local governance, social inclusion, community involvement, capability building and networking, hence significantly contributing to local development [41,42]. In particular, the CCI represent favourable environments where people’s active participation in different cultural activities will lead to an increased tendency to change their mindsets, which in turn plays a role as a growth-promoting injection in the economy [43]. Creativity is important, for example, to acquire new perspectives, hence fostering innovative thinking. In what Sacco et al. [44] refer to system-wide districts, the CCI strengthen the interaction between different activities and between different sectors, industries or systems. The creativity of cultural activities and their creative energy translates into other activities.

In the CCI there are key prerequisites for creativity and people’s experience of new expressions, impressions and experiences to spread to the economy as a whole, thus strengthening innovation-based growth. This opens up new possibilities in times of scientific breakthroughs. Applications include augmented reality and visualization techniques to turn big data into information for (e.g.,) healthcare, smart retail and optimization of urban planning, or serious gaming to increase citizens’ awareness and change their behaviour for energy-efficient living [45]. Digitization protects and valorises cultural heritage: transforming archives and collections from museums into a digital information system creates common resources that will have an important cultural, economic and societal impact [46].

The focus on cultural heritage has changed over time, from protection of single monuments to preservation of historic landscapes, from tangible to intangible and intangible cultural heritage, from expert-only concerns to active participation of various actors in trading zones, from considering cultural heritage as a resource to identifying it as the starting point for spatial development [47–50]. Cultural heritage can be understood as
traces and expressions from the past and attributed values, and is used in contemporary society; nothing is heritage in itself, unless it becomes perceived and used as such. Hence cultural heritage could be regarded as “the only legacy that cannot be inherited, instead it must constantly be acquired” [51] (p. 63, authors’ translation). One implication of this is that integrated conservation of cultural heritage has its application in management of changes [52]. In parallel, the interest in the economics of conservation has increased using cost–benefit analyses with the main focus on investigating conditions for investments in conserving heritage [53–57] to study heritage-led sustainable development based on adaptive reuse and the relation between cultural heritage, creativity and innovation [58–60] and the strategic role of cultural heritage in the circular economy [7,61–65].

3. European Identity and Cohesion

The abovementioned challenges act not only on an individual basis, as they challenge both the lives of European citizens and European society as a whole. The real innovation potential of the CCI lies in social innovation integration, where pluralism of values, community participation and social organization models can unleash the potential of collective co-creation, enabling social access, cohesion, anti-radicalization and gender equality [21].

The CCI favor innovative forms of crowd-sourcing and other forms of community participation, co-creation and commitment, increasingly in synergy with communication and sharing of experiences through social media, open access and open culture and big data [66].

Thanks to a better quality of life for all and increased free time, citizens have the opportunity to access culture and creative products and services more and with new forms of active participation and co-creation, and be more embedded in wider social and civic activities. Sharing a common set of values and norms can lower the cultural and social (rather than political) gap that is the basis of radicalization and ethnic and religious tensions, especially in Europe’s current urban and suburban enclaves [67]. From this perspective, the CCI can be regarded as a platform for social inclusion and social cohesion [68]. The CCI bear this function in different ways. One way is their ability to create social capital by establishing a connection between people of different social and cultural backgrounds: the more an individual becomes acquainted with different cultural expressions, the greater their possibility of breaking inward patterns. There is also a clear connection between cultural participation and intercultural dialogue, especially in the connection that active participation in cultural activities creates for innovative creation [21].

Cultural audiences are increasingly transformed into active and committed practitioners, who create more and more content. The difference between consumer and producer is gradually blurring, and an explosion of the number of producers is now taking place. Individuals transform professional cultural expressions into inspiration to develop their own abilities and to deliver their narratives [69]. Today, one can easily access professional production technology for text, image, film, audio processing, and virtual reality—which was completely unthinkable before the spread of new information technologies. The CCI still creates a surplus, but the importance of culture can increasingly be attributed to indirect non-market values. Manufacturers often act in different networks and not necessarily in a single market.

The CCI can contribute to reinforce social cohesion at local, national and European levels, and can also address the integration of disadvantaged and marginalized communities [70–73], by strengthening the interaction between different activities and between different sectors, industries or systems [45]. In doing so, the CCI can carry positive social values encompassing health, well-being, resilience and the environment, such as urban regeneration toward environmentally smart, healthy and inclusive and creative cities, cultural and co-creative integration of immigrants, climate-sustainable energy, circular economy, and participatory governance [48,61,74,75].
4. European Employment, Economic Resilience and Smart Growth

4.1. Entrepreneurship, Innovation and Job Creation

The CCI are increasingly seen as new sources of smart, sustainable and inclusive growth and jobs [1,4], to increase resilience, to prevent ecological issues, to upgrade neighbourhoods and to spur investments, and have been recognised as a vital resource for cities’ and regions’ competitive advantage [76]. In particular, the CCI constitute an important destination of youth and women’s employment, quantitatively and qualitatively, given the particularly creative, innovative and meaningful content of CCI jobs. In particular, entrepreneurship in the CCI has empowered women [77] and mothers [78], although they lack recognition equal to that of men [79]. Furthermore, the CCI can have a particularly positive repercussions on youth and women’s integration and active role in European society. In fact, according to Eurostat, CCI have relative high employment rates among youth and women [80]. Noticeably, non-profit CCI firms often embrace social entrepreneurship initiatives, therefore also supporting other excluded groups in EU societies [81]. In addition, as cultural employment corresponds to specific cultural competences that are often regionally and historically embedded, it is unlikely to be offshored [5]. On the other hand, conditions of CCI workers represent a challenge, given the relative rate of job precariousness, lower pay levels and economically dependent self-employment [20]. More recently, the weakness of creative employment precariousness has become particularly evident during the current COVID-19 pandemic [8].

In economic crises, entrepreneurship has been seen as playing a positive role [82]. Similarly, empirical evidence based on national data has shown a positive impact of cultural and creative entrepreneurship, even though public support is crucial in order to ensure CCI workers’ resilience in the face of economic crises [40]. Small and medium-sized enterprises (SMEs) in the EU dominate most cultural activities [83]. While this ensures a vital level of diversity for culture and innovation, creative SMEs are threatened by international corporations, which are more efficient in accessing finance, research and innovation (R&I) and markets [26]. Yet the CCI are the core of a dual and delicate ecosystem between large groups of internationally competitive and innovative SMEs, and start-ups, which constantly renew the industry, preserve and promote diversity and create jobs. Cultural and creative firms are typically challenged by a lack of venture capital and a structural difficulty in scaling up but, differently from general SMEs, risk aversion in the CCI seems to be lower, and life expectation (measured through a nonparametric estimation) can compensate for economic downturns [40]. The CCI can also offer models of innovative scaling up, with trends toward external and flexible scaling up and catalysing multilevel collaborations [84]. In this context, innovative bottom-up initiatives of cross-sectoral cooperation are emerging and spreading through the establishment of learning labs, creative and experimenting labs, hubs, incubators, accelerators and clusters fostering co-working and collaboration at local, national, European and international levels [85,86]. These collaborations are particularly keen to foster innovation exchange between SMEs and larger companies across the various CCI sectors, academia and the public sector [15].

The CCI can significantly contribute in terms of innovation and related skills, where the creative milieu and networking play a crucial role [87]. In particular, the CCI call for the development, experimentation and sharing of innovative business models that allow a more effective and fair distribution, access, promotion and monetization of the content made by artists and creative professionals, including through copyright collecting [88] and copyright and creation [89]. Innovation through the CCI enhances European excellence, as the CCI have a dual impact on innovation: they represent a quite diverse area comprising innovation of the past (cultural heritage) [90] and innovation of the future (e.g., virtual reality, internet of things, smart use of smart-city data) [91]. Digitization offers new opportunities in terms of new business models and market expansion in the CCI. The integration of big data, cloud computing, the internet of things, digital platforms and other new digital solutions in the CCI allows for a rethinking and reshaping of existing business models that can encompass market-driven solutions and expand existing audiences [92].
Especially in the supply of creative services, such as in the music industry, quantitative evidence based on an extensive survey, has shown consumers’ propensity for co-production of value [93]. Investment in digital technology innovation also plays a role in that, as well as possible shifts of business models from business-to-business (B2B) to business-to-consumer (B2C). However, the adoption of digitization engenders business-model gaps between digital-native and more traditional CCI sectors [94]. At the same time, those CCI sectors characterized by the presence of larger and more complex value chains, such as the audiovisual and multimedia sectors, are challenged by adequate levels of capitalization [32].

Due to considerable cuts of public subsidies, cost-efficiency business, together with entrepreneurship, has become more essential also for CCI public and non-profit organizations. Obstacles to market uptake of research and development (R&D) are typically constituted by lack of standards and limited access to finance and customer acceptance of new solutions, in addition to technological and regulatory obstacles. Investing in intangible assets is essential in knowledge-based and intensive economies such as the CCI, which place a high importance on intangible assets compared to tangible assets [20]. However, compared to other industries, in the CCI intangible assets are typically under-captured by usual indicators of copyrights, goodwill and brand recognition, as patents, trademarks, and business methodologies are less the case, and for more industrial CCI sectors (e.g., multimedia, design, etc.), crucially limiting the usage of intangible assets as guarantees for financing. This represents at the same time a challenge for regulatory policies, and a potential for business model development, in particular at the entrepreneurial level. This may impact the ways of investing in intangible assets in this area, with further effects on inter-area productivity and competitiveness. Noticeably, there is a need for assessment and monitoring capturing all dimensions of this area, and the development of adequate indicators [95].

The CCI continue to be threatened by piracy and counterfeiting, weakening income and employment. Therefore, CCI rentability still crucially depends on effective copyrights protection, including in digitization. However, the legal protection of content creation, investment, production, exploitation, distribution, consumption and sharing through digital modalities still needs to be improved, where involved CCI sectors differ in delivery format, digital file size and consumer use of content [89] (p. 33). The digital legislation is also challenged by a lack of transparency in the more complex value chains, and lack of legal clarity and the difficulties experienced by traditional sectors in adapting to digital transformation [96]. Legal certainty and respect for rights holders, transparency and intellectual property rights is necessary in order to ensure the recognition and stimulation of creativity and innovation [94].

4.2. Cultural Heritage—A European Competitive Advantage

A CCI sector that has been traditionally subsidized by the State, cultural heritage contributes positively to the European GDP and is today recognized as a significant asset for citizens and a substantial part of Europe’s competitive advantage over the rest of the world [57,97,98]. Moreover, cultural heritage contributes innovation, growth, competitiveness and welfare, as it is understood as a production factor in economic and broader policy development. This is in accordance with the conclusions of the Council of the EU [99], which underline that cultural heritage is a strategic resource for a sustainable Europe [100]. The rich cultural heritage of Europe is of great importance to attract visitors, talent and investors. Europe is the world’s biggest tourist destination and tourism is the third largest socioeconomic activity in the EU [101]. At the same time, main European cities suffer from tourism congestion, “Disneyfication”, “b&bificication” gentrification and erosion and abandonment of city centres by locals, diminishing the lively European cultural capital of the cities [102]. However, it is worth noting that income from tourism is only part of the positive economic contribution of cultural heritage. Conservation, renovation and maintenance activities represent more than one fourth of the value of Europe’s construction
industry, while the total turnover generated by cultural heritage is 3% of the EU GDP and the number of jobs created by cultural heritage is approximately 4% of the employed EU workforce [102]. In addition, businesses tend to locate in historic areas, and it is easier to attract specialists and experts to live and work in these environments. This means that cultural heritage also involves innovation and improves the long-term competitiveness of the European economy [103]. There are several examples around the world where abandoned city centres, industrial sites and rural areas with heritage value have been preserved and reused for innovation-driven activities, which in turn have attracted additional investment, activities and actors and contributed to the sites’ economic prosperity [45,58,75]. Beside this, intangible cultural heritage and artistic traditions have the determining role in the design and production of new goods and the global economy offers broader markets for specific products [34].

Finally, foreign language skills play an increasingly important role in making young people more employable and as a factor in competitiveness and innovation. The EU has 500 million citizens, 28 member States (including the UK), 3 alphabets and 24 official languages, some of them with a worldwide coverage. Some 60 other languages are also part of the EU’s heritage and are spoken in specific regions or by specific groups. In addition, immigrants have brought a wide range of languages with them; it is estimated that at least 175 nationalities are now present within the EU’s borders [104]. Ensuring the linguistic and cultural diversity of European CCI can create globalized markets—including of creative content—and foster innovative and high-quality services [105]. European excellence is a constant source of strategic collaborations as well as being constantly challenged by international competition. The CCI constitute a European asset to be used in global competition; they also nurture the EU brand in international context. Recognition of linguistic and cultural diversity fosters mutual understanding, at the basis of cultural diplomacy, external relations and cooperation between Europe and third countries [106].

On a global scale, competitive and innovative cultural and creative SMEs and start-ups compete internationally in innovation, access to markets and finance, market penetration and economic sustainability and profitability. On such a scale, creative crossovers are still possible and fertile.

5. A Policy State of the Art of Knowledge and Competence Base in the CCI

5.1. EU Policy for the CCI

Europe claims an excellence in the arts, creative industries and cultural heritage. Correspondingly, Europe has developed a policy oriented toward a high and specialized productivity and competitiveness in the CCI, more recently in relation to the societal challenges described above, also in collaboration with extra-EU countries. In addition, there is a good knowledge and competence base to build on in terms of the number of excellent universities, research organizations and businesses to address these societal challenges. Policies and strategies in the EU, as well as outside the EU, account for how the CCI are increasingly occupying a central role in relation to the described societal challenges. Below we overview the related main strategies, policies and their implementations. There emerges a rich, although rather fragmented scenario.

On the premises of the economic and social importance of the CCI, the European Parliament [5] is particularly keen to promote a coherent EU policy for the CCI, which focuses on the following areas: definition and statistics of the CCI; framework conditions to foster innovation; digitization; employment conditions in the cultural and creative sector; skills, education and training; the role of the CCI as ambassadors of Europeanness; the importance of creativity, as a source of inspiration and imagination; the protection of copyright and fight against counterfeiting, and the access of the CCI to finance and EU funding. The European Union’s political guidelines for the European Commission 2019–2024, “A Union that strives for more”, focus on six political objectives with a European Green Deal as their first goal [107]. The EU is committed to promoting culture in its international relations, and particularly the diversity of cultures in the EU [108], and
promoting culture is one of the three main objectives of the European Agenda for Culture since 2007 [109]. Consistent with the Europe 2020 strategy for growth and jobs, the European Commission’s task is to guarantee that the CCI are able to gradually contribute to employment and growth across Europe, through the stipulation of direct financial and technical support, whether in the form of subsidies or the creation of networks and platforms to support the sector [110]. More specifically, this involves the provision of direct financial and technical support, whether in the form of grants or the establishment of networks and platforms to support the sector. The Commission’s priorities in the field of the CCI include: responding to changing skills needs by promoting innovation in education; supporting the mobility of artists; coordinating with member States to reform regulatory environments; and developing policies and initiatives to promote market access for and investment in the CCI. Within the CCI, fashion and other creative industries operate at the junction between arts, business and technology. They link creativity to innovation in the post-industrialized economy. The Commission operates to support innovation in the European fashion and creative industries to increase their price competitiveness toward emerging economies, and to fight counterfeiting and to inform on IP rights [111]. The Commission also works to give the industry better access to markets globally, by disassembling tariffs and reducing non-tariff obstacles with main trading partners [26].

5.2. R&I Strategies for Smart Specialization and a Creative Europe

The Joint Research Centre (JRC) of the European Commission operates the smart specialization (S3) platform on industrial modernization (S3P–Industry), which provides dedicated support mechanisms designed to help EU regions to overcome the lack of public investment in research and innovation while aligning certain mutually-reinforcing elements of their individual S3 agendas. In this context, there is a relevant number of R&I strategies for smart specialization (S3) that focus on the CCI and explore new linkages between local assets, potential markets and societal challenges. Fostering new partnerships between research organizations, enterprises and public authorities is a major concern of S3 strategies, calling for the set-up of new collaborative platforms.

Creative Europe is the European Commission’s framework program for the financial support of the cultural and audiovisual sectors (including arts, culture, cultural heritage and creative industries). Supported projects more or less directly target the abovementioned societal challenges, in line with the strands and special calls periodically elected by the program (e.g., creatives’ skills and employment, business models, migration) (https://ec.europa.eu/programmes/creative-europe/node_en, accessed on 12 March 2021). In the context of limited access to finance for the cultural and creative sectors, the Creative Europe program of the European Commission also earmarked EUR 121 million to the Cultural and Creative Sector Guarantee Facility (https://ec.europa.eu/programmes/creative-europe/cross-sector/guarantee-facility_en, accessed on 9 March 2021). This scheme aims at ensuring financial intermediaries when offering financing to cultural and creative sector initiatives. In addition to creating loans and other financial products through a catalyst effect, financial intermediaries are offered training to better understand the requirements of funded projects, with a view to raising their commitment. The guarantee scheme is managed by the European Investment Fund on behalf of the European Commission, and aims at strengthening CCI organizations’ financial capacity and competitiveness. As well as this scheme, it is worth mentioning the European Creative Industry Alliance, (www.ecia.eu, accessed on 24 March 2021) a European regional initiative especially aimed, among other goals, at promoting access to finance. It is composed of six European CCI organizations (Altagamma in Italy, Circulo Fortuny in Spain, Comité Colbert in France, Gustaf III Kommitté in Sweden, Meisterkreis in Germany and Walpole in the UK).
5.3. Horizon 2020—European Framework Program for Research and Innovation

Cultural heritage is the CCI sector that has received more explicit attention in the Commission’s research funding program Horizon 2020 [112]. Moreover, it has been dedicated a European Year of Cultural Heritage in 2018 [113], in order to highlight its centrality to Europe’s identity, also in opposition to the grave threats it faces in conflict zones. In 2014, the “Conclusions on Cultural Heritage as a Strategic Resource for a Sustainable Europe” and the “Conclusions on Participatory Governance of Cultural Heritage” were adopted by the Council of the European Union, as well as the defining guidelines “Towards an Integrated Approach to Cultural Heritage for Europe” [99,114]. These jointly express the need for acknowledgement of cultural heritage as a shared resource demanding multi-level and multi-stakeholder participatory governance; efforts to secure the contribution of cultural heritage to objectives in other policy areas, for example, in regional innovation strategies; and an integrated multi-actor approach to the management of cultural heritage. The European Commission’s Communication “Towards an integrated approach to cultural heritage for Europe” [115] underlined the importance of “enhancing the intrinsic, economic and societal value of cultural heritage, in order to promote inter-cultural dialogue” [115] (p. 7). On a regional level, a European political answer to globalization, climate change and social exclusion is offered by the smart specialization strategies aiming at innovation-driven development, strengthening of each region’s competitive advantage, as well as increasing the system’s assets and the capability to learn. This opens up for new opportunities for preservation of built cultural heritage. In the European Commission’s agenda for cultural heritage research and innovation, Getting Cultural Heritage to Work for Europe [97], cultural heritage is understood as a production factor and hereby an important resource for innovation, social inclusion and sustainability. The agenda has a strong focus on adaptive reuse of historic buildings and places and another interesting aspect is that the keyword “conservation” often has been replaced by “transmission”. Finally, promoting culture as a vital element in EU international relations has been one of the three main objectives of the European Agenda for Culture since 2007.

The European Commission’s Horizon 2020 research program has funded a couple of projects that are particularly interesting from the perspective of creative crossovers. The Starts project fosters a two-way communication between the arts and science and technology to explore and unleash the potential of art–ICT spillovers, such as new technologies, educational and concept development methods and new areas of hybrid experimentation, where arts, design, scientific and technological thinking freely recombine (e.g., thorough interaction design, workplace and community design), redefining the boundary of expertise areas and production practices through competitive performance (www.starts.eu, accessed on 29 March 2021). Another funded project, Cimulact, is coordinated by the Danish Board of Technology Foundation, with the objective to engage citizens with the ambition to redefine the European Research and Innovation agenda and thus make it appropriate and accountable to society. The project does so by engaging more than 1000 citizens in 30 countries in Europe to formulate their visions for desirable sustainable futures, to debate and develop them with other actors, and to transform them into recommendations for future research and innovation policies and topics. Creativity is part of the agenda (www.cimulact.eu, accessed on 2 April 2021). Finally, the project CLIC (Circular models Leveraging Investments in Cultural heritage adaptive reuse) aims “to identify evaluation tools to test, implement, validate and share innovative “circular” financing, business and governance models for systemic adaptive reuse of cultural heritage and landscape, demonstrating the economic, social and environmental convenience, in terms of long lasting economic, cultural and environmental wealth” (www.clic.eu, 3 April 2021).Rural areas all over the world are facing unemployment, disengagement, depopulation, marginalization or loss of cultural, biological and landscape diversity caused by economic, social and environmental problems. The EU Horizon 2020 research project RURITAGE aims at enabling rural regeneration through cultural heritage [116,117] (www.ruritage.eu, accessed on 7 April 2021). After identifying systemic innovation areas (SIA) such as pilgrimage,
resilience, sustainable local food production, integrated landscape management, migration and art and festivals, the intention is to regenerate rural areas.

5.4. National and International Promotions for Innovation

At the national level, Nesta (formerly NESTA, National Endowment for Science, Technology and the Arts) is a British innovation foundation originally funded by an endowment from the UK National Lottery. The organization acts through a combination of practical programs, investment, policy and research, and the formation of partnerships to promote innovation across a number of sectors, including that of creative economy, arts and culture (www.nesta.org.uk, accessed on 7 April 2021). In the Netherlands, CLICKNL develops a national knowledge and innovation agenda for the creative industries (as distinguished from culture), in order to facilitate collaborations and foster innovation among creative professionals. In its view, innovation is in particular intended in terms of technologies and insights from various scientific disciplines, but also and especially methodologies (www.clicknl.nl/en, accessed on 7 April 2021). At a metropolitan level, there are policies aimed at strengthening the link between the financial sector and the creative sector. For instance, the Amsterdam Economic Board’s Knowledge and Innovation Agenda also contributes to the goal of increasing crossovers between the different sectors of the economy, including the CCI (https://amsterdameconomicboard.com, accessed on 9 April 2021).

At the international level and beyond Europe, the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions [118] affirms the rights of parties to take measures to protect and promote the diversity of cultural expressions, and establishes obligations of parties at both domestic and international levels. The UNESCO’s cultural policy framework comprises six major policy areas, for instance empowering contemporary creation and the creative industries and culture, and the 2030 Agenda. According to the UNESCO, the cultural industries continue to grow, and have a crucial role to play ahead in terms of freedom of expression, cultural diversity and economic development. However, despite the fact that globalization and new technologies open up exciting new prospects, they also generate new types of exclusion and inequality. In response to that, the UN 2030 Agenda marks a real step forward for the three pillars of sustainable development in general, and in particular for culture as it is the first time that culture is mentioned in such international documents in relation to education, sustainable cities, food security, the environment, economic growth, sustainable consumption and production patterns, and peaceful and inclusive societies [119]. In connecting cultural heritage to development issues and strategies, the UNESCO document “Historic Urban Landscape” [120] is of particular interest, as it explicitly considers urban tangible and intangible heritage as a key resource that raises the liveability of urban areas and fosters innovation, economic development and social cohesion in a changing global environment. In 2015, the United Nations’ Sustainable Development Goals (UN SDGs) were adopted to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda [119]. Each of the 17 goals has specific targets to be achieved over 15 years. Even if the CCI do not constitute a goal per se, they horizontally connect various projects through many goals and cultural heritage is explicitly mentioned in goal 11, “Make cities and human settlements inclusive, safe, resilient and sustainable”. In particular, the CCI are considered as a driver for equity and inclusive economic development in the urban economy.

Finally, reports on the creative economy have been an initiative also of UNCTAD-UNDP [121], UNDP-UNESCO [122] and UNCTAD [123]. The objective of “Historic Urban Landscape” is to integrate conservation policies into the broader ambition of urban development regarding the heritage values and traditions of larger cultural, economic and social contexts. It also refers to the intangible dimensions of heritage as related to diversity and identity, which are key to sustainable urban growth and development [124].
6. Toward a Possible EU Policy Framework Enabling Creative Spillovers

Given the particular potential of the CCI to generate a broader socioeconomic impact, because of the complexity of the latter, there is an important challenge in creating a more systemic and coordinated R&I policy at the EU level to better stimulate transnational collaboration and competition. Yet, the policies mostly lack relevant integration, typically reflecting the Knowledge Triangle [125] of research, education and business, in particular regarding the business component. In fact, while there seems to be sufficient R&I in the CCI, this often lacks coordination and sharing of methods, results and best practices, in particular to unlock the high potential of the various types of innovation. As a consequence, despite the considerable potential of the CCI in terms of employment, innovation and smart growth, the CCI still continue to be understated and poorly integrated in the whole ecosystem [15].

From his perspective and in order to more effectively support the CCI and enable them to properly represent their interests and raise their concerns, as well as to create cross-border networks and platforms to help structure and strengthen the sector, the European Institute of Innovation and Technology (EIT) (www.eit.europa.eu, accessed on 14 April 2021), together with the European Commission, the European Parliament and the Council have jointly supported the creation of Knowledge and Innovation Communities (KIC) dedicated to the CCI. The objectives of EIT KICs are to develop innovative products and services, to start new companies, and to train a new generation of entrepreneurs. Since 2010, eight KICs specializing in different strategic sectors (climate, digital, food, health, inno-energy, manufacturing, raw materials, and urban mobility) have been launched. EIT KICs work as drivers for institutional innovation and structural reform [126,127] experimenting on a wide EU scale with a high political commitment [128], and this is the first EU initiative fully to integrate all three sides of the Knowledge Triangle [129]. In the frame of the memorandum of understanding between the JRC and the EIT, some pilot actions have already been implemented under the S3P–Industry framework (see Section 5 above) with the relevant EIT KICs. In the field of the CCI, several such pilot actions have been identified; therefore, further collaboration in the future is foreseen. Strengthening the contribution of the CCI to regional development would require addressing the issue of institutional governance in order to facilitate synergies between different bodies in charge of the CCI as well as to enhance the collaboration between laboratories, clusters, incubators, universities and science parks, in and outside the local context (https://ec.europa.eu/jrc/en, accessed on 14 April 2021).

In 2017, plans to launch a new KIC specialising in the CCI started to be discussed within the EIT’s 2021–2027 strategy [130]. The establishment of an EIT Innovation Community dedicated to the CCI is aimed at supporting more robust evidence of the wider benefits and spillovers of the CCI. This is more consistent with a wider inter/trans-disciplinarity of the CCI in the social sciences and humanities, broadening the CCI’s R&I impact, which is still mostly measured in terms of GDP or economic impact. In particular, the establishment of an EIT Innovation Community to address the societal challenges can foster R&I policy at the EU level by mobilizing and involving all stakeholders and end users at various levels (from local to EU and beyond) [131]. Moreover, it can stimulate co-creation, co-design and participation of citizenship in programming and debating of R&I agendas, implementation, testing, assessment and sharing of innovative products and services. The establishment of an EIT Innovation Community can also contribute to synergic member States’ policies and strategies for a competitive and sustainable EU market, as well as to enhancing exports beyond the EU. An additional important benefit would consist in the lowering of obstacles to market uptake of R&I through the development of standards and access to finance, customer acceptance of new solutions, and technological and regulatory obstacles. Furthermore, innovation would be more effectively fostered by support of connected networks, collaboration, knowledge exchange, learning and spillover benefits nurtured by the development of new connections across sectors and disciplines. In areas of application other than the CCI, KICs have been shown to allow a necessary multidisciplinary
setting of collaboration, experimentation and implementation between education/training, innovation and entrepreneurship and business [128,132,133].

7. Discussion

Figure 1 graphically summarizes the above-examined (in capital letters, at the bottom) four main CCI pillars (in bold) that address corresponding major EU societal challenges (above, in italic). Each pillar is defined through its main characteristics and leverages. Notice in the case of the third pillar (European employment, economic resilience and smart growth) the inclusion also of a few critical factors (in italic and with asterisks). At a more conceptual level, Figure 1 also offers a useful perspective in order to better figure out possible CCI spillovers, especially between those leverages that can be defined and measured relatively less straightforwardly (e.g., societal values of identity and belonging and quality of life). Moreover, at a policy level, Figure 1 suggests possible guidelines in order for policy-makers to design and implement policies and initiatives in order to address major societal challenges in the EU.

Figure 1. CCI’s four main pillars versus EU major societal challenges. Notes: Each main pillar includes different leverages, as well a few hindrances (the latter marked by “*” and in italics).

Overall, we have discussed how the CCI can play a fundamental role in addressing key societal challenges. In particular, they can contribute to the development of essential skills and attitudes among citizens. Above all, being exposed to cultural and creative content can stimulate openness to better prefigure and acknowledge challenges and crises, inspire solution-oriented research and innovation (R&I), shared with public and private and individual and collective stakeholders [23]. Creativity can stimulate a greater intuition, faced with limited information and great uncertainty, and contribute to experimentation, rapid prototyping and testing alternative solutions [134]. Creativity can nurture cities as vibrant and dynamic hubs of accelerated innovation and ecosystems, fostering an entrepreneurial attitude. Moreover, creativity is synergetic with an innovation mindset, as culture and cultural life can help individuals and organizations to better connect, in particular in urban settings [135].

The CCI can also contribute to reinforce social cohesion at local, national and European levels. However, inclusion for some people means exclusion for others. When applying qualitative, quantitative, experimental, and interdisciplinary research, several scholars...
have nowadays a critical attitude to the temporal dimension of identity construction of the concept of European integration and European identity and the more narrow-minded conception of Europeanness [136–138]. Cultural heritage is sometimes understood as a means to produce state ideologies [139], an instrument of cultural power [140], or about establishing a set of social, religious and political norms required to control its citizens [141].

8. Future Research

There is still too little knowledge and experience regarding the financing of the CCI. This is an area where more research is needed. Overall, the sector is still seen as risky, too much dependent on public subsidies and lacking collateral for the benefit of financing [142]. It is also a human-intensive sector, where, in general, relatively few material resources are being used, and technologically-induced creativity debated [143]. Appreciation of intellectual property (IP) in the creative sector is still in its infancy, as its use for funding is virtually absent [144]. It is also a sector where financing needs are very diverse across the CCI, although the size of the funding requested is relatively lower on average than in many other sectors [95].

Research is also needed to investigate how the CCI call for alternative, or complementary, modalities of innovative and customized funding schemes, such as some forms of crowdfunding, microcredit, repayable contributions, crowd investment, risk capital finance, seed funding, venture capital, credit unions, cooperative financing (mutual guaranty), peer assessment, social bonds and public–private partnership [145,146]. Another challenge is represented by the financial support needed by less connected, young, fast-growing companies, relatively to more established innovators. Hence public funding and regulation is still needed to compensate for underinvestment due to market failures (such as high risks, sunk costs, market uncertainty, lack of full exploitation of results, or unavailability of funding), to ensure positive spillovers and to limit negative externalities [147].

According to the Lamy Report [145], excellence-based EU-wide competition increases the quality and visibility of the research and innovation output. Nevertheless, world-class excellence in research, leading to a high concentration of funding in terms of participants and geography, can represent a challenge for the CCI, where diversity is considered vital. This also emerges in CCI’s relatively more profit-oriented markets, such as the art market or the audiovisual industry [13]. EU collaborative projects foster the achievement of a critical mass especially when large research capacity (e.g., spatial research) or a strong prerequisite for complementary interdisciplinary knowledge and skills are needed. The latter seem to apply more to the CCI, especially when they generate positive spillovers within the same CCI or with other sectors of the economy. CCI-generated spillovers trigger cross-border and multidisciplinary networks and generate positive agglomeration and cluster externalities [148], and through knowledge spillovers generated in other industries, such as tourism, retail and digital technologies, the CCI can strategically contribute to a sustainable reindustrialization of Europe [149]. On the other hand, the CCI can also be affected by negative externalities, such as extraordinary network and scale effects, erosion of human capital, and fast and creative destruction [15]. Examples of extra-CCI spillovers include health, well-being and the environment, through urban regeneration toward environmentally smart, healthy and inclusive and creative cities, cultural and co-creative integration of immigrants, climate, energy and participatory governance [150].

In times of climate change, the United Nations’ Sustainability Goals and the European Green Deal, more research is also needed to clarify the links between the CCI and sustainability and to deeper the understanding of the role of adaptive reuse of cultural heritage in circular economy and to develop new governance and business models as well as regional and local strategies for this [7,61–65].

As discussed in the previous sections, in the European agenda, the CCI are increasingly regarded as a source of job creation and thereby contributing to economic wealth and quality of life. The CCI are also considered as an arena for encouraging social inclusion and fostering cultural diversity. In particular, the European Commission acknowledges the CCI
as an important resource for creativity and innovation to flourish in a new entrepreneurial culture amid global competition and thereby to create growth and jobs [6]. Europe’s CCI offer a real potential to respond to these challenges, thereby contributing to initiatives such as the Innovation Union, the digital agenda, tackling climate change, the agenda for new skills and new jobs and industrial policy for the globalization era [151].

The most recent and relevant pan-EU policy initiative of a CCI KIC is particularly oriented to enable and capture the benefits of the important crossovers that can be generated within and outside the CCI in the society and economy. Given the European excellence in the CCI and in monitoring and valorising them in a transdisciplinary way, also including technological, socioeconomic, legal, policy, and arts and creativity, the European Union can play a strategic role in trans-sectoral collaborations with institutions, industry and business companies and other stakeholders from third countries in innovative production, distribution and access to CCI products, services and processes, and their wider socioeconomic spillovers.

9. Conclusions

The present world is characterized by a fast restructuring of the economy and social life, not just because of the recent COVID-19 scenario, but also in accordance with the general mega trends such as climate change, globalization, urbanization, digitalization and individualization.

The point of departure for this paper is four distinguished main societal challenges to which CCI can strategically respond and significantly unlock the potential for innovation in EU: Europeans’ creativity, cultural diversity and values; European identity and cohesion; European employment, economic resilience and smart growth; and Europe’s external relations. By focusing on these major societal challenges relevant to the CCI and their features, for each challenge, we have presented various aspects through which the CCI, their sectors and agents can address such challenges, but we also pointed to some criticalities.

Through the review of the scholarly and policy literature, one of the most important conclusions is how the CCI and their different sector—such as cultural heritage, multimedia, arts and crafts, architecture, advertising, etc.—beyond their direct contribution to GDP and employment, are also important drivers of economic and social innovation in other industries and areas. This also highlights the interest in moving towards a creative economy that can catalyse spillover effects in various economic and social contexts. In particular, we pointed to how the CCI can be conducive to innovation through, e.g., CCI-based creativity as the main input in the production process, the development of human capital, entrusting creative talent, flexible, mobile and multidisciplinary networks, project-based working routines, as well as positive attitudes towards system-wide and multidisciplinary collaborations.

Another conclusion of this paper is the importance of public policy in supporting CCI impact by offering an overview of latest major policy initiatives at the EU, national, regional and international levels. We finally focused on a current pan-European initiative that, next to other strategic sectors, acknowledges the CCI as a strategic sector for the EU to globally compete, applying an experimental and sustainable model of innovation exchange between SMEs and larger companies, academia and the public sector, aimed at fostering new business models, products and services through strategic partnerships and business incubators. While the theoretical background of such a model is known, research about the assessment of its application to different strategic sectors, and the corresponding employed methodologies is still too scarce, though promising. Moreover, the nexus with creative spillovers, and their enabling, represent a wealth of future research, for the CCI and beyond.

We also discussed how the CCI have the potential to put the right enablers in place by increasing the capacity to experiment, innovate and succeed as entrepreneurs, and providing the right mix of skills, and the ways the CCI can stimulate social cohesion, solidarity and integration. In our analysis we also included elements of criticism, as in the cases of European integration, cultural and creative employment, some aspects of
entrepreneurship (scale, capitalization and financial skills), digitization, legal protection and tourism congestion. At the same time, we have formulated elements in favour of an advocacy of the CCI.

However, many of these benefits are far from being completely recognized and captured. We then considered how the spillover effects from the CCI contribute to other forms of innovation processes (e.g., scientific, technical or business) and result in the development of new products and services, managerial solutions and the improvement of organizational processes. Another field of interest for further research is the role of CCI and adaptive reuse of cultural heritage as a strategic resource for rural development.

Overall, we stressed how the CCI have the potential to stimulate innovation, growth, sustainable development, welfare, jobs, income, and liveability of urban/territorial settings, especially for tomorrow’s generations. Clearly, such a European initiative represents important political stakes. On the other hand, it is evident that the current general crisis, and the prolonged uncertainty it provokes, is dramatically bringing down vast compartments of the CCI. Through this paper we also aimed to advocate more strongly for the importance of the arts, culture, heritage and the creative industries beyond the CCI for CCI’s sake.

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