## <u>Employment, cultural professions and contractual situation in the EU 25+</u>

The contractual situation for employees in the cultural sector in the EU 25+ is indeed different from country to country, but there are nevertheless similarities. In general, cultural occupations have an high public reputation in all societies - whether public or private financed; or even more and more in PPP (Private-Public-Partnership) relationship. It must be mentioned that the account of honory posts is nowhere higher that in the cultural sector – except in the healthcare and social life part of daily life – and is absolutely not covered by any statistic data. Terms like content worker, employee and employer in the creative and cultural sector, creative "industries" are used synonymously.

It must be mentioned that worldwide in the 1980ies the first studies[1] with the New York – New Jersey study started to analyse the impact of creative industries on the regional or later national economy as a whole. In an input-output analysis these studies calculated profitabilities and rates of return of public spending in the cultural sector.

At the end accelerator multiplier interaction in the Keynes sense ("multipliers") proved, that the multiplier for 1 Dollar spent in the cultural sector was about 3 for employment and around 2 for income. That means one working hour in the cultural sector generates 2 hours in related businesses like handicraft, service or printing; analogical for the income multiplier. These ratios are the more or less the same until today.

The New York – New Jersey study (1980) followed similar attempts for Amsterdam (1983)[2], Zürich (1983), Bremen (1984) and Salzburg (1985) some years later – to mention the ones with the greatest echoes. Usually they came out the culture having around 2,3 %– 2,5 % of the national Gross Value Added, around 2,5 % - 2,7 % part of the national overall employment and a rate of around 1,5 % investment in "plant and equipment" respectively the national stock[3]. This was the beginning of assessments and measuring and later tools have been refined – but until today there is no unique definition what the cultural sector or creative industries really is all about.

Almost all surveys and statistics on the subject, point out that the arts, culture and media sector, anyway the "creative industries" is often characterised by atypical forms of employment. These atypical forms of employment are characterised by:

- high qualification level
- requested flexibility
- high mobility
- part-time work
- project work (well or badly paid)
- short-term contracts
- self-employed and freelancing
- voluntary or very low-paid activities
- obstacles for mobility and cultural products.

---

[1] The Port Authority of New York and New Jersey: The arts as an industry. Their Economic importance to the New York – New Jersey Metropolitan region, New York 1983
[2] F. van Puffelen: More than one Billion Guilders, The economic significance of the Professional arts in Amsterdam, Amsterdam 1986
[3] Results from Germany valid approximately for other examples until today, see IFO Institut (Hummel/Berger): Die volkswirtschaftliche Bedeutung von Kunst und Kultur, München 1988

**Micro-enterprises and self employed**

Obviously a rapid rise in atypical or sometimes "precarious" forms of new employment can be observed in all the EU member states for the moment. The available reports stress the fact that the cultural sector is overwhelmingly made up of small businesses (less then 10 staff) and micro-businesses and self-employed/freelancers. These new self-employed or freelancers are very often described as "micro-entrepreneurs" and as "entrepreneurs of their own human capital".

Very remarkable is the observation that the group of independent workers or self-employed in the EU is up to 4 times higher in the creative sector than in the economy as a whole. About 29% of the people working in the cultural sector are self-employed in 2002. This is more than twice as much as the EU average in total employment (14%). The stake of independent workers is highest in Italy (47%), Austria (39%) and Iceland (35%). It is weakest at Estonia, Latvia and Norway (5% each).

In Germany the usual number of independent workers is around 10 % - in the cultural sector for the year 2003 it was estimated with 41 %[4]. This is about four times higher and shows the importance of this group, which experienced a growth-rate of about 50% between 1995 and 2003. In addition the working conditions in this group seem to be a model for all the other groups of the working population.

It is precisely this in-between position of the freelancer as "new worker" / "new entrepreneur", between capital and labour, that is particularly interesting for labour market researchers, cultural studies analysts and politicians, because it reflects new socio-political relationships beyond the welfare state. The categories of the full-time job society – here the worker, there the employer – no longer apply; the cultural content worker is suddenly also a (cultural) entrepreneur (without capital).

The number of self-employed in the EU average is about 2,5 times higher in the creative sector than in the economy as a whole

**Higher education and qualified job structure**

Very well known and notable is the high repartition of intellectual challenging jobs in all sectors of the creative industries. The high education level in the cultural sector is characteristic for all EU countries: Regularly more than 40 %[5] have at least an university degree in comparison with 24 % of the total employment – even growing in the cultural sector from 44,8 % in 2002 over 46,6 % in 2003 to 46,8 % in 2004.

This stable development is to be assumed to continue in the near future. Above all content workers in the cultural businesses must be firm in data handling, business management and marketing and very often work multilingual, when dealing in international markets. This fact requires furthermore a steady effort for instance in vocational training in their business to keep up to date in one's skills. So these higher qualified and knowledge-intensive job

[4]Following dates about Germany: Beauftragter der Bundesregierung für Kultur und Medien (BKM), „Kulturberufe“ von Michael Söndermann, Bonn 2004
[5] eurostat working paper, Emploi culturel dans l'UE-25, 2006

structures are usually well paid in the public sector and in large scale enterprises; in contrast only seen as an asset in micro-enterprises or taken as a precondition for self-employed to stay and work for a longer time in the sector.

The cultural or content worker is an emancipatory term from the 1970s which has acquired a new interpretation in the employment policy context of the 1990s. A cultural worker was then described more or less being on average a 25-30-year-old, multiskilled, flexible person, psychologically resilient, independent, single, unattached to a particular location, who jumps at whatever opportunity there is to be had in the field of the art, music or the media. The type of person being addressed represents, at the same time, just the kind of worker that the New Economy needs: young, unattached, creative.

In as much as employment policy has discovered the cultural and media sector as the great white hope in recent years, the positioning of artists and creative workers in the public discourse has changed significantly. In the German-speaking world "creative workers" are generally classified under the commercial advertising sector and are clearly differentiated from those in artistic activities or creators of culture. In the British Creative Industries mapping document, in contrast, it is much broader: "Activities have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property..." (DCMS 1998).

More than 40 % of the people working in the creative industries have at least an university degree in comparison with 24 % of the total employment

**Repartition by gender and age**

The distribution by gender of the employees having an employment in the cultural sector differs little from the totality of the active employed population. In the year 2002, 46 % of the cultural jobs of the European Union are occupied by women against 44 % in the total employment[6].

The analysis country per country reveals instead certain particularities. In Latvia and Lithuania, the quota of women (66 % each) is higher than in most other countries. France showing (48 %) and Germany (49 %) seems to be quite balanced. On the other hand, in Spain (41 %), Italy and Greece (42 % each) it is lower. Another important conclusion of the analysed reports is that the situation of female artists is even worse than that of their male colleagues. There is a noticeable income difference between men and women in all sectors, the cultural sector being no exception. In almost every European country in recent years, this income difference has not decreased, but has grown. This cannot be ascribed to less economic activity by women in general, but to the fact that more women are employed on a part-time basis. However, women are more used to atypical working conditions than men. One might even assume that the increase of atypical working conditions is, in fact, an extension of typical women's employment conditions to all those who are employed or are seeking work.

[6] MKW paper: Cultural employment in the EU 25+, Saarbrücken 2006

The great majority of the employees and self-employed belong to the 25-49 years old age group; as an average for all countries this number is to be located between 60 and 70 % within the EU with very few exceptions. This reflects totally the situation in the national economies as a whole and confirms the assumption that this age class is very important because of skills, experience and a certain preparedness to work under changing conditions. Furthermore it proves, that cultural and content workers are entering later than others the labour-market, because of longer vocational education and additional qualification for instance by traineeships.

Regarding the repartition by age, 12 % of the employees in the cultural sector are 15–24 years old, compared to 11 % of that age group in total employment. In the cultural sector 23 % are elder than 50 years, compared to 22 % in total employment.

With a glance at the several countries we have to state that the part of the 15-24 years old employed in the cultural sector is highest in Norway (18%), Iceland (17%) and the Netherlands (17%); whereas the part of the elder than 50 years age group is highest in Estonia (38%), Sweden (33%) and the Czech Republic (32%).

The distribution by gender of the employees having an employment in the cultural sector differs little from the totality of the active employed population

**Spot 1: German "Kulturwirtschaftsberichte" and their impact on regional support schemes for creative industries + employment**

At the end of 2005 a majority of the 16 federal states of Germany can present their own regional reports on creative industries ("Kulturwirtschaftsberichte"). The started aim is to deliver a scientific - more or less funded - contribution to the urban, regional and economic development of growth and employment through the example of this innovative sector. These studies offer in addition necessary arguments for politicians, governments and ministries to give more money in the cultural sector in the sense of a "regional orientated Lisbon strategy".

As an example we present the most important results of the latest Kulturwirtschaftsbericht of Berlin[7], published in late 2005;by the way cofinanced by the European Regional Fund.

The Economic facts in the creative sector in a glance: About 18 570 enterprises of the creative industries generated a turnover of 8,1 Bio € reaching an repartition of 11 % of the Berlin Gross Domestic Product in 2002. About 90 000 employed presenting more than 8 % of the total Berlin employment; over 50 % occupied by women. In specific 4681 businesses being active in arts (25 % of total number), followed by books and publishing with 3966 (21 %), architecture/cultural heritage with 2886 (16 %), film and TV with 1700 (15 %) and music with 1100 (12 %).

The number of businesses has risen by 660 from 1998 – 2002. The number of manpower raised in the same period of 7 %. Self employed and freelancers are the most important "motor" for growth and employment – having grown 4 times more than total employment. The best performance until today showed enterprises from film and TV (+ 2500 employees 1998-2002), software and telecommunication (+ 4000) and advertisement (+ 2500) for only citing the best known results.

[7] Kulturwirtschaft in Berlin, Entwicklung und Potenziale, Berlin 2005

Berlin is the most important destination for city tourism in Germany with 13 Mio overnight stays in 2004 giving work to 145 000 employed in the tourism, hotel and restaurant sector. Cultural tourism and culture are totally interdependent; there are about 1500 cultural events a day in Berlin.

The Berlin economy profits a lot of the establishment of firms out of the creative sector in recent time, because of the great number of employed younger people; no other town offering more apprenticeships and vocational education and training in that country. Also cooperation between universities and art schools on the one hand and industry on the other is very common and supported by public subsidies. These subsidies guarantee also the wide offer for popular and "high culture". The offers of operas, orchestras and theatre including the "free scene" would not be possible without the subventions coming from the national, regional, local and even EU-European level!

The promotion of younger people is especially supported for start-ups and setting up new businesses. So Berlin's yearly subsidies e.g. for the businesses in the book and press market are between 7-13 Mio €. Literature production and filming in addition can regularly count on the support of any other public institutions. Personal expenditure subsidies are also very common for "Innovations-assistant" and similar for younger people entering their first jobs.

The creative industries in Berlin are shaped by above average many small enterprises. Over 50 % are single person enterprises. With on the average 11 persons employed per culture enterprise, Berlin compared with Hamburg, Cologne and Munich pictures smaller sizes of companies. The many medium-size enterprises are characterised by high in innovation ability and adjustment with changing basic conditions and accelerate thereby the economic structural change in Berlin. Usually they get over crisis periods due to their more flexible organization and personnel structures clearly better than large enterprises.

The culture sector in Berlin shows the highest density at independent artists in Germany with 5,8 % - related to the number of inhabitants - compared with all remaining federal states of the Federal Republic. The number of independent artists in Berlin rose since 2000 over 40 %.

Due to reduced public subsidies and in the course of the declining economic development, cultural facilities and enterprises had to reduce their personnel status in the last years. Many of the employees made themselves independent and created micro- enterprises.

From tourism and the rising number of Berlin visitors result structure-economical effects, which benefit in particular the hotel and catering trade and the transport enterprises. Culture and culture economy are not only central location factors, but integrals of components of the product "Berlin". For culture tourists the offers of museums, operas and theatres play an outstanding role. With approximately 10 million visitors a year the museums are the cultural facilities with the highest number of (including foreign visitors in museums 58% and theatres 43 %) visitors. Due to that variety and quality of the cultural offers is their international marketing of special importance.

The first empiric reports and strategy recommendations regarding the promotion of the culture economy are present in particular from Great Britain, North Rhine-Westphalia and Vienna – Berlin having used their outcomes to establish institution spreading approaches to support and help creative industries recognized to be one of the most important soft location factors.

The culture sector offers above average occupation chances for the service sector including software and ICT, self employed and for women. The demand for artistic and creative contents rises. The frequently project-dependent interlaced form of the work in culture spreads increasingly on other economic sectors and is an indication for a modern economy.

**Spot 2: Working in the performing art sector in France**

INSEE, the French statistic office, made in 2004 a short glance with a report about the "enterprises du spectacle"[8] examining the work power, wages and other characteristics for this sector. The results were that almost half of the companies had less than 20 employees. Bigger enterprises were to be found in the audiovisual sector and this mainly around the capital Paris/Ile de France. Smaller companies and theatres were more likely to be found in the province.

About one third worked not more than in one season, so that a high season work necessity can be stated; reaching a maximum working time in July and minimum at the end of December. The workers in this sector change once in a while their employer and a lot of them hold side jobs. In 2001 only a minority (39%) had one stable contract (against 46% in 1995), while 38% had at least 3 different jobs (against 31% in 1995).

Actors for example in the spectacle sector have to be and they are very mobile and mutative: in 2001 49% of those having worked at least only for one hour in this sector are also working in related branches like education or tourism and hotel business. For beginners it is very difficult to work at least 1000 hours a year; half of these debutants are younger than 30 years and only 40 % of them have an engagement the year after their first job. In contrast those actors having been working for 1600 hours a year or more represent a very stable nucleus being in work most probably with (76 %) an engagement the following year. They make profit of experience, personal relations assuring this way a continuity in work.

Workers in the spectacle are usually high qualified: 41% have a high school graduation in contrast to 21 % in the total economy – the percentage rises to 57 % for the professionals of the sector like actors and other executive employees and managers. Nevertheless high qualification does not assure work stability.

**Side-jobs, full time and part time working**

The existence of side jobs is not a phenomenon, but reality and very often favoured and desired by the persons concerned. In the cultural sector, the amount of workers having more than one job is characteristic and not disrespected, because it gives a lot of artists the possibility of freedom and creativity. In public arts bodies, the spread of specific professional (e.g. artistic, educational) full time jobs is wider. As far as content production is concerned, the private culture industries employ mostly freelancers or persons with short-time working contracts[9].

Private businesses are often connected to production and service networks, which allow them to be flexible when facing economic difficulties; one more reason for holding a side-job

[8] INSEE Premiere: Les entreprises du spectacle de 1995 à 2001,

[9] European Cultural Foundation: The "creative sector" – an engine for diversity, growth and jobs in Europe, Amsterdam 2005 This report reflects the working situation of content workers in the creative industries, especially showing their locally respectively regionally rooted origin, closely tied to regional economic cycles and "clusters".

permanently. Very helpful and in some countries obligatory are contributions of artists and content workers in social security systems[10].

For all countries of the EU, the share of part time working possibilities is higher in the cultural sector than in total employment. An average should not be counted, because the situation varies too much from country to country. Traditionally Nordic and Scandinavian countries together with the Netherlands give the best examples. In these societies part time working is part of the "shared national consensus" valid for women and men. Within the cultural employment in the EU, the Netherlands have the highest rate of part time workers (56%), followed with some distance by Denmark (36%), Germany (30%) and Sweden (29%) in 2002 e.g.. The last in the row are Cyprus and Hungary (11% each) and Latvia (10%) and Slovakia (2%).

For all countries of the EU, the share of part time working possibilities is higher in the cultural sector than in total employment

**Spot 3: The importance of Cultural industries and employment as the asset for the winning candidature of Essen, European Capital of Culture 2010**

During the last 20 years in the Region of Essen - known as former place of heavy industry with pits and steel plants - within 6 years at the end of the 1990s, more than 1000 companies in the creative industries had been founded. Most of these were micro-enterprises[11]. Each 13.th enterprise in Ruhrgebiet belonged in 2003 to the cultural economy. Turnover, employment and number of these young businesses have risen. With 3,1 Bio € they mark almost half of the turnover in cultural industries as a whole.

In contrast to the heavy loss of work places in the print sector in general and related industries in all countries, in Ruhrgebiet for example the print, publishing and advertising sector boomed. With 3,9 Bio € they mark more than half of the turnover in cultural industries saving almost half ( 18.500 people) of the total workforce of 42.200 people in total. Estimations count another 20.000 persons in cultural activities on side jobs.

Music, design (including architects and advertising) and even film and TV-production industries settled down in business because of the public support (in financing, subsidies, offers of vocational training and political back stopping) in this region. All in all these effects show the big and important contribution of creative industries for local development, setting up businesses and structural change in this industrial area.

One of the highlights was and is the construction of a musical house in Bochum for the world-famous Lloyd-Webber musical "Starlight Express". Hundreds of thousands of national and international tourists have participated in the show since 1988 and generated around 600 stable jobs. In 1996 there followed another musical house "Colosseum" in Essen – standing in one row with the biggest abandoned pit "Zeche Zollverein", awarded UNESCO World Cultural Heritage in 2001. All these efforts are an excellent example op Private-Public-

[10] Austrian Institute for SME Research: Erster Österreichischer Kreativwirtschaftsbericht, Wien 2003. This report gives a lot of details for the working situation of creative workers in Austria and might be taken as avant-gardistic in the German phone countries being an example for following reports.
[11] Transformation through culture (industries) in the Ruhr – Culture (industries) through information, A contribution to Essen's bid to be the 2010 European Capital of Culture, Essen 2005

Partnership where cultural activities have been considered to be a priority for a long and consistent period of public and private coordination.

Apart from the cited key-projects for a long time there were no significant cooperation between the cultural industries and the tourism branch. On this background the regional ministry of economy lanced the installation of a network of cultural economy and regional tourism (“Netzwerkmanagement Kulturwirtschaft und Tourismus im Ruhrgebiet”) in 2003. Result: A network of a 100 protagonists and about 50 common projects nowadays including a sales guide for external presentation and promotion abroad. Establishing centers for start ups including public supported training programmes are only consequences with labels like “StartART” and later “RuhrstART” – by the way also programmes subsidied by the EU European Regional Fund and others!

Summarized in a glance:

- the over 50 000 employed and self-employed in the cultural sector outside the public sector are of biggest importance for the whole region
- These mostly small and medium sized enterprises contribute to the flexible business structures of the region
- Products and services of businesses of the cultural sector are modernizing the traditional relations to external markets
- with their above-average proportion of high qualified work power and jobs for women the regional “creative milieu” is strengthened; to be a very important contribution for an advanced and cohesive regional development policy
- the long and traditional migrant background of the region enables integration and improves progress of the cultural industries in global markets.

At the end all these elements of cultural foreseeing and a public consensus rewarded Essen to be chosen to be European Capital of Culture in 2010 in April 2006 after a national and European wide competition. This is the prove how far cultural measures in conjunction with tourism related efforts safeguards employment, importance and gives a multidimensional perspective for the future of a whole region in the EU.

## The impact of public support schemes and networks for cultural employment

Cultural employment studies have often been commissioned by public authorities or interest groups in the cultural sector in order to obtain a better overview of growth, employment data and potential – see the above mentioned New York – New Jersey and following studies. Usually with the goal to argue more effectively in favour arts and culture subsidisation or in order to raise public awareness of problems in a cultural domain. The aim of many of these studies is to develop or support and promote new political framework programmes on the part of state or international authorities for a growing sector which cannot simply be measured in terms of arts versus commerce .

Public subsidies which are spent for visual and performing arts, as well as for museums and libraries, will remain scarce, although there is no reason to expect more serious reductions. Beyond cultural policy – the financing of which must compete with other policy areas – the financial support of cultural institutions, exhibitions, events etc. will always play an important role, as these cultural activities have very positive external effects on the regional economy.

Public support of cultural activities will, however, grow at a slow rate and thus restrict employment growth. The scope of subsidised culture will nevertheless remain important. The lack of data for cultural production and employment does not allow for the translation of the qualitative arguments of this section into a quantitative forecast – at least not on the level of the European Union. The very few forecasting exercises which are available for some EU countries, however, confirm the positive employment trends of this paper.

Until recently, in the age of the welfare state, economic or labour market policy arguments were of little interest for creative industries and cultural sector, because it was not assumed that the creation of art and culture should be calculated economically. In most countries, the state has been responsible for the promotion of art, culture and literature and had to fulfil this duty. Today, in the context of public austerity budgets, this consensus is no longer taken for granted. The cultural budgets are coming under increasing pressure to justify themselves and new funding models are being sought.

## Conditions and determinants of future employment growth

As far as future demand for cultural goods is concerned, there is no reason for a significant change[12] in the modest growth trends of the past. The private consumption of cultural products and services will continue to grow and to make relative gains against other areas of consumer goods production. However, the various sectors of cultural activities will be affected differently.

The production of books and press products will continue to face positive demand as far as the content is concerned. The products themselves will increasingly be substituted by the provision on the Internet and multimedia products. The media via which these products will be consumed will change and therefore create a very positive impact on the audio-visual and multimedia industries, and a negative impact on book printing and retail distribution.

This trend will be supported by the increasing consumption of videos, movies, and TV programs. The same kinds of changes can be expected for the visual and performing arts, which will also switch to the electronic media. This will result in a favourable labour demand situation for cultural workers, such as authors, journalists, painters, musicians, actors etc. In contrast, the workers employed in distributive activities for the physical products of the cultural industries will face deteriorating labour demand. This will affect printers and sales persons in particular.

Future employment growth in cultural industries and occupations is dependant upon a whole set of determinants:

- Private consumption of cultural services
- Business demand for the presentation of products, services, companies etc
- Foreign trade through exports and imports of cultural goods
- Innovation of production technologies (ICT in particular)
- Financial inflows through the sale of advertising space or time
- Public subsidies for cultural activities

[12] MKW Wirtschaftsforschung, Exploitation and development of the job potential in the cultural sector in the age of digitalisation, Brüssel, München 2001

The impact of private consumption will be strengthened by business demand, which can also be expected to shift more to the new media as in the past years. The demand for printed products will continue to be substituted by the creation of Internet web sites, including presentation through videos, e-commerce facilities, and interactive communication. This will greatly foster labour demand for multimedia designers, Internet programmers, software engineers, and for film directors, actors and many other occupations required by the movie industry. In addition, the distributive sector of the audio-visual and multimedia industries might grow, but not at the same rate as in the production sector. Content providers seem to be more favoured than marketing and sales persons.

The negative impacts of foreign trade on cultural markets will probably become even more severe due to the transition to audio-visual and multimedia products. The US and Asian suppliers are not only very competitive in the film and music industry, but also in the software, Internet and multimedia business. Therefore, a strong negative impact on labour demand from rising imports of these products must be assumed. This will affect the content and software providers in the EU much more than the traders, broadcasters, and Internet providers.

In addition to the enhancement of information and entertainment services, information and communication technology continues  to significant price reductions of these services, which will foster the shift of demand towards the audio-visual and multimedia sector. The negative impact will be most strongly felt by those industries involved in the publishing of books and press products, but will also affect the visual and performing arts. Even the services of museums and libraries will be partially transferred to the new media. Therefore, we can expect ICT to be the driving force of the labour demand trends stabilizing and creating new employment. Shifting demand will divert the flows of advertising expenditures from conventional media to the multimedia. This might also affect radio and TV stations. As financing of media production seriously depends on revenues from advertising, the shift will create further problems in the books and press sector in particular.

**J. Geppert  2006**