

Transformation and job creation in the cultural and creative industries in South Africa

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ABSTRACT

The Cultural and Creative Industries (CCIs) have been put forward by a number of authors as having great potential to create jobs and to be socially inclusive. Since artistic success is defined by individual talent, or merit, the CCIs should be one sector that is especially open to, and appreciative of, social diversity in terms of race, class, cultural group and gender. However, recent studies in both the UK and the US have revealed that employment in the CCIs is heavily dominated by middle class people, and is not nearly as diverse in terms of other characteristics, which is what had been expected. Since the advent of democracy in South Africa in 1994, transformation of firm ownership, previously dominated by white people, to include more black, coloured and Indian/Asian-origin South Africans, has been an important part of achieving greater economic equality and social cohesion, as well as being more representative of the cultures of the majority of the population. Using data from a survey of 2400 firms in the CCIs in South Africa, this paper examines the extent to which the CCIs in South Africa have transformed in terms of ownership and employment. Comparisons are also made across the six UNESCO (2009) "Cultural Domains" in terms of ownership, average monthly turnover and the number of full-time, part-time and contract employees. Results show significant transformation in the industry, but that there are statistically significant differences between the Domains, particularly between the less and more commercial sectors. Defining the CCIs using the broad UNESCO definition has the benefit of enabling the examination of these firms as a coherent sector and can raise their profile and importance significantly. However, they consist of a quite disparate group, with important differences in their activities, structure and inclusiveness. CCI policy will need to take these differences into account in order to develop their potential and meet the needs of all parts of the sector. There is also the danger that, with a renewed focus on the economics or financial impact of the CCIs, the smaller, less commercial core sectors will suffer. Statistical analysis demonstrates that CCI funding policy in South Africa is sensitive to advancing the transformation agenda in that more transformed firms were shown to be more likely to have received some form of government grant as part of their income.

Key Words: Cultural and Creative Industries; Employment; Ownership; Cultural Domains

1. Introduction

Oakley (2006, 2013) argues that there is a strong line of thought that promotes the cultural and creative industries (CCIs) as open to all, with employment opportunity based on individual talent or merit. Thus, at the same time as being a source of economic growth, the CCIs are seen also as a source of social cohesion, and their natural rejection of social norms and customs opens them up to participation by, and representation of, all “voices”. Such views stem from Florida’s (2002) work on the “Rise of Creative Class”, that puts forward the vision of a class of young, highly educated and mobile workers in the new “knowledge economy”.

However, there is evidence that employment in the CCIs has not turned out to be as diverse and open to all as such views suggest. In the UK, a number of studies have shown that, despite deliberate policies to include people from a variety of socio-economic backgrounds, the cultural industries have remained largely white and middle-class (Oakley, 2006; Eikhof and Warhurst, 2013; Siebert and Wilson, 2013; O’Brien et al., 2016). A recent US study also found that workers in the CCIs are much more likely to be from families with “affluent backgrounds”, especially in some sectors, like publishing, advertising, and music and performing and visual art (O’Brien, 2015). As Oakley (2013) and O’Brien (2015) point out, these employment patterns have implications, not only for the ability of the CCIs to create jobs, but also for the kinds of art and culture that reach the market.

Like many countries, South Africa has moved from a narrow definition of arts, culture and heritage towards a much broader conception of the sector which includes more commercial activities. The Mzansi Golden Economy funding initiative, for example, focuses on the role of the cultural and creative industries (CCIs) in job creation and economic growth (DAC, 2011). The transformation of the industry is especially important in the post-apartheid context of the country. While the last 22 years of democracy have certainly broadened economic participation in general, the society is still divided along racial lines, with much higher levels of unemployment amongst black, coloured and Indian-origin South Africans than amongst the white population.

This article investigates to what extent the CCIs in South Africa are moving towards transformation and the inclusion of people from diverse backgrounds in their ownership and employment profiles. Using a survey of 2400 CCIs, it also compares ownership and employment patterns across the six UNESCO (2009) “Cultural Domains”.

2. Is employment in the CCIs based on merit?

One of the first national studies of employment in the CCIs, done using the 2014 British Labour Force Survey (O’Brien et al., 2016) rejected the view of the cultural and creative sector as “open and meritocratic”. Instead, the study shows that black and minority ethnic groups are significantly under-represented in the CCIs in the UK as compared to the general employed population, especially in some sub-sectors. An investigation of class origins showed a high concentration of people from professional or managerial backgrounds, with people from working class origins being much less well represented. However, the study did show that, on average, CCI workers had higher levels of education than the general population, and higher average incomes than those working in other sectors.

O'Brien et al. (2016) find significant differences between the various sub-sectors that make up the CCIs. For example, while areas like publishing, advertising, music, and performing and visual arts were dominated by middle-class employees, people working in the craft sector were much more diverse in terms of their backgrounds. Although CCI wages overall were higher than average for other sectors, lower than average wage rates were found in occupations related to music, museums and performing arts. Even when controlling for other variables, such as age and education, a gender pay gap was found in sectors like architecture, crafts, and film and TV, with women employees earning significantly less than their male counterparts do.

The strong conclusion of O'Brien et al. (2016) is that currently used definitions of the cultural and creative industries, and the resultant aggregated reporting for the sector, obscure important differences between occupations. They argue for re-opening the debates around defining the CCIs "not for reasons of nitpicking or academic quibbling but because, as the [study] shows, we are talking about occupations that are profoundly different from one another" (O'Brien et al., 2016:14). Given these differences, it is not possible to design policies that are effective for the sector as a whole.

There are several theories about why the CCIs might not be as open and diverse as they were first assumed to be. Eikhof and Warhurst (2013) argue that social inequalities are systematic in the creative industries because of the very nature of the work. For example, production in the CCIs has been noted by a number of authors (Oakley, 2006; Grugulis and Stoyanova, 2012; Grodach and Seman, 2013; amongst others) to be based on short-term projects. The result is that teams of people with the required skills are constantly being formed and dissolved as the need arises, based on short-term employment contracts. Such a mode of production is also important to offset the riskiness of creative ventures, particularly in sectors where there are large fixed costs (for example, in the film industry) and highly volatile and uncertain demand (Caves, 2000).

The consequences of this method of production are that social networks (also referred to as social capital) are of great importance in shaping a successful career in the CCIs. Middle class people, who can draw on the social and financial capital of their parents and friends, are more likely to be successful. Similarly, when teams are formed, they tend to be made up of artists known to each other, or who have been recommended by someone within the network, thus making it very difficult for new artistic producers, however talented, to break into these established networks (Eikhof and Warhurst, 2013; Siebert and Wilson, 2013). Grugulis and Stoyanova (2012) and Eikhof and Warhurst (2013) argue that these recruiting practices make sense where schedules are tight and "there is no room for error", which makes it more likely that people who are known and trusted, or recommended by a known and trusted colleague, will be chosen.

Project work also results in employment and wage instability, especially at the start of a career. People from middle-class backgrounds have an advantage in that they can draw on the financial resources of their families during periods of unemployment, while those with fewer financial resources cannot (Eikhof and Warhurst, 2013; Siebert and Wilson, 2013). The same applies to training: Short-term contracts mean that few employers have the time or incentive to invest in employee training, which has led to the rise of unpaid apprenticeships and volunteerism as a way of gaining work experience in the

industry. However, Siebert and Wilson (2013) point out that, here again, people from more affluent, middle-class backgrounds have the advantage, since their families can afford to support them during periods of training. “Unpaid work experience led to a situation where those who could not afford to work for free were excluded from work experience and, consequently, excluded from acquiring the social capital needed to succeed in the sector” (Siebert and Wilson, 2013:714).

In a case study of the film and TV industry in the UK, Grugulis and Stoyanova (2012) also explained the middle-class advantage in terms of the “shared norms and reference points” that people from similar backgrounds have. So, even with little or no social capital, people from middle-class backgrounds were more able to “fit in” and were thus more likely to be hired than people from a working class background. In addition, signaling devices, such as appearance and educational background, were sometimes used as measures of creative competence and affected the kind of employment (for example, support versus creative functions) that applicants were offered.

Finally, Eikhof and Warhurst (2013) comment on the long and erratic working hours for those employed in the CCIs. During project work, hours are often long and unpredictable and may involve a great deal of travel. For women, who are often the primary care-givers in family life, such working patterns can be particularly difficult to manage. This view meshes with that of Oakley (2013) who argues that, far from the discourse of cultural work as “good” work, the reality is that working conditions are often characterised by long hours, insecurity and lack of access to training. While some occupations in the CCIs are well-represented by labour unions in the UK (such as journalism, broadcasting, and acting), most others are not, offering little protection from the “often exploitative employment practices” in the CCIs.

Figure 1 shows the ways in which, according to Eikhof and Warhurst (2013), the nature of production in the CCIs is translated into persistent social inequality. While not offering any potential solutions, the authors call for more nuanced and empirical work on the nature of work and employment in the CCIs. Oakley (2013) suggests that perhaps there is a reluctance to discuss the realities of work in the cultural and creative sector because of the fear that such information will put potentially talented people from under-represented groups off. However, for effective interventions, Oakley (2013) argues that it is vitally important to take such challenges into account.

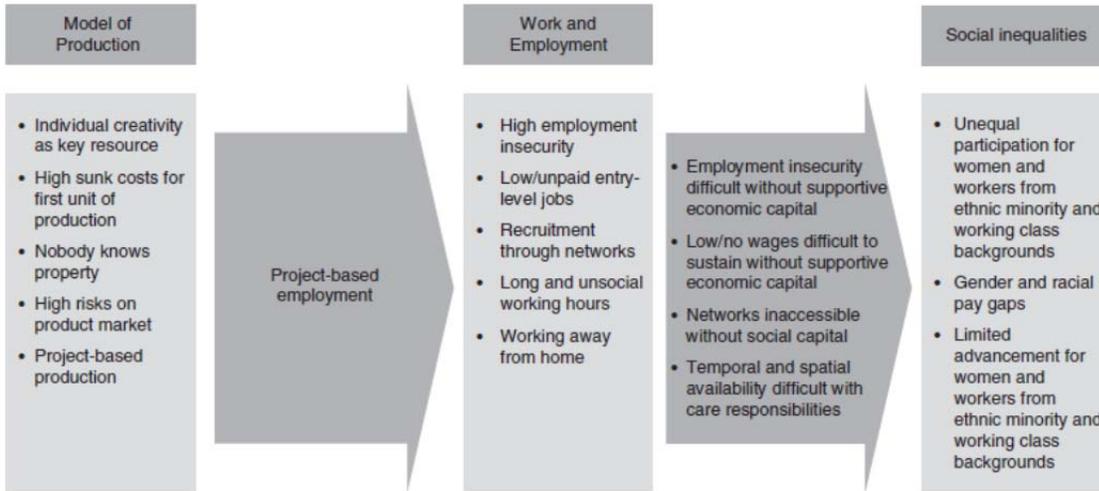


Figure 1: Production and Social Inequality in the Creative Industries (Eikhof and Warhurst, 2013: 502)

3. The role of the cultural and creative sector in employment creation

There has been much recent focus on the role of the cultural industries, or cultural sector, in local and regional economic development (Sacco et al., 2014). Cultural production and consumption, it is argued, can lead, or contribute to, growth and development in a number of ways. There is also some evidence that the cultural industries are growing faster than the rest of the economy, in both the developed world, e.g. Scotland (Scottish Office of the Chief Economic Advisor, 2016), and in developing countries, e.g. Argentina (SInCA, 2015). However, Argentinian data also shows that the CCI growth rate is highly correlated with that of the general economy, and that it is more volatile, responding strongly to both upturns and downturns.

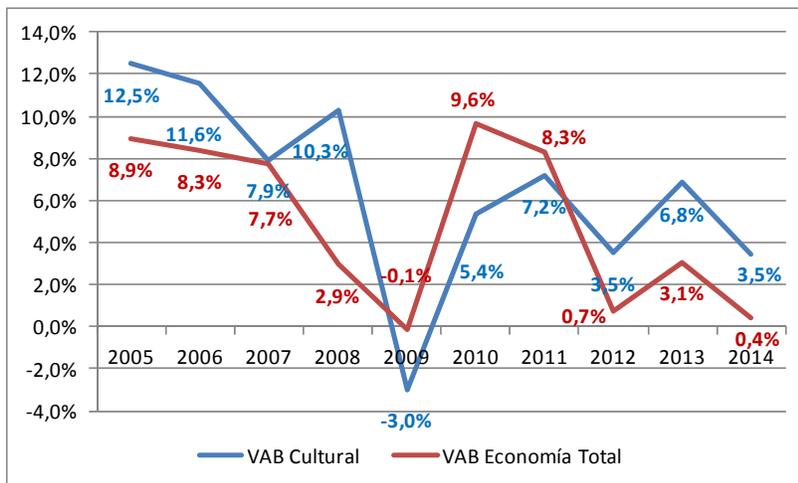


Figure 2: GDP Growth rates for the Argentinian economy as a whole (Economía Total) and for the cultural industries (Cultural) Source: SInKA (2015)

Contrary to this, a study of changes in employment in the cultural economy during the financial crisis in the US (Grodach and Seman, 2013) showed that, overall, the CCIs did not experience a larger fall in employment than the rest of the economy during the recession and, in some cities, had less unemployment than the general economy. However, when disaggregated, there were considerable differences between regions and sectors. For example, some of the fastest-growing regions during periods of economic growth were those that declined most during the downturn. Some occupations, such as architects, show a much higher tendency to concentrate around big cities, compared to “artists” (including dancers, writers, directors, and performing artists), who were much more dispersed. In addition, more concentrated sectors were affected much more by the downturn than less concentrated ones. Overall, Grodach and Seman (2013) find that growth in the CCIs is “tied to the fate of the regional economy” and, as such, does not generally offer a way of absorbing labour during downturns.

Since many cultural firms do not necessarily depend on high-technology inputs or long supply chains, they may be ideal candidates for developing areas away from big cities although significant regional concentration has also been found (Oakley, 2006). The US study by Grodach and Seman (2013) explained the theory that CCIs tend to cluster around big cities because of their need for a range of specialized skills on the production side, and also because of their need for “patron communities” on the demand side. Their analysis shows that employment in CCI occupations is tending to cluster around mid-sized cities, suggesting that “a new pattern of decentralization [is] emerging”.

In conclusion, while the CCIs seem to offer the potential for inclusive, socially diverse employment, studies in the UK and US have found them to be less diverse and open than would be expected, which may be the result of the risky, project-based nature of the work. Some studies have found that CCI employment tends to cluster in areas with large cities, although the US study suggests that this may be decentralising somewhat in recent times. There is mixed evidence on the ability of the CCIs to absorb labour because, although employment tends to grow faster than the rest of the economy during upswings, at least some sectors shrink more quickly during recessions. A concern shared by various authors was that the aggregation of the CCIs into one sector obscured the sometimes large differences between them, making effective policy-making difficult.

Context: The CCIs in South Africa

(i) CCI Policy and definitions in South Africa

The document governing cultural policy in South Africa is the White Paper on Arts, Culture and Heritage (1996), although it is currently in the process of being revised. The stated mission of the Department is to “realise the full potential of arts, culture, science and technology in social and economic development, nurture creativity and innovation, and promote the diverse heritage of our nation”. To develop this mission, the White Paper recognised the importance of cultural and linguistic diversity, and especially the empowerment of black South Africans post-apartheid through the preservation of heritage. There is also a focus (though much less emphasised) on the arts as a source of economic growth and skills development: “Arts and culture are also important industries: they offer potential

employment and wealth creation opportunities. Investment in arts and culture provides a stimulus for activity in the broader economy” (White Paper, 1996).

One of the earliest official appearances of the term “cultural industries” in South Africa can be found in the “Cultural Industries Growth Strategy” (CIGS), which led to “Creative South Africa: a strategy for realizing the potential of the cultural industries”, published in 1998. This was the first report that discussed the cultural industries in relation to their economic contribution to the country, rather than using purely intrinsic “arts for art’s sake” motivators. The CIGS report defined the cultural industries very narrowly, based on other international definitions and their research goals, including only the music, film and video, publishing and craft sectors. The defining characteristic, following the UNESCO definition at the time, was the *symbolic* nature of the goods and services produced.

A revised White Paper was released in 2013, but later withdrawn in order to engage in more stakeholder consultation. Interestingly, the 2013 version of the White Paper used the same definition of Arts, Culture and Heritage as the 1996 paper, but declined to define exactly what was meant by the Cultural and Creative Industries: “This revised White Paper steers clear of the semantic and academic differences and distinctions which characterise debates regarding the contribution of the Cultural and Creative Industries to economic development (growth and job creation)... Cultural and Creative Industries is used as an all-encompassing term, including the ideas embraced in ‘cultural industries’, when quantifying and contextualising the economic and developmental role of the Cultural and Creative Industries”.

A provincial document, the Gauteng “Creative Industries Development Framework” broadened the definition to include sectors such as advertising and architecture, with the defining characteristic being *creativity*, rather than symbolic cultural meanings. This broadening of the definition continued to be used in the Gauteng and Western Cape regional Mapping Studies, where the ‘creative economy’ was understood to include both cultural and creative industries.

“The Creative Industries in South Africa” (CAJ, 2008) report included a discussion of what the terms ‘cultural industry’, ‘cultural sector’ and ‘creative industry’ mean and how these definitions have changed over time. The definition of the ‘creative economy’ was broadened to include all sectors that produce goods and services protected by copyright (that is, the focus is on the ‘knowledge economy’) and also to include sectors that support the cultural and creative industries further downstream. They may also include creative activities found outside of traditional creative industries, such as designers working in the automobile, clothing or textile industries. These broader definitions fitted in well with the UNESCO Framework for Cultural Statistics, published in 2009, and with the theory of the culture cycle that includes all the processes involved in producing and distributing cultural and creative products.

The UNESCO Framework for Cultural Statistics (2009) is what was used to define the sector in the research commissioned by the South African Department of Arts and Culture (DAC) on which the data used in this article is based. The UNESCO Framework includes six Domains: Cultural and Natural Heritage, Performance and Celebration, Visual Arts and Crafts, Books and Press, Audio-visual and Interactive Media and lastly, Design and Creative Services. The Domains include all the cultural activities,

goods and services that are involved in the phases of the culture cycle and are mutually exclusive (UNESCO, 2009).

The “vision” of the Department of Arts and Culture (DAC), as set out in the 2015/16 – 2019/20 Strategic Plan is “A dynamic, vibrant and transformed Arts, Culture and Heritage sector, leading nation building through social cohesion and socio-economic inclusion”. The strategic plan (2015) uses two terms: “Arts, culture and heritage” (ACH), which seem to refer more to the ‘core’, generative parts of the sector, that are often non-profit and have significant funding requirements; and the CCIs, which seem to include the more commercial parts of the sector and the production activities underpinning them.

Like many countries, South Africa has thus moved from a narrow definition of arts, culture and heritage towards a much broader conception of the sector which includes more commercial activities. Garnham (2005) argues that moving from “cultural” to “creative” industries, as many countries have done, has important policy implications and, if not carefully interrogated, “disguises the very real contradiction” between arts and culture and commerce. He tracks the development of the terms in the UK and concludes that the main reasons for using the term “creative” rather than “cultural” were that links could then be made to the knowledge and information economy, specifically to the computer software industry, and to more commercial sectors, such as advertising, architecture and design. This decision dramatically increased figures on the contribution of the creative industries to GDP. Also, in sharing the “prestige” of the creative artist, more commercial sectors could make a much better case for public subsidy, and for the stricter enforcement of copyright laws. Politically, the focus on the economic contribution of the creative industries repositioned departments of arts and culture from being a marginal “Ministry of Fun to a serious concern with the central business of economic policy – a shift from circuses to bread” (Garnham, 2005). As will be demonstrated, this definition of the CCIs in South Africa carries some policy implications, given the sometimes very different characteristics of the less commercial cultural ventures compared to those operating in the for-profit commercial market.

(ii) Black Economic Empowerment and Unemployment in South Africa

The B-BBEE (Broad-based Black Economic Empowerment) Act of 2003 requires that South African enterprises contribute towards the “transformation” of the economy, which includes: increasing black ownership, management and control of productive assets, human resource and skills development of black people, preferential procurement of goods and services from B-BBEE enterprises, and investment in enterprises that are owned and managed by black people (Government Gazette, 2004). South African enterprises are required to report on B-BBEE progress using a scorecard as set out in the Codes of good practice on Black Economic Empowerment (2007).

Despite progress, there is no doubt that racial imbalances remain in business ownership in South Africa. In 2015, the leader of one of the political parties, Julius Malema of the “Economic Freedom Fighters” claimed that black (understood as including black Africa, “coloured” and Indian/Asian) South Africans owned less than 19% of the Johannesburg Stock Exchange (JSE). This was later refuted by the JSE (2015) in a report that claimed that black South Africans owned at least 23% of the Top 100 companies listed on the JSE, with a further 16% being owned by people with a “mix of shareholder demographics,

including black South Africans". White South Africans own about 22% of Top 100 companies, with foreign investors holding 39%.

In 2013, Statistics South Africa released a "Survey of Employers and the Self-employed", which collected information about non-VAT registered businesses, most of which are in the informal sector. Their findings showed that most informal businesses were owned by black Africans, who had low levels of education and who chose to go into business because they were unable to secure employment in the formal sector. 70% of people in the sector used their own money to start the business, and as many as 79% did not have a bank account.

South Africa also has a significant youth (defined as those between 15 and 34 years old) unemployment problem, as demonstrated by a report by Statistics South Africa (2015) that tracked youth unemployment between 2008 and 2015. The report showed that the youth unemployment rate rose steadily from 2008 to a high of 36.9% in 2015, compared to an unemployment rate of 17% for adults and 25.2% for the general labour force. The real increase was probably larger, because of the rising proportion of the youth who exited the labour force during the study period, stopped looking for work, and were then classed as "discouraged" workers.

To conclude this section, the CCIs (however defined) have been identified in international studies, and in South African policy, as being able to contribute to job creation and transformation issues in countries like South Africa. However, to date, there has been no systematic country-wide research on the CCIs with regard to these goals, which is the gap that this paper aims to fill.

Methods and Data: The 2014 CCI Study

In 2013, the South African Department of Arts and Culture (DAC) commissioned a study of the CCIs in South Africa. The method followed consisted of two phases: (i) The construction of a database of nearly 25 000 CCIs in South Africa, including the business name, business type, UNESCO domain, description, contact details and location of each organisation; and (ii) Interviews (face to face and telephonically) with a sample of 2 477 randomly selected CCIs to collect information on turn-over, employment, markets, funding sources, challenges, opportunities and many other variables.

For the construction of the database, online searches and existing databases were utilized. Key CCI institutions were contacted and data requested, as were key media publications, some of whom could not share membership details directly, but who contacted their members and invited them to participate. Each entry was verified either online, or by telephone. Those contacted by telephone were also asked if they could identify other CCIs that could be included (snowball sampling).

The study method continues a trajectory of regional (provincial) studies that began in 2006, as a result of a collaboration between DAC, the British Council and the provincial governments of the Western Cape and Gauteng. CCI mapping study guides agree that collection of primary data can provide useful insights into the CCIs, and can avoid some of the problems associated with secondary data, such as double counting or over-estimation of CCI activity because national statistical categories are too broad to focus directly on CCIs. Interviews with CCI firms are also the only way to collect qualitative

information on the opinions of those working in the industry, especially information on challenges and opportunities faced by the sector.

As pointed out in the Gauteng (2008) report, the decision to make use of primary survey data, rather than national statistics, was motivated by several key challenges associated with national data. In particular, “The key challenge is the inability of official statistics to keep pace with the rapid changes and consequent classification problems that occur in the creative industries” (Gauteng Mapping Study, 2008).

While the primary data method has some advantages, it is also acknowledged that there are a number of limitations to the method. Firstly, the CCI database that was compiled is likely to be an underestimate of the true size of CCIs in South Africa because (i) some industry organisations were unable, or unwilling, to share the details of their members and (ii) “many informal, unregistered entities may not have been captured” (DAC, 2013:21). In terms of the interviews on which this analysis is based, only about 10% of CCI firms contacted were willing to participate, and not all these were willing to answer all the questions (DAC, 2013), particularly those related to financial data.

Nevertheless, the relatively large number of interviews with CCI firms across all six UNESCO Domains, does provide a useful starting point for the analysis of the characteristics of the CCIs in South Africa and their contribution to transformation and job creation in the country.

Results

(i) A profile of the CCIs in South Africa

The dataset included the 2451 CCI firms that provided data on all the variables in the model. Table 1 shows the percentage of the sample (and the number of firms) in each Domain in the dataset as well as the average transformation score for each Domain. In order to investigate transformation in the CCIs across the different UNESCO domains, a transformation score was constructed that took into account ownership and employee demographics. The score was coded as follows: 2 if the firm had at least one black, coloured or Indian/Asian owner, 0 otherwise; 1 if the firm had at least one female owner, 0 otherwise, and the fraction of the firm workforce that was made up of black, coloured and Indian/Asian people. Black ownership was double-weighted to reflect the importance of this variable in the South African context.

What Table 1 shows is that the random sample resulted in the number of CCI firms in each Domain varying quite widely, but included at least 150 firms in each category, which is a reasonable number for exploratory analysis. Average transformation scores also varied quite significantly, but were all below 3 (out of a possible 4), demonstrating that historical patterns of ownership and employment are still replicated in the CCIs in South Africa. The Domains with the highest transformation scores were Visual Arts and Crafts (2.55) and Performance and Celebration (2.51). The lowest scores were found in Books and Press (1.95) and Audio-Visual and Interactive Media (1.96).

Table 1: Sample composition by Domain and transformation scores

Variable / Domain	Cultural & Natural Heritage	Performance & Celebration	Visual Arts & Crafts	Books & Press	Audio-Visual & Interactive Media	Design & Creative Services
Percentage of sample in each domain (number in brackets)	9% (227)	25% (620)	25% (607)	11% (259)	6% (156)	24% (582)
Average transformation score (out of 4)	2.15	2.51	2.55	1.95	1.96	2.05

In terms of ownership, CCI firms in South Africa showed quite a lot of variation across the different Domains. Firms who had at least one black (meaning black African, coloured or Indian/Asian person) varied from 65% for Performance and Celebration to 44% for Books and Press. Firms with at least one woman owner varied from 31% (Audio-Visual and Interactive Media) to 58% (Visual Arts and Crafts). Youth (up to 34 years old) ownership was most prevalent in Performance and Celebration (45%) and least likely in Books and Press.

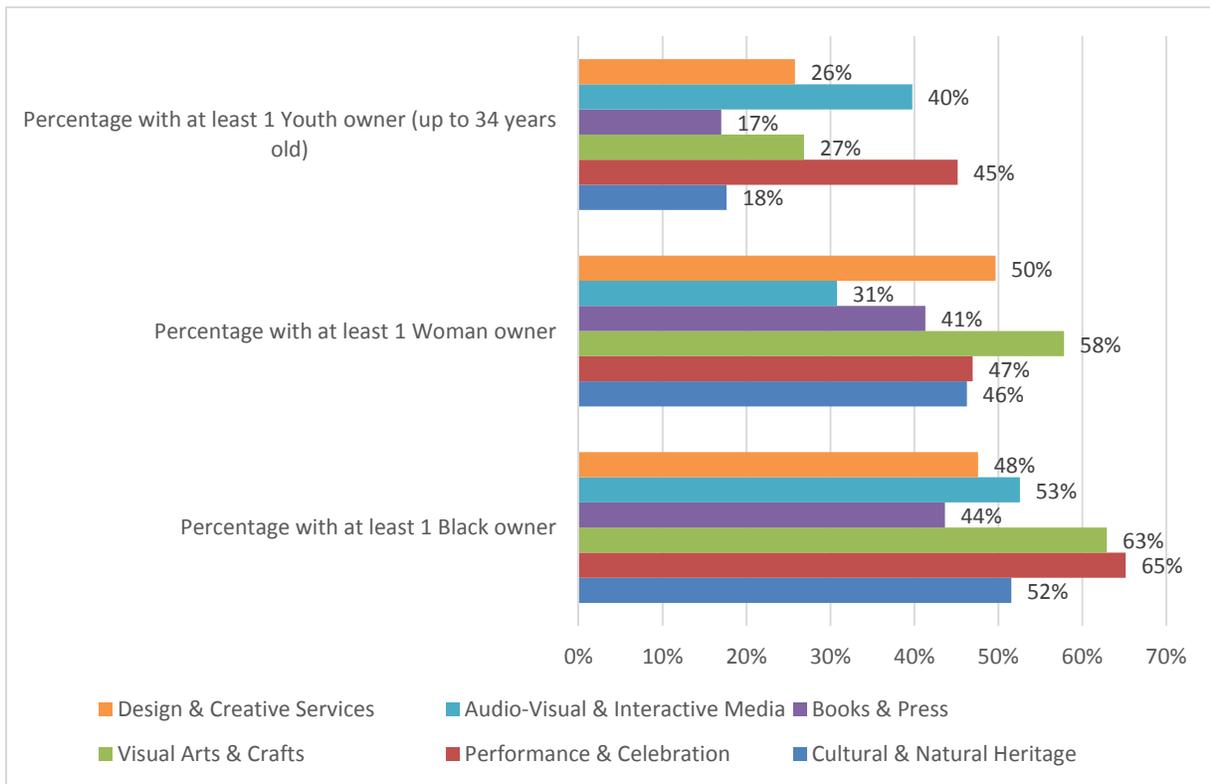


Figure 3: Ownership patterns in South African CCI firms

A pattern in CCI ownership begins to emerge: More commercial sectors, such as Books and Press, Audio-Visual and Interactive Media, and Design and Creative Services, are less likely to have at least one black owner and at least one female owner (although 50% of Design and Creative Services firms do have a woman owner). Less commercial sectors, especially Performance and Celebration and Visual Arts and Crafts, tend to be more diverse in terms of ownership. An analysis of the South African labour force in 2014 showed that only 18% of black African people were employed in skilled jobs, with a further 48% in semi-skilled positions (StatsSA, 2015). Assuming that ownership of a CCI firm is at least a semi-skilled occupation, this means that, to be representative of the labour force, black ownership should be at least 66%. Only Performance and Celebration and Visual Arts and Crafts achieve this level.

Table 2: Employee characteristics by Domain

Variable / Domain	Cultural & Natural Heritage	Performance & Celebration	Visual Arts & Crafts	Books & Press	Audio-Visual & Interactive Media	Design & Creative Services
Average number of Employees per firm	35	15	5	22	11	10
Percentage of black, coloured and Indian/Asian employees	74%	85%	83%	86%	71%	68%
Percentage of workforce with tertiary education	8%	11%	10%	18%	27%	19%
Percentage of workforce: Formal certified training in sector	8%	24%	15%	22%	26%	24%

In terms of the average number of employees per firm (which included the owner/s), the Domains varied widely from an average of 5 (Visual Arts and Crafts) to 35 (Cultural and Natural Heritage¹). Firms with the lowest percentage of black employees were in Design and Creative Services (68%) and Audio-Visual and Interactive Media (71%), while the highest were in Books and Press (86%) and Performance and Celebration (85%). In 2014, the South African labour force consisted of 73% black Africans, 11% coloured, 4% Indian/Asian, and 21% white people. To be representative of the overall labour force, CCI employees should be 88% black, coloured or Indian/Asian (StatsSA, 2015).

As found in other studies of the CCIs, a higher proportion of employees in this sector had completed tertiary education than in the general working population. This was especially the case for Audio-Visual and Interactive Media, Books and Press and Design and Creative Services. Employees in these sectors

¹ In South Africa, Cultural and Natural Heritage includes a high proportion of game reserves and farms, which generally have higher employee numbers than other firms than the Cultural Heritage firms in this category (museum and archaeological sites and cultural landscapes). This explains the very high average number of employees in this category.

were also more likely to have completed formal, certified industry training than employees in other sectors. This might go some way towards explaining why these more commercial sectors are also those with the lowest transformation scores: employment in these industries is more likely to require high levels of expensive education, making them more difficult for black South Africans (who have a lower income, on average, than their white counterparts) to enter.

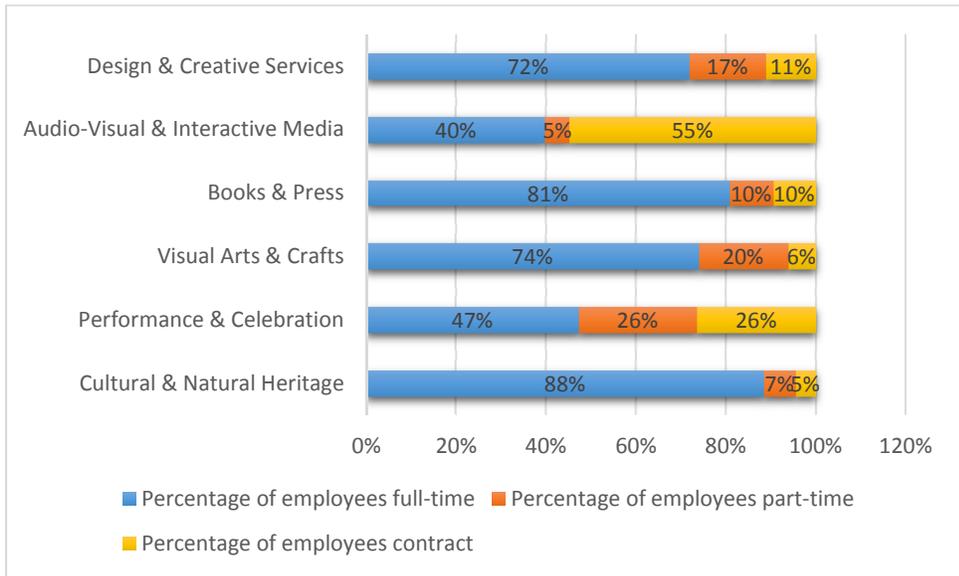


Figure 4: Employment types across Domains

As found in other studies of the CCIs, quite a significant proportion of employees in the sector work on a contract or part-time basis. However, this varies dramatically across Domains (Figure 4). For example, the vast majority of employees in Cultural and Natural Heritage (88%) and Books and Press (81%) are full time workers. However, Audio-Visual and Interactive Media employees are mostly working on contract (55%), and more than half in Performance and Celebration are working on a part-time or contract basis (26% in each category). What this highlights is that some of the reasons put forward for the lack of diversity in the CCIs related to the “project-based” mode of production (Eikhof and Warhurst, 2013) may apply much more to some Domains than to others.

Table 3 shows turnover and other CCI characteristics, also demonstrating some differences between Domains. Turnover varied significantly, although these figures should be interpreted with caution because (i) not everyone in the sample provided data on turnover (68% response rate) and (ii) the range was enormous (R0 to R30 million). Broadly, however, the turnover figures conform to expectations, with the more commercial “creative” industries (Audio-Visual and Interactive Media, and Design and Creative Services) having higher average turnover than more “cultural” sectors.

Table 3: CCI firm income and other characteristics

Variable / Domain	Cultural & Natural Heritage	Performance & Celebration	Visual Arts & Crafts	Books & Press	Audio-Visual & Interactive Media	Design & Creative Services
Average monthly turnover	R155,094	R95,324	R53,535	R167,106	R473,663	R238,042
Percentage with income from local, provincial, national government grants	47%	25%	14%	39%	12%	8%
Percentage who are members of a professional association	48%	30%	17%	42%	28%	31%
Percentage unregistered	9%	26%	36%	7%	13%	18%
Percentage main market direct sales to SA public	48%	71%	86%	62%	81%	92%
Percentage who sell product/services internationally	15%	11%	21%	15%	26%	18%

Domains with the highest percentage of firms who receive grants from local, provincial or national government were Cultural and Natural Heritage (47%) and Books and Press (39%). Since the former domain includes public parks, museums and heritage sites, and the latter includes libraries, this is no surprise. Many of these institutions do not charge entrance or user fees, explaining why so many of them rely on public grants. The more commercial “creative” industries (Audio-Visual and Interactive Media, and Design and Creative Services), which also have the highest average turnover, receive fewer grants.

If firms are not registered, this can be problematic with regard to securing loans and government funds. As expected, by far the highest percentage of unregistered firms was in the Visual Arts and Crafts Domain, a large proportion of which has been found by other studies to be operating in the informal market. This is also the Domain with the smallest average firm size, the highest average transformation score, has the lowest number of firms who are members of a professional association and the lowest average turnover, but which is receiving the third lowest number of government grants.

Direct international sales were most common in the Audio-Visual and Interactive Media Domain (not surprising, given that it includes the film and TV sectors which, in South Africa, have their own incentive scheme run by the Department of Trade and Industry specifically focused on international productions and co-productions).

(ii) Regression Analysis

Table 4: Transformation in the South African CCI: OLS Results

Variable	Coefficient
Constant	1.844***
Performance & Celebration	-0.045
Visual Arts & Crafts	0.090
Books & Press	0.286***
Audio-Visual & Interactive Media	-0.165*
Design & Creative Services	-0.230**
Number of employees	0.0004**
Income from Public Grants	0.662***
Unregistered	0.669***
Owner < 35 years old	0.899***
Direct sales to SA public main source of Income	-0.129*
Member of Professional Association	-0.287***
Adjusted R-Squared	0.193
F-Statistic	54.302***
Durbin-Watson statistic	1.68

*Significant at 10% level; **Significant at 5% level; ***Significant at 1% level

With the transformation score as the dependent variable, an Ordinary Least Squares regression was run which included a dummy variable for the UNESCO Domains (with Cultural and Natural Heritage as the base case); the number of employees (as a proxy for firm size); a dummy variable for those firms that received grants from local, provincial or national government; whether the firm's main source of income was from direct sales to the South African public; whether the firm was registered or not; whether the firm was a member of a professional association; and whether the firm had at least one owner that fell into the "youth" category (younger than 35). The model performed reasonably well: 10 of the 12 variables were statistically significant, and the regression overall was statistically significant at the 1% level. The model explains 19.3% of the variation in the transformation score.

In terms of the Domains, the transformation score was positively and significantly related to Books and Press, and negatively and significantly related to Audio-Visual and Interactive Media and Design and Creative Services compared to the base case. What this demonstrates is that the more commercial parts of the CCIs (which include sectors such as film and video; internet podcasting; video games; fashion, graphic and interior design; architecture and advertising), have lower average transformation scores than the less commercial sectors (such as museums, fine art, performing arts, crafts, libraries etc.), even when controlling for variables like firm size.

Firms with a higher number of employees are associated with higher transformation scores, although the size of this effect is very small. More transformed firms are also more likely to be receiving income from some form of public grant (local, provincial or national government) and this has quite a large effect: On average, controlling for other variables in the model, firms that receive a government grant have transformation scores that are 0.67 points higher (0.67 out of 4 = 17%). This result can be seen as

an endorsement of the current CCI funding policy in South Africa in that government funding is being channelled into those sectors that are more transformed.

A more problematic finding is that higher transformation scores are associated with unregistered firms. This is challenging because an unregistered firm does not have access to financial resources, such as loans and grants. From a transformation perspective, a drive towards encouraging more CCIs to formally register their businesses would be an important step. Firms with higher transformation scores were negatively associated with being a member of a professional association, which could be seen as a proxy for financial stability and for being embedded in industry networks. From a policy point of view (as with formal registration), encouraging firms to join or form industry networks could be a useful way forward.

In terms of youth employment, having at least one owner of less than 35 years old was associated with an increase in transformation score of 0.9 units (22.5%), suggesting that the CCIs do offer ownership opportunities to young people.

(iii) Differences within domains and geographic concentration

While the figures presented show significant differences between the Domains, there are also quite marked differences *within* Domains across the different sub-sectors.

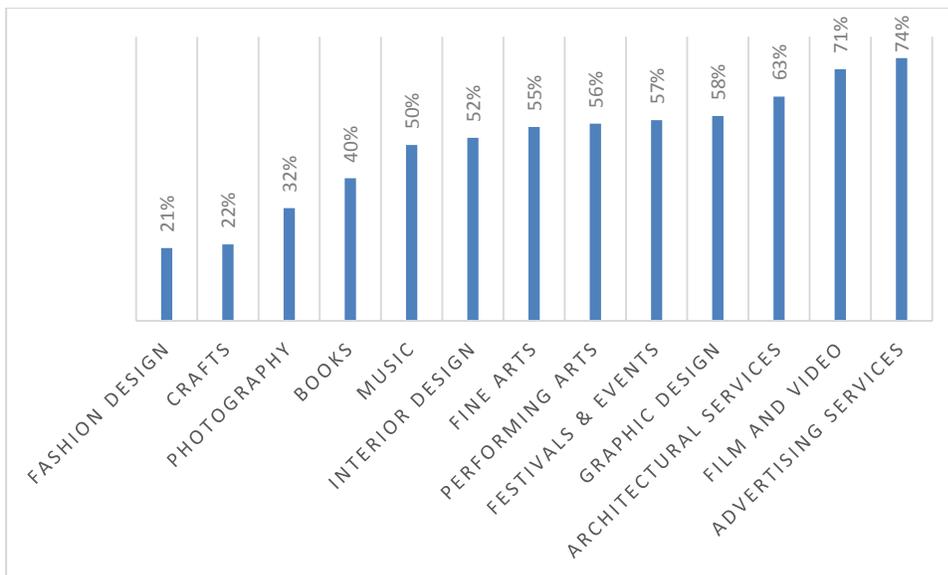


Figure 5: Percentage of firms in each sector that are based in the two wealthiest provinces

For example, as Grodach and Seman (2013) point out, some sectors are much more spatially concentrated than others. South Africa has 9 provinces, but by far the wealthiest and most urbanised of these are Gauteng (which includes the largest city, Johannesburg) and the Western Cape (including the second-largest city, Cape Town). Figure 5 shows the percentage of firms in some sectors that are based in either Gauteng or the Western Cape. What is immediately evident is that sectors such as fashion design, crafts, photography, books and music, are far less concentrated than more commercial sectors,

like advertising, film and video, architecture and graphic design. This pattern of concentration is very similar to what was found by Grodach and Seman (2013).

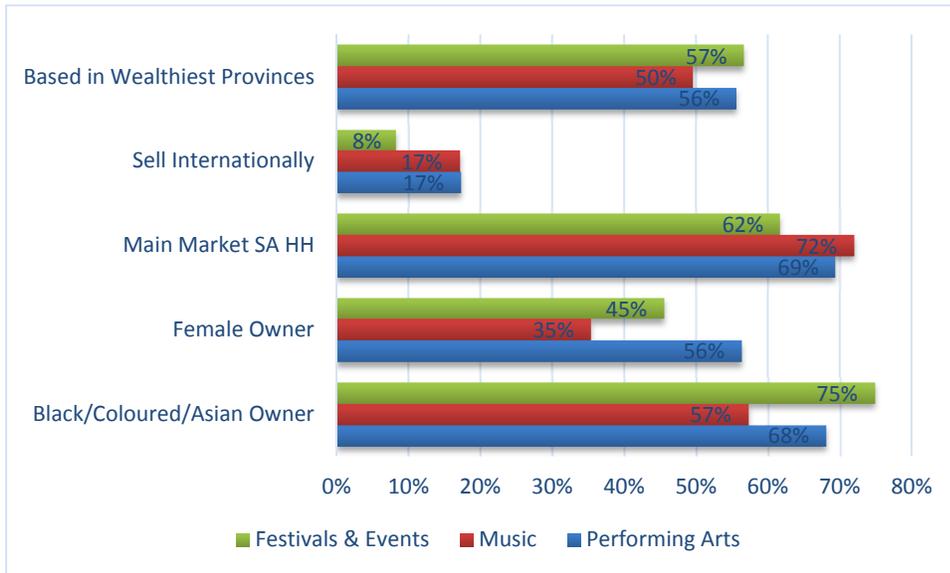


Figure 6: Performance & Celebration: Within-domain differences

Figures 6 and 7 analyse differences in sectors within two of the Domains: Performance and Celebrations (consisting of festivals and events, music, and performing arts) and Visual Arts and Crafts (consisting of crafts, photography and fine art). In some cases, the sectors within Domains are relatively similar. For example, in the Performance and Celebration Domain, the percentage of sectors based in the two wealthiest provinces varies only between 50% (music) and 57% (festivals and events). However, in the Visual Arts and Crafts Domain, location in Gauteng/Western Cape varies from 22% (crafts) to 55% (fine art).

The within-Domain differences are also evident in terms of transformation indicators. For example, 65% of Performance and Celebration firms have at least one black, coloured or Indian/Asian owner. However, this varies from 57% (music) to 75% (festivals and events). Similarly, 58% of Visual Arts and Crafts firms have at least one female owner, but this varies from 28% (photography) to 73% (crafts).

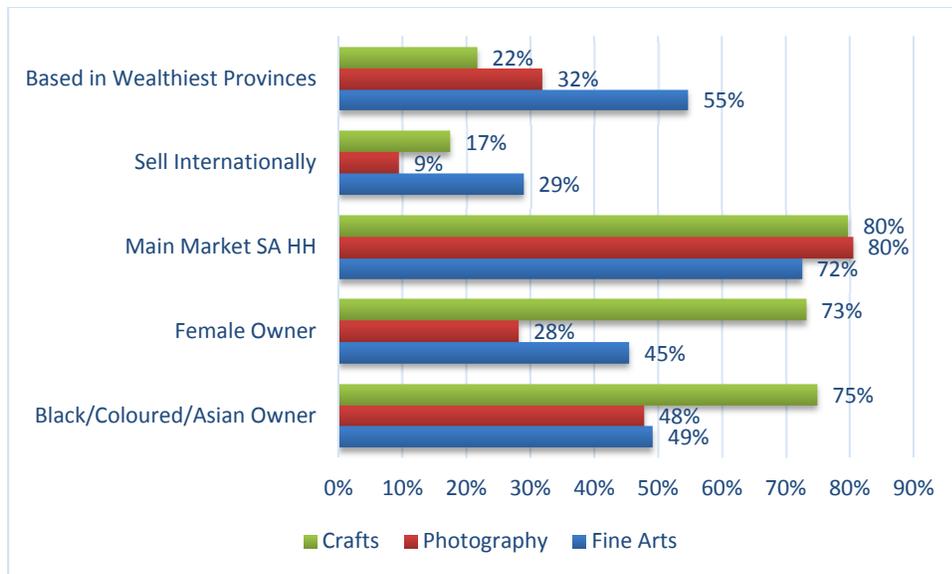


Figure 5: Visual Arts and Crafts: Within-domain differences

The purpose of this analysis is to demonstrate that, in addition to there being statistically significant differences between the UNESCO Domains, there are also important within-Domain differences. This is similar to the findings of O’Brien (2016:14), who argues that occupations within the CCIs are “profoundly different from one another”. The implications of these findings are that one CCI policy based on aggregate data for the cultural and creative industries as a sector is unlikely to be successful. In the South African case, for example, some sectors are far more transformed and inclusive than others, and thus offer different challenges and opportunities for labour market entrants. Similarly, some sectors are much more spatially concentrated in provinces with large cities, making these sectors unlikely candidates for, for example, regional development strategies in more rural provinces.

Concluding Remarks

From the sample of 2400 CCIs interviewed in South Africa, it is possible to say that they are making significant contribution to ownership and employee transformation. However, the ownership and employment profile of firms in most UNESCO Domains are still not representative of the labour force make-up of the country. In some Domains, especially Audio-Visual and Interactive Media, this is likely to be because of the project-based nature of the work which, as found in other countries, tends to be based on short-term contracts, making networks extremely important for success in the sector. In South Africa, it is also a function of apartheid-era policies and ongoing income and education inequalities.

The findings show that there are statistically significant differences between the domains, particularly between the less and more commercial sectors. Defining the CCIs using the broad UNESCO definition has the benefit of enabling the examination of these firms as a coherent sector and can raise their profile and importance significantly. However, they consist of a quite disparate group, with important differences in their activities and structure. It is thus unlikely that one unified CCI policy will be effective in nurturing their potential and meeting the needs of all parts of the sector. There is also the danger

that, with a renewed focus on the economics or financial impact of the CCIs, the smaller, less commercial core sectors will suffer. However, statistical analysis demonstrates that CCI funding policy in South Africa is sensitive to advancing the transformation agenda in that more transformed firms were shown to be more likely to have received some form of government grant as part of their income, when controlling for other variables.

Appendix Table

Variable / Domain	Cultural & Natural Heritage	Performance & Celebration	Visual Arts & Crafts	Books & Press	Audio-Visual & Interactive Media	Design & Creative Services
Percentage of total sample in each domain (number in brackets)	9.26%	25.30%	24.77%	10.57%	6.36%	23.75%
Average transformation score	2.15	2.51	2.55	1.95	1.96	2.05
OWNERSHIP						
Percentage with at least 1 Black owner	51.54%	65.16%	62.93%	43.63%	52.56%	47.59%
Percentage with at least 1 Woman owner	46.26%	46.94%	57.83%	41.31%	30.77%	49.66%
Percentage with at least 1 Youth owner (up to 34 years old)	17.62%	45.16%	26.85%	16.99%	39.74%	25.77%
EMPLOYEES						
Average number of Employees per firm	34.95	10.73	5.15	21.54	10.62	9.65
percentage of black, coloured and Indian/Asian employees	74.44%	84.87%	83.12%	86.43%	70.59%	68.01%
Percentage of employees full-time	88.45%	47.22%	73.99%	80.87%	39.80%	71.95%
Percentage of employees part-time	7.01%	26.33%	19.78%	9.54%	5.41%	16.93%
Percentage of employees contract	4.54%	26.45%	6.23%	9.59%	54.78%	11.13%
Percentage of workforce with tertiary education	8.39%	10.79%	9.72%	17.67%	27.42%	18.51%
Percentage of workforce: Formal	7.55%	23.85%	14.87%	22.33%	25.85%	23.73%

certified training in sector						
Percentage of workforce: Junior	6.97%	21.36%	18.28%	38.38%	19.50%	24.03%
Percentage of workforce: Intermediate	47.48%	24.50%	20.53%	15.15%	26.33%	22.71%
Percentage of workforce: Senior	45.55%	54.13%	61.19%	46.47%	54.17%	53.26%
TURNOVER, INCOME & MARKETS						
Average monthly turnover (percentage in domain who provided financial data in brackets)	155093.97	95324.35	53534.80	167105.81	473663.16	238042.00
Percentage with income from local, provincial, national government grants	46.70%	24.52%	14.17%	39.00%	12.18%	7.56%
Percentage who are members of a professional association	48.02%	30.00%	17.30%	41.70%	28.21%	30.93%
Percentage unregistered	9.25%	25.81%	35.91%	6.95%	12.82%	18.04%
Percentage main market direct sales to SA public	47.58%	71.45%	85.50%	62.16%	81.41%	91.75%
Percentage who sell product/services internationally	14.54%	11.29%	21.42%	14.67%	25.64%	18.04%

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