

# **Innovation in cultural and creative industries in semi-industrialized countries. Reflections based on the Argentinean case**

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## **Abstract**

Limited advances have been accomplished in the study of innovation activities in cultural and creative industries. In this article we propose to analyze this topic and advance the theoretical and methodological discussion of some aspects that seem central from the perspective of developing countries. To do this we will discuss this issue in the context of the cultural and creative industries and, more specifically, in the case of audiovisual production.

This discussion may be placed in the framework of the study of innovation in services, especially in so-called advanced services. The literature has made greater progress in describing and characterizing the processes of innovation in manufacturing but much less in the case of services and even less in the audiovisual production complex (film, TV, advertising). Furthermore, in semi-industrialized countries such as Argentina, progress in the development of the literature has been even more limited. At the same time, we propose in this paper that audiovisual production and the innovation processes that drive it forward have certain specificities in our countries that warrant a different treatment. Argentina provides a useful case-study since it has and has had a significant film, television and advertising production system.

## **Objectives**

This paper departs from the identification of a gap in the existing literature: the study of innovation activities in the cultural and creative industries. The purpose of this article is to analyze the characteristics of this gap and advance the theoretical and methodological discussion of some aspects that seem central from the perspective of developing countries. To do this we will focus on discussing this issue in terms of the cultural and creative industries and, more specifically, in the case of audiovisual production.

Our intention is to contribute to the discussion of the problem of innovation in the case of services, especially in so-called advanced services. The literature has made greater progress in describing and characterizing the processes of innovation in manufacturing but much less in the case of services and even less in the audiovisual production complex (film, TV, advertising). Moreover, in semi-industrialized countries such as Argentina, which has and has had a significant film, television and advertising production, progress in the literature has been even more limited.<sup>1</sup> And this is true for audiovisual production as it is also for other creative activities, such as design. At the same time, we propose in this paper that audiovisual production and the innovation processes that drive it forward have certain specificities in our countries that warrant a different treatment.

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<sup>1</sup> But see, Camio *et al* (2013), Vila Seoane (2013).

## **Methodology**

The main sources of information of this paper are, firstly, existing works both in the domestic literature as well as in other countries' (we will place special emphasis on reviewing some authors enrolled in the evolutionary economics stream without neglecting those contributions coming from the cultural analysis side); on the other hand, we will use information collected in various surveys made by the authors themselves with colleagues and, in particular, the results of a survey conducted in 2011 in production companies and a series of case studies of firms producing films and TV shows that were undertaken during 2014.

## **Contents**

The article has four sections.

In the first section we discuss an operational definition of cultural and creative industries (Handke, 2004; Bolaño, 2012). This section will raise preliminarily problems of identification, collection and measurement.

The second section describes audiovisual production in developing countries. There we make a stylized description of the forms of film and television production found in Argentina. It is against this backdrop that it is possible to examine innovation activities and associated processes in audiovisual production in Argentina.

In the third section we consider ways to identify, characterize and measure innovation activities and results in audiovisual production. This can be done from a conventional perspective that follows traditional innovation surveys (assimilationist approach, Barletta et, 2013), but we argue that this perspective is limited.

In the last section we present a summary of the paper, reflections and conclusions.

### **1. Towards a definition of cultural and creative industries**

Generally, while speaking of cultural and creative industries a fundamental problem is bypassed: their definition. We shall see that a more precise understanding of what are these industries will help us advance the discussion of how to conceptualize innovation processes in these activities

Since the early twentieth century, nation-states began to push policies to promote art and culture, based on the assumption that these activities contribute to the common good and therefore should be supported by the State, as they are generally not profitable in commercial terms. It was to protect and promote "national culture". The coverage of these policies amounted to the "classical arts" (painting, dance, sculpture, theater, etc.) and media spaces (museums, theaters, libraries, etc.), with an admittedly elitist and pro-European bias.

With the advent of mass society and mass media (mainly radio and film)- -a period that Benjamin (1990) has termed the era of technical reproducibility-- various transformations appear in the conception of art and culture in general. In this context, Adorno and Horkheimer (1987) postulated the term cultural industry to describe, from a critical perspective, the range of cultural activities resulting from the industrialization of culture.

The truth is that the concept lost that critical edge throughout the twentieth century, and, as in the 1980s, the term was consolidated in the plural version (cultural industries) to refer not only to the classical arts but also to a wider range of activities (film, television, radio, popular music, etc.). Policies were still governed by a protectionist approach, but not only culturally but also economically, because these activities began to be valued for their contribution to the economy (job creation, exports, etc.), along with their symbolic value. That is, the fundamental change was that culture was no longer conceived exclusively as an unproductive sector that was to be supported with public and state resources, and so the state began to intervene more actively and strategically.

A third moment would come a decade later, with an even broader concept under the name of creative industries. In this case, the creation of wealth became a definitely stated objective and, therefore, an important role was awarded to the market (Vila Seoane, 2013). There is a whole discussion on the use of a concept or the other, but the bottom line is that creative industries include all of the above plus a set of new activities.<sup>2</sup> An alternative is to use the term “cultural and creative industries”. While the former are included in the second ones, so the specific focus is kept on the symbolic value of many of these activities.

This expression is used, for example, by Andres and Chapain (2013), who also choose to distinguish between two concepts: the first, *culture-centric*, is based on an assessment of the world of culture as a nonprofit activity which should be supported as a civic duty; the second, *econo-centric*, is based on a broader definition, which does not reject the participation of the market.

The authors note that, in some countries, nationally prevails a *culture-centric* perspective, while cultural managers of major cities tend to favor an *econo-centric* view.<sup>3</sup> Cucco and Richeri (2011) make a similar distinction between the “Latin model”, promoted by France and other Mediterranean countries--which historically implemented policies based on the cultural value of activities (culture-driven funds)--and a

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<sup>2</sup> The government of the City of Buenos Aires defines creative industries as “content industries that use creativity and intellectual capital as primary inputs. They include economic activities that combine creation, production and marketing of goods and services.” The creative industries of Buenos Aires City include: music, publishing, audiovisual, performing and visual arts, design, software (games, Internet), architecture, advertising, libraries, archives and museums. OIC. <http://www.buenosaires.gob.ar/economia-creativa/que-son-las-industrias-creativas>

<sup>3</sup> Buenos Aires is a case in point: the government that took over in 2007 decided to introduce the notion of creative industries, unlike the national government, which coordinates these activities from the National Office of Cultural Industries (under the National Undersecretariat of Culture, Secretaría de Cultura de la Nación). See: Gionco (2012).

“continental model”, which would have consolidated in the late twentieth century, following economic logics and objectives (economy-driven funds). They also note that, at present, with rare exceptions, cultural policies often combine both logics.

Therefore, it is clear that the discussion lies beyond a simple question of names. Each notion implies a different conception of these activities. One thing to note is that the expression creative industries implies some sort of reconciliation between the massive, popular and commercial culture, on the one hand; and the elitist world of high culture, on the other. Critics argue, perhaps rightly, that we should not privilege the material impacts of culture over its symbolic value.

However, as Handke (2004) argues, the definition of these concepts is still too vague, and the attempts to define them are often unclear and / or contradictory. Therefore, some authors propose a radical reformulation of the definition of these industries.

Potts et al (2008), for instance, argue that the usual definition is based on standard industrial classification and is inadequate, as these industries are not comparable to manufacturing, but have a very specific nature. Therefore they propose to conceive them as the engine of a market economy and a key part of the innovation system. Potts et al (2008) choose the term creative industries and argue that the uniqueness of these industries lies, first, in the fact that they share many of the generic features of the economy of services; and, on the other, in the fact that they are both a development of welfare economics and its cultural policies of public goods, and the initiative of private actors seeking new ways of perceiving and representing the world:

“they share many generic characteristics of the service economy; and second, because they are to a large extent an outgrowth of the previously non-market economy of cultural public goods and private imagination that seeks new ways of seeing and representing the world.” (2008: 169).

A central fact is that, in the creative industries, complex social networks<sup>4</sup> play a coordinating role that is much more important than in other activities. Being products which, by definition, are always new (non-standardized), uncertainty regarding their acceptance is often extremely high, given that--ultimately--they depend on subjective decisions. In turn, these decisions (which ultimately are individual) are highly conditioned by the decisions of other actors in the social network (word of mouth, etc.). Creative industries, therefore, are defined as the set of industries in which decisions on production and consumption are based largely on the feedback of social networks.

Unlike mining and agriculture, these activities are not related to the location of resources, but to the creation of new resources. And, unlike manufacturing, these activities do not seek the optimization of technologies but their evolution. On the other hand, traditional industries have less reliance on social networks. So Potts et al (2008) conclude that creative industries are part of the services sector in a specific way: they

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<sup>4</sup> A social network is defined as an interconnected group of individual agents who base their consumption or production decisions on the actions of other agents in the network. Within networks linkages have some specificity, unlike abstract groups as a nation, so the authors emphasize that more than being merely “connected”, agents are “communicated” (Potts et al 2008).

are services for the growth of knowledge and economic development. This remark is based on two ideas: that suggested by the economics of culture whereby art and creativity produce knowledge; and that other idea proposed by evolutionist economists according to whom knowledge is a source of economic growth. These two ideas are applicable to the study of the creative industries. For these authors creative industries occur in markets that are coordinated predominantly as social networks.

This means that audiovisual production cannot be understood if one considers only the production phase, as it interacts with a number of factors (local and global traditions, tastes, codes shared with the audience, aesthetics, technological support, etc.) that interact in complex ways. The possibilities of introducing the concept of innovation, then expands to broaden the spectrum of the factors implicated and involves necessarily to deal--at least in part--with consumption. There may be innovation in introducing technology (but this innovation goes far beyond what happens on film sets to include screens, and not only in a narrow sense), but also in the ways of organizing production, in aesthetics and in languages, in the narrative techniques, in the relation with the public, in the legal frameworks that regulate the activity, etc. We shall return later to this topic.

We have seen in previous paragraphs, and we shall point out in the section that follows, that audiovisual production (like the rest of cultural and creative industries) cannot be considered something of a luxury or a bright detail that often have more developed economies, but it is a relevant part of a complex national economic system. Its importance goes even beyond its own economic weight in a national economy as it is an experimental segment of particular importance to the economy of a country by its special relationship with the market. It is now relevant to present a description of audiovisual production in the particular context of a country like Argentina, which shares certain traits with countries with similar levels of development but has a number of specificities that deserve a more detailed description.

## **2. Audiovisual production in developing countries and in Argentina**

Knowledge about audiovisual production in countries like Argentina is relatively limited, something we may extend to the innovation processes that sustain this production. Studies are more abundant regarding film making, scarce with respect to TV production and practically nonexistent in terms of audiovisual advertising production. This is paradoxical as the economic and employment significance is much greater for TV and advertising than for cinema. And within this production complex there is a part that it is still, *terra incognita*: that is, alternative audiovisual production. The latter includes community audiovisual production (*producción audiovisual comunitaria*) but also other forms, as discussed in the following paragraphs.

### **2.1 The audiovisual production complex**

In Argentina, but also in other countries of similar size, film production tends to be part of a broader set of activities performed by relatively small firms that also produce other

audiovisual products (TV shows, commercials, etc.) and / or that supply the film, television and advertising production with support services. While there are firms specializing in some audiovisual products or services, it is very common that most firms have a diversified market orientation.

The economic importance (or its weight in terms of employment) of advertising production is far more significant than that of films and this partly explains why many film producers and many technical and specialized personnel engage in it. In turn, television production occupies a significant number of people, which can be estimated also as greater than that employed in film production. Existing statistics, both of employment and of the number of firms, however, are rather dubious. For example, while it can be estimated (according to union sources), that at least 29 thousand people work in television channels and in audiovisual production companies (2015), the Ministry of Labor reported a total of less than 10,000 people in Radio and Television Services and around 6,000 people in film making and film distribution companies.<sup>5</sup> Union jobs in advertisement, film making, animation and audiovisual production amounted to 4,500 positions in 2014 (SICA).

Within this complex, with a diverse set of linkages with more formalized activities, there is a huge sphere of activities which main logic bypasses profits, although many of them generate income for those who participate in them. This is a highly heterogeneous set of activities ranging from community audiovisual production to small film production. As highlighted by Ann Markusen (2010), audiovisual production, like other activities of the cultural spectrum, includes a less commodified sphere, but of particular relevance as a territory of learning and experimentation. In this area we find side by side activities ranging from *socialeros* (individuals and small businesses that make video recordings of parties, birthdays and other social events) to students of film and independent filmmakers, and from community and *piquetero* film making to ethnographic recordings and experimental film making.<sup>6</sup> There are no estimates of how many people participate in these activities in Argentina but we can assume at least the following: that they involve several tens of thousands of people; that the people involved constitute a fluctuating universe where constantly there are people who come and go; that much of it is a part-time activity (though it can be a source of income for many) and that many of these activities are not seen as a job. It is likely that, in the Argentinean case, this area is particularly important for several local features, such as, for example, the large number of film students in Argentina (compared to other countries in Latin America) and the large number of small-scale productions of film, television and advertising. We may hypothesize that this sphere of production contributes to generate innovations that may later surface in commercial productions.

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[https://es.wikipedia.org/wiki/Sindicato\\_Argentino\\_de\\_Televisi%C3%B3n,\\_Servicios\\_Audiovisuales,\\_Interactivos\\_y\\_de\\_Datos\\_OEDE,\\_MTySS](https://es.wikipedia.org/wiki/Sindicato_Argentino_de_Televisi%C3%B3n,_Servicios_Audiovisuales,_Interactivos_y_de_Datos_OEDE,_MTySS),  
[http://www.trabajo.gob.ar/left/estadisticas/oede/estadisticas\\_nacionales.asp](http://www.trabajo.gob.ar/left/estadisticas/oede/estadisticas_nacionales.asp)

<sup>6</sup> We owe the term *socialero* to Hernán Alegría of Sofovial. See, about community film making, Quintar, González and Barnes 2014. *Piqueteros*, literally those who do picketing. *Piqueteros* became a widespread phenomenon in Argentina after the privatization of State enterprises in the 1990s. Some of these groups turned into organized social organizations in the 1990s and after the serious economic crisis of 2001.

## 2.2 Location in the global context

Argentina occupies an intermediate position globally with a film production (but also of television and advertising) well above the average for the rest of Latin America (except Brazil and Mexico) but far from the US and India, and also below traditional producers such as France and Italy and emerging powers in film production, such as South Korea and China. Comparisons between countries, however, must be undertaken carefully because, on average, films made in less industrialized countries tend to be of a much smaller budget. Yet production within each country is heterogeneous with very different films in terms of budget and man-hours involved.<sup>7</sup>

Argentina, a semi-industrialized country with 42 million inhabitants, is part of a group of countries that produce a large amount of feature films. Between 2010 and 2013, the average domestic film production per year was over 130. That still places the country away from India, Nigeria (over 900), United States, Japan and China (over 400), but along a set countries like France, Spain, Germany, Italy, Brazil, among others. This volume of production in Argentina is explained after protection policies and promotion by the state, because without them there would be virtually no national cinema (as in much of the world).

**Table 2: Production of films by country, 2007-2009**

<i>Countries</i>	2007		2008		2009	
India	1146		1325		1288	
Nigeria	1559	i	956	i	987	i
USA	s.d.		707	a,c,f	694	a,c, f
China	411		422		475	
Japan	407		418		448	
France	262		240		268	
Russian Federation	211	a,c	282	a,c	253	a,c
Germany	174		185		216	
Spain	172		173		186	
Republic of Korea	124		113		158	
Italy	121		154		131	
United Kingdom	124		121		126	
Indonesia	77		85		102	
Argentina	101		80		85	
Brazil	78		79		84	
Belgium	79		59		82	
Canada	99	h	75	h	81	h
Philippines	106		121		80	
Switzerland	87		87		80	

<sup>7</sup> We know of no scheme that allows weighting each film by a multiplier that would enable synchronous comparisons (between countries or movies within the same national production) or asynchronous (from different eras) to reflect the highly variable assembly of budget and amount of work involved in each film.





Source: Data for the period 1910-2009 compiled by Adrian Perez Llahi; for the period 1897-1909, Wikipedia (February 2010); [http://en.wikipedia.org/wiki/Category:Lists\\_of\\_Argentine\\_films](http://en.wikipedia.org/wiki/Category:Lists_of_Argentine_films) ; Getino (1998) for 1931-1996; SINCA (2010) and Perelman and Seivach (2004) for 1997-2003; INCAA directories for 2004-2013.

In 2004, the set of cultural industries contributed about 3% of national GDP. These data "equated [them] to the food and beverage industries, exceeded the product of the automotive industry that year five times and textile industry seven times" (OIC, 2004: 5). Between 2004 and 2009 the incidence of the "Cultural GDP" on the total GDP for Argentina showed a remarkable and sustained growth, rising from 2.35% to 3.50%. All of this in a period in which the growth rate of GDP of Argentina widely exceeded the world average, standing at 7.4% between 2003 and 2009, compared to 2.6% overall. In these years, "cultural activities showed exceptional performance, differing from activities such as construction, provision of basic services, mining and fishing, which reduced their participation in the national economy."<sup>8</sup>

What we have said so far about cultural production is valid, even more, for national audiovisual production. The prestige obtained from major awards at the most important festivals in the world has had a double positive effect. First, it has opened new destinations for Argentine films. Spain and other European countries, plus the United States joins Latin American countries as major buyers of Argentine cinema. Secondly, it has attracted the interest of development funds and other capital for film production (or co-production).

### 2.3 Some general characteristics of Argentina audiovisual production and its relation to innovation processes.

In the preceding pages we have made a first description of the general characteristics of

<sup>8</sup> SINCA, "El PBI Cultural en la Argentina. Una aproximación a la dinámica de la economía de la cultura argentina a partir de los datos de la Cuenta Satélite de Cultura (2004 – 2009)" <http://sinca.cultura.gov.ar/sic/estadisticas/csc/index.php> 10/07/2012.

audiovisual production in Argentina. In this section and before making a more systematic treatment of the problem of innovation, we will make a stylization of these features and their relationships with innovation processes.

First, it should be noted that it is not possible to understand the audiovisual complex without taking into account the system in a broad sense--and this means taking into account not only the ramifications between film, TV and advertising, but also the importance of less commodified activities. That is, in a relatively small country, but with an important volume and variety of audiovisual productions, very important processes of human resources training, with strong linkages with external markets (both in content and in film, TV and advertising) a holistic view of the complex is required. We must remember, moreover, that both quantity and variety are fundamental to generate new ideas, new products, new processes ... in short: innovation.

Second, that history counts (and not just in a bucolic sense but in terms of the irreversibility of certain decisions and of the inertia of already learned routines, among other things). And here the history of an audiovisual complex, such as the Argentinean one, open to ideas from other countries and in constant interaction with these ideas, with sustained state support for film production (now twenty years old) and a significant number of educational institutions, training, labor and intermediate institutions, among others, has assets that can support and strengthen innovation processes. Obviously there are also, on that path, complex structural elements that can not be put aside, as is the marginal participation of Argentine films in the box offices of movie theaters in the country. And this last point brings us to the following, which is the domestic market context, that is, to elements of the political economy in which the domestic audiovisual complex is framed.

Third, it is essential to consider that the political economy weights heavily on the behavior of agents (even though those agents still have a wide range of courses of action). In the audiovisual case, this results in the limited access local producers have to the domestic market, as is the exhibition in cinemas, but also a particular morphology of the audiovisual production structure.

And this brings us to the fourth feature, resulting from the influence of that political economy on the morphology of audiovisual production itself (as an expression of the relationship of market power). So filmmaking is part of a diversified set of activities carried out by firms and technicians who produce these films.

In turn, this diversification in market orientation is accompanied by a significant vertical disintegration in the provision of services for film production; which, being an activity strongly governed by projects, it is necessary to consider the micro-dynamics of social relations and that what counts is above all, who is known and who can be trusted.

Fifth, the role of the state is central both in its regulatory role as well as a demanding agent of audiovisual products and its modeling influence as far as film and television supply. It can be said that without the film development law passed in 1994, and without a number of public policies it would not be possible to sustain a growing number of firms, technicians and skilled workers.

And this brings us to the sixth feature, which is the enormous geographic concentration of audiovisual production, concentration that it is naturalized in the vision of all agents involved in it but it is a marked feature of this production. This concentration is also problematic in terms of diversity since the productions that are made generally have an aesthetic, thematic and symbolic universe that reflects the very own urban area of Buenos Aires.<sup>9</sup> Thus, while the demographic weight of the city of Buenos Aires is equivalent to 7.2% of the national total, its importance in jobs in Film, radio and television reaches 37.4%. Furthermore, with the exception of the Patagonian provinces, San Luis and Santa Fe, jobs in Film, radio and television are much lower for all jurisdictions than their share according to their population.<sup>10</sup>

A survey of audiovisual producers revealed that, in general, the companies are mostly young and small (stable staff are scarce), have low levels of specialization (in addition to film they produce TV shows and advertising) and often subcontract most necessary services because they can not provide them internally (Borello and González 2012).

However, despite this fragility of the companies, if the system of audiovisual production as a whole is contemplated, there are elements that indicate some strength. This is because it is an activity organized by projects, in which there is a high rate of entry and exit (for both companies and workers). The supply of specialized services and freelance workers who rotate from project to project, and thus circulate know-how, are key links in a production network as complex as film making. Besides being an “input“, these factors favor the innovation process (Asheim, 2012).

UNESCO has estimated that each country should produce a minimum number of films annually, stipulated on one film per million inhabitants (Amatriain, 2009). That is, UNESCO evaluates the volume of production in relation to each country's population or, what is not exactly the same but it looks like it--the size of the local market. In Argentina, as seen in Figure 2, an unprecedented growth of film production occurs after the enactment of the "Film Law" of 1994, which made it possible for the country to comfortably exceed the "floor" defined by UNESCO. Countries with a larger population, such as Brazil and Mexico, annually produce fewer films than Argentina, both in relative and absolute terms (SICA, 2014). This indicates that film production depends less on the size of the market than on development policies and regulatory frameworks.

The volume of production is also important for the emergence of innovation processes. So understand it those who carry forward film policies. In a recent interview, Lucrecia Cardoso (president of INCAA) stated that "the precondition for the production of the very, very good movies that we produce, both in artistic as well as in the number of spectators attending, assumes that we produce a lot. If we didn't produce a lot, we would

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<sup>9</sup> The researcher Martin Becerra is more specific in arguing that the TV channels of Buenos Aires that reach nationwide have an aesthetics associated to the city's Palermo neighbourhood.

[http://www.perfil.com/ediciones/2012/11/edicion\\_729/contenidos/noticia\\_0083.html](http://www.perfil.com/ediciones/2012/11/edicion_729/contenidos/noticia_0083.html)

<sup>10</sup> OEDE, MTySS. [http://www.trabajo.gov.ar/left/estadisticas/oede/estadisticas\\_provinciales.asp](http://www.trabajo.gov.ar/left/estadisticas/oede/estadisticas_provinciales.asp)

not produce good things."<sup>11</sup> In turn, the legal adviser to the Institute, Lisandro Teszkiewicz, stated that it is "a false tension between massiveness and quality. That is, the idea that we could do a few good films is false ... and not only because of the need to experiment, to build a culture, etc., but because I believe that a lot of the quality is in the crowd. "

The vast majority of these films are produced by small companies, some of them of ephemeral existence. However, this is not a new phenomenon. After the "gold era of the studios" when films were produced following the industrial model of Hollywood, production was geared towards a flexible model. The example is the (first) New Argentine Cinema of the sixties, that "seeking to oppose the cinema of the studios, that was shot almost entirely in interiors (...) used the space of the city as a privileged scenario" (Verardi in Amatriain, 2009: 175). This generation of filmmakers renewed not only spatiality and the cinematic language, but also aspects linked to production, distribution and exhibition of films.

However, these filmmakers failed to be institutionalized, which, added to definitely hostile political climate, attempted against their continuity in time. The model they had hinted only consolidated as a system upon the enactment of the Film Act of 1994, when the new generations achieved greater institutional integration. Since then films that reflect a new phenomenon under the name of (second) Nuevo Cine Argentino (NCA) began to occur. The academic and producer Pablo Rovito describes it as follows:

"new producers design what, for me, is the great novelty of that model: how to finance films without relying on state funding. This cinema breaks clean not from models that entail the recovery of funding (because producers will go after the subsidies later), but of funding. Thus emerge a number of production systems, of associative paradigms and of cost reduction, that enable that with less capital risk, films of the same quality can be produced at a lower cost. (...) This possibility of different financing is the big news. Cooperatives already existed, but they became established as a model. And this is what is called alternative cinema. When you say "the other cinema" is this. And that other cinema appears in Argentina in all production models " (in Amatriain, 2009: 35).

But film production shares many resources with the rest of the audiovisual production system. This adds complexity to the production network and drives innovative behavior, as could be the creation of training schools, companies and associations specializing in 3D animation. Film schools and other educational and training institutions develop every year a huge supply of skilled staff that nourishes the whole system. A holistic view, we insist, is crucial for understanding the phenomenon. For example, according to some interviews we made to film producers after the "boom" of production services (after the 2002 devaluation) directed to foreign firms, the costs are not as low as in other countries in the region. Specifically, on what is advertising production, Montevideo has taken away projects from Buenos Aires. Still, Argentina continues to attract foreign producers as they seek not only lower costs but also highly trained human resources. On the other hand, as Musaluppi points (Wolf, 2009), the "boom" of services had an adverse effect for film production, since services were mainly oriented to advertising

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<sup>11</sup> "Si no produjéramos mucho, no produciríamos cosas buenas". *Haciendo Cine*, n°149, julio de 2004.

production, absorbing much of the services and labor and raising costs for local producers themselves.

This means that while external demand is able to use a good part of the local workforce, represents, as a side effect, new challenges for the implementation of local projects. Therefore, as a strategy, it seems more feasible to develop services and skilled human resources, which function as a much more stable factor than fluctuating production costs.

In this section, we have moved towards a synthesis of the characteristics of audiovisual production in Argentina. We understand that these characteristics have an influence on the processes of innovation that will be discussed in the next section.

### **3. Methods of identifying, characterizing and measuring innovation activities in audiovisual production**

Next, the concept of innovation will be introduced to address audiovisual production. This requires facing some difficulties that must be taken into account, but also opens a very wide horizon of possibilities. It will be argued that this approach invites dialogue with other disciplines and concepts, as well as it seeks to experiment with some methodological tools that are particularly appropriate to account for some complex phenomena as the NCA (New Argentine Cinema).

#### **3.1 What does “innovation” mean in audiovisual production**

The concept of innovation, in its origins, was introduced to analyze the activities of manufacturing. However, for several decades (at least since the mid-seventies) services have been gaining greater importance on economic activity and job creation. The problem is, then, linked to the application of the concept of innovation in a context for which it was not specifically designed.

Barletta, Suarez and Yoguel (2013) report that, faced with this problem, different positions have been adopted.<sup>12</sup> On the one hand, in practice, service sectors have been approached with an assimilationist approach, with the same instruments used to measure innovation in manufacturing. Furthermore, from a theoretical perspective, two alternative approaches have been developed: the demarcation approach, which emphasizes the particularities of the sector under some distinctive characteristics (i.e. its intangible nature, the difficulty to store and transport and the high degree of interaction with demand); and the synthesis approach, which recognizes similarities and differences between manufacturing and services, as well as a great heterogeneity in each of the sectors, as well as indicating a process of servitization of industries, given the transversal nature of services (Hirakawa and others 2013). This last point is also indicated by Garrido, saying that “with the development of the knowledge economy, service industries become increasingly important in the efficiency and competitiveness of economies” (2009: 41).

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<sup>12</sup> Other authors agree with this analysis, as Raupp Vargas (2009) and Handke (2004).

Now, when introducing the concept of innovation in cultural and creative industries, and in audiovisual production in particular, we should take into account certain things. Vila Seoane (2013) remarks that the classification of culture as a service is an association that has generated "intense discussions at the international level, and finds antecedents in discussions between UNESCO and the WTO to prevent culture to be considered another simple service." Rosas Mantecón (2009: 320) argues that international agencies have postulated cultural diversity as a value to protect and promote, in order to avoid absolute commodification of cultural production. That is, when we talk about innovation and services in cultural and creative industries we should not overlook that these are activities with a strong symbolic value linked, usually, to local cultural traditions.

That said, within the wide range of services, cultural and creative industries are a particularly interesting case. These are characterized by work on a project basis, and hence each product is always new, and the content is primarily symbolic. This has an undeniable importance, since activities can be classified according to the type of knowledge they use. Asheim (2012) distinguishes between three ideal types of knowledge: synthetic, activities linked to the design of solutions to practical problems (characteristic of engineering); analytical, aimed at understanding and explaining the natural world and its laws (characteristic of chemistry); and symbolic, linked to the creation of cultural meaning through aesthetic qualities (typical of the cultural and creative industries). Symbolic knowledge is not the only one that comes into play in this activity, since synthetic knowledge is also extremely important to resolve technical issues that arise in a film (from the implementation of a specific take through the use of *traveling*,<sup>13</sup> to creating an electrical circuit that supplies power to all the equipment at a film scene). But the difference is that symbolic knowledge plays a much more important role than in traditional industrial activities.

Pessoa de Matos (2013) elaborates in this direction, adding that this knowledge is "essentially tacit" and, therefore, can not be encoded, but emerges in the skills of the agents. Moreover, this body of knowledge and skills is at the same time, the main input, the production process and the resulting product itself. And given the collective nature of cultural production (although the same could be said about consumption) the processes of knowledge diffusion are enhanced by the direct interaction of the agents, cooperation being a central factor.

In the case of audiovisual production, Pessoa de Matos (2013) notes that an assimilationist approach would be extremely limited, as it would recognize innovations in the technical means of transmission but not in contents. This is what makes, for example, Elenes (2006) to account for the emergence and adoption of technologies that made possible sound film, color film, cinemascope, etc. Pessoa de Matos emphasizes that artistic and aesthetic innovations are important determinants for the performance of cultural undertakings as "traditional" innovations.

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<sup>13</sup> Tracking Shot (traveling shot, trucking shot): "Any shot using a mobile camera that follows (or moves toward or away from) the subject by moving on tracks or by being mounted on a vehicle".  
[http://www.psu.edu/dept/inart10\\_110/inart10/film.html](http://www.psu.edu/dept/inart10_110/inart10/film.html)

Strazdas, Černevičiūtė and Jančoras (2013) argue that, unlike the traditional approach, where the researcher / scientist as an individual was the driving force behind innovations, in cultural and creative industries that role is occupied by one or more work teams. To illustrate, these authors use a film production, where from screenwriter to editor participate in configuring a product following their personal tastes. This means that a film is a confluence of efforts and coordinated preferences (usually by a director). Another difference is that a film does not usually apply new knowledge generated from investment in R & D, but its novelty emerges as a synthesis and an unprecedented integration among existing knowledge. Therefore, to understand the novelty of a film as an innovative product, one needs a comprehensive and systematic analysis rather than an individual analysis of the items.

Of course, when it is indicated that each product is new by definition, it does not mean it is necessarily innovative. So some authors establish different levels of innovation: for example, Raupp Vargas (2009) distinguishes between radical innovation, improvement, incremental, ad hoc, innovation by recombination and innovation by formalization. Returning to the example of Strazdas, Černevičiūtė and Jančoras, the authors believe that in film production one could talk about radical innovation when new technology is applied or a new genre is developed; but generally routine creativity is far from those levels. On the other hand, they point out that a radical innovation requires a longer adoption by the public.<sup>14</sup>

Public response is essential, of course, but it is not the only one. There are other ways of understanding the “success” of a movie, probably equally subjective, but not based on mass acceptance or the box office. Lorena Cancela reflects on the usual discrepancy between blockbusters and critically acclaimed movies: “critics seem to prefer more artisanal movies because they do not like what is standardized. In this sense, the preference is less a question of elitism and more a matter of valuing artistic innovation” (2012: 49). That is why criticism has an important role to contribute to the audiovisual production system. In the sociology of Bourdieu, one of the aspects linked to the autonomous development of knowledge fields is the appearance of instances of success such as criticism, which operates in the manner of a space to legitimize tastes and to dispute symbolic capital. Indeed, when speaking of the renewal which marked the NCA, one includes directors and producers, but also other agents such as criticism (see Moguillansky and Re in Amatriain, 2009).

Both critics and awards won at festivals enable a complementary feedback to the box office. In fact, many domestic films are released initially at international festivals and then capitalize on the commercial release the prestige that may eventually have obtained. These instances of success are central to cultural production in general, contributing to its publicity.

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<sup>14</sup> In this regard, cinema is full of examples: films that today are considered true classics, such as *Citizen Kane* (Orson Welles, 1941), were not well received either by the public or by critics. In the Argentinean case, the film *Rapado* (Martin Rejtman, 1992) is often cited as a founding milestone of NCA (Nuevo Cine Nacional), even if it is a film that had little dissemination and exhibition.

### **3.2 Crossing disciplines, methodologies and concepts. The NCA as innovation**

Barletta et al indicate that there are attempts to measure innovative processes based on indicators of inputs, which for example allow quantifying the role of human capital and the essentially intangible nature of key capital, among other issues. But they claim that these attempts show the “difficulty of capturing the efforts and results of innovation using measurement instruments similar to those used in manufacturing” (2013: 69).

Something similar can be said of innovation manuals (such as the Bogotá Manual), which emphasize taking as the unit of analysis businesses, and as indicators their investments, their activities rather than their products. In the study of audiovisual production, on the other hand, it seems particularly necessary to examine the products. This, we argue, demands hybridization of the methodologies and concepts used, as well as dialogue with different disciplines.

The downside is that, until now, measurement systems that account for innovation processes at that level have not been developed. Many of the studies that address audiovisual production from an innovation perspective have been made from an assimilationist approach, in part because both the literature and existing metrics tools favor this approach. To our knowledge, the literature is making progress in the discussion of the different types of innovation and drawing attention to the importance of activities such as those included in cultural and creative industries. However, it has not yet woven a dialogue with disciplines that have better tools to account for the innovations taking place at the symbolic level. We refer to disciplines such as the sociology of culture and the humanities in general. Undoubtedly, there is much at this point to move forward and would be a benefit to both.

For example, audiovisual production entails a tension between collective work and individual work that is different from what occurs in industrial production. In previous paragraphs, the collective nature of film production was noted, but this should not lead us to believe that it is a scenario of full horizontality. Undoubtedly--and without appeal to the romantic idea of the author--the place of some individuals is more crucial than others. In many productions, collective work is set according to the needs of the director, so that he/she can have what is necessary to carry out his/her work. The individual work of a director is manifested in different analytical units. A small sample may be a film take in which the director uses a shot or a single frame that distinguishes it from other directors. It may not be a universally recognizable mark, but the trained eye can grasp it and film criticism often makes it explicit. But mainly the individual features are manifested throughout a work (that is, a set of films), where they become conspicuous in a number of recurrences in the field known as “Authorial marks”. Such marks are those that innovation studies can not yet capture, and on which the disciplines related to art and culture have already made an inroad.

There are also authorial marks that are not only given by the role of the director, but also by the writers, producers and even by the major studios. Producers we interviewed stated that their role does not have the recognition that do have producers in the music industry, for example. Or, as Ojea argues, “the producer only chooses projects, just design strategies, only assembles teams, only accompanies, only suggests” (Wolf, 2009:

39). And no one can deny that the products of companies like Disney have marks that go far beyond the role of one director or another.

It is likely that some of these marks are refractory to methodological tools such as a survey, and that is why the qualitative approach is usually more widespread in this stage of development. In that way one could answer questions such as the following: when one can say that a movie has a unique or novel aesthetic?, how are aesthetic changes evident? what is the role of directors in these areas ?, why one can say that genres like western constituted, at the time, innovations ?, is the NCA a reflection of an innovation in national film production?, What role do the critics and training institutions have?, among others. For example, some of these questions were addressed by Aguilar (2010) from a tour of distinctive films of the phenomenon; and by Amatriain, who coordinated a book on the first decade of the NCA under “three points: the proliferation of film schools and degrees; the bodies and discourses from critics; and the new film producers” (2009: 17). In the prologue, Aguilar defines it as “the first collective work on the New Argentine Cinema emerging from the academic field of the social sciences”.

Such approaches are essential for understanding the subject matter. That said, it should be noted that this is no reason to give up on the preparation and marking of indicators to produce systematic and comparable information. For example, Pereira et al (2011) present -using tools for social network analysis and econometrics- the evolution of Argentina's film industry from 1996 to 2008. From various data such as the assembly of technical teams, participation in festivals, awards obtained and the valuation of criticism, offered an interpretation to the relative position (peripheral, central, etc.) of each film in each period. This allows them to conclude that “not even in the beginning, the New Argentine Cinema was excised from those more traditional ways of doing cinema. In other words, the New Argentine Cinema was always part of a larger network in which lived different modes and styles of production” (2011: 8). The use of such methodologies is not yet widespread in our region, but reference can be made of some works like Camio, Rivas Urrutibehety y Diaz Bilotto (2013), and Camacho and Rocha (2013) for audiovisual production, and Pessoa de Matos (2013) for cultural production in general.

The NCA is a phenomenon which covers a very heterogeneous set of directors and films, which have used very different elements whether narrative, aesthetic, technical or even financial and organizational. However, as Amatriain holds, what groups them together is primarily a rejection of a previous way of understanding and making movies, “novelty is asserted in the negative, as rupture and opposition to what went previously. It was less of a consensus on the alleged homogeneity of the movement, than of a scathing critique of the Doxa almost all inherited from the Argentine cinema of the eighties” (2009: 54-55). This “second” NCA inherited from the first not only its name and its innovative spirit, but also a way of organizing production. The flexible production model is a “production system that does not have an infrastructure and fixed studios and staff (...), and therefore is not required to produce a minimum number of films that would give a reasonable return to investments” (Amatriain, 2009: 78). In the sixties it was a response to the crisis of the studio system that ended the “golden age” of Argentine cinema, and its persistence today can be grasped from recent empirical study on audiovisual production.

Within the NCA there is a discussion about the possibility of really speaking of an authorial cinema, because though have emerged a staggering number of directors in the last two decades, there are few who have managed to shoot a lot of films that allow to talk of a work: the NCA has been primarily a cinema of “opera primers”. This is not necessarily a problem: Peña (2012) states that both at the beginning and at present Argentine cinema has been enriched by a fragmented production system (as opposed to the imitative industrial model of American or French origin), in which the producer and work teams are formed for a single work and then dissolve.

For all these reasons, elsewhere we have proposed the term “distributed innovation” to refer to innovative processes that transcend the scale of a movie or even a producer. The core elements of this innovative process are: (i) a set of discrete events, historically situated and recognizable by observers and participants (at least ex post) that mark the beginning of the process; (Ii) a number of institutional and policy changes that accompany and promote the emergence of this process; (Iii) a set of features that are common to the films that will go to feed the innovation process, among them it is possible to identify elements that break with the past and features that establish certain common characteristics among many of the films of the NCA.

#### **4. Summary and final considerations**

In the first section we raised the need to delve into the definition of cultural and creative industries, as these industries have been gaining visibility and importance in recent years following their contribution to employment and the economy in general. The difficulty in defining them has led to an incomplete understanding of the phenomenon to such an extent that, as noted by Potts et al (2008), classification standards of traditional industries for statistical collection have been used. Therefore, these authors propose to consider them a fundamental part of the innovation system, characterized by the fact that social networks play a central role.

In the second section of this paper we made a characterization of the audiovisual production complex in Argentina. There we identified and described the main activities that constitute this complex and argue that several of them are very poorly studied. In that description also we showed how these parts are linked together through projects involving firms and technicians who are involved in various activities. We also showed the relative importance of these activities compared to other countries. In that description we noted, also, the importance of the size of the complex (expressed, for example, in the large number of films produced and the importance of television production and advertising). There arises something qualitative that is essential to unleash innovation process, which is the variety. That is, it is only with a significant volume of production that qualitative changes and innovations can be generated.

In the third section we analyzed the difficulties and the potential posed by the concept of innovation to analyze the audiovisual industry. Hence the need to overcome the assimilationist approaches that emphasize technical issues and indicators of inputs was highlighted. In contrast, we emphasized the specificity of symbolic knowledge, which

differentiates this activity from traditional industries, as well as a tension between collective work and individual creativity that transcends the discussion of authorship. Audiovisual production has other oddities, such as the strong interaction with the public and other instances of success, which make it essential to have a holistic view.

The need for dialogue with other disciplines was also noted: innovation studies provide methodologies that have not been exploited, but they need to draw on concepts that are usually outside of this field (For example, those concepts which allow accounting for aesthetic innovations). In that sense, the New Argentine Cinema is presented as a particularly interesting phenomenon. We can say, without exaggeration, that the field of study opening up before the relationship between audiovisual production and innovation is so broad that a comprehensive program of interdisciplinary research should be created.

That is, to advance the analysis of innovation in the cultural and creative industries it seems necessary to use not only complementary and different ways of measuring but also other lenses. That is, while traditional innovation surveys should also be carried out in these activities--certainly with modified questions and new questions--it seems necessary to move into new areas and forms of analysis. In particular, it seems necessary to think (and survey):

what happens at the scale of the projects and networks (firms and independent workers and technicians);

stress the importance of demand and consumption;

use new tools of analysis of other disciplinary fields to dissect aesthetic innovation and audiovisual products (as outputs of innovation);

think that certain innovations take a distributed form where the scale of the firm and even of the project are insufficient.

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