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STRATEGIES OF CREATIVE CAPITAL FORMATION:
PARADIGM PLATFORMS

L.M. Andryukhina (a)*, E.M. Dorozhkin (b), N.A. Senogneeva (c)
*Corresponding author

(a) Russian State Vocational Pedagogical University, Mashinostroiteley Street 11, Ekaterinburg, 620012, RUSSIA, e-mail: andrLM@yandex.ru
(b) Russian State Vocational Pedagogical University, Mashinostroiteley Street 11, 620012, Ekaterinburg, RUSSIA, e-mail: evgeniy.dorozhkin@rsvpu.ru
(c) Russian State Vocational Pedagogical University, Mashinostroiteley Street 11, 620012, Ekaterinburg, RUSSIA, e-mail: sennataliya2005@yandex.ru

Abstract

Concepts of creative capital are a natural continuation of ideas about the prevailing role of human capital assets, particularly when switching to the knowledge-driven economy. From the time when creative capital began to be designated as an economic phenomenon, quite a number of paradigm visions of its nature was formed which, in turn, became a base for determining of its formation strategies. The problem lies in the fact that these bases as such remain unexposed quite often, so it does not allow giving an explicit assessment to strategies formed on platforms thereof. Specifically, the point of the proposed article is reviewing the paradigm platforms of strategies of creative capital formation and understanding what of the proposed strategies are perspective and what, should they be realized, can lead to destructive results. The conducted analysis allowed to identify four paradigms and, respectively, four strategies of creative capital formation. The strategy of creative class formation, in the view of the author of this article, is beneath criticism and should be opposed by the strategy of broad development of creative communities, creative practices and providing conditions for development of each person’s creative resources. The two other strategies are conventionally designated (in accordance with their basic paradigms) as the migration strategy and the generation strategy. According to the migration strategy, main efforts should be aimed at creation of conditions for attracting and retention of talents. The generation strategy is aimed at creation of conditions for finding and development of persons’ creative potentials since their childhood.

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Keywords: Creative capital, creative class, creative communities, creative practices, paradigm, strategy of creative capital formation.
1. Introduction

Concepts of creative capital are a natural continuation of ideas about the prevailing role of human capital assets, particularly when switching to the knowledge-driven economy. In an expert opinion, “the process of substituting of the physical and natural capitals with the human capital in national wealth of developed countries, the overwhelming prevailing of investments into HC (human capital) over those into the physical capital are distinctive processes of the last half of the 20th and 21st centuries” (Korchagin, 2012, p. 30). Simon (Semyon) Kuznets, a Nobel Prize winner in economics and an emigrant from Russia, stated that there exists a threshold value of the accumulated national human capital without achieving whereof the transition to the next technological pattern of the economy will be impossible. Yet it is “HC creative core – leading scientists, venturers, teachers, managers, physicians and other specialists – who generate innovations and form benevolent conditions for the innovative process and high life standards” (Korchagin, 2012, p. 28).

Florida (2005), while leaning on the human capital theory, at the same time came to the conclusion about necessity to develop the “creative capital” theory. From the time when creative capital began to be designated as an economic phenomenon, quite a number of paradigm visions of its nature was formed which, in turn, became a base for determining of its formation strategies.

2. Problem Statement

The problem lies in the fact that these bases as such remain unexposed quite often, so it does not allow giving an explicit assessment to strategies formed on platforms thereof. Reviewing the paradigm platforms of strategies of creative capital formation and understanding what of the proposed strategies are perspective and what, should they be realized, can lead to destructive results, is the point of the proposed article.

3. Research Questions

What are paradigm platforms of ideas about creative capital? What strategies of creative capital formation are proposed and realized in the practice, and what paradigms are they connected with? How perspective are the proposed strategies, do they have limitations conditioned by the nature of the paradigm vision? What more preferable strategies of creative capital formation can be offered?

4. Purpose of the Study

To expose paradigm platforms of strategies of creative capital formation and designate most preferable of them.

5. Research Methods

On basis of the paradigm, system and theoretical-reflexive approaches, in accordance with the goal set, methods of comparative theoretical and methodological analysis, methods of theoretic reconstruction
of paradigm platforms of strategies of creative capital formation, and modelling and extrapolation methods were used.

6. Findings

From stratification paradigm to that of cooperation

R. Florida sees the difference between the theories of the human and creative capitals in the fact that the creative capital theory “1) clarifies the concrete type of the human capital (creative people) as grounds for economic growth, and 2) defines factors which influence making decisions about places of job and residence for persons of the kind, as it is not sufficient to declare that some regions are just lucky about creativity” (Florida, 2005, p. 249). According to R. Florida’s concept, creative people and owners of creative capital prefer places characterized with diversity, tolerance and openness to new ideas, while a strategy of creative capital formation is defined by him as creation of conditions for the creative class growth.

Florida (2005) believes that those regions gain considerable advantages wherein there is a significant concentration of people related to the creative class. R. Florida’s approach can be determined as territorial-geographic and stratificational. “The siting selection pathos”, according to R. Florida, in fact absolutely ousts matters of the growing role of information processes and telecommunications in people’s life, and in general they occur out of sight of the author of the creative class concept.

In our opinion, analysis of the role of telecommunication technologies not only results in revision of many key provisions of R. Florida’s concept, which, unfortunately, were broadly picked up by politicians of various countries (it’s just enough to mention the trend of ubiquitous counting of creative class developing indexes, competing, among others, in the field of the gay-index figure increase), but also allows to define perspectives of the creative capital development under a different angle (Andryukhina, 2013; 2015).

We can’t but agree with R. Florida that creative people “are searching for such districts where a highly developed infrastructure is available, individual differences and diversity are encouraged, and most of all, there is possibility to declare oneself as a creative personality” (Florida, 2005, p. 244). However, the matter is that important for self-realization of creative people is not just diversity of the environment and not any diversity but the necessary diversity which stimulates creativity. For instance, according to criteria by Florida, any supermarket (or hypermarket) can be a good environment for creativity, as there is quite a broad degree of variety and tolerance there – you are sure to encounter there with gays and migrants. However, it is evident that there is not any boom of creativity in such an environment. Not just diversity but a definite quality of diversity of the environment shall be necessary for creativity. Among parameters of the environment quality, one should put on the top place not the number of gays and migrants but the level of informational culture and information accessibility. If the information exchange is blocked and access to the information is limited, then the creativity level will be low, no matter what all other factors of the environment diversity will be. The information resource and knowledge integrated therein are included into the array of accumulated and operating human capital, being its base and foundation (Kuk, 2007). The nature of information environment, as studies demonstrate, determine the creativity level to a considerable extent. There are four levels of development of the informational culture in organizations, as they are described in papers:
1. **Functional culture** – managers regard information as a means of demonstration of power and exertion of influence on others (with simultaneous limitation of information exchange channels).

2. **Culture of exchanging** – managers and employees have trust in each other and share information (especially that related to problems and failures) in order to improve results of their work.

3. **Culture of searching** – managers and employees are in constant search for the information which will allow them to better understand the future and methods of improving the objects of their activity, in accordance with new lines and trends.

4. **Culture of discovering** – managers and employees are open for flashes of intuition about critical situations and radical changes and are in search of ways for creating of competitive gain.

As explorers think, “in a creative organization, at least the second, and preferably the fourth and even higher levels of culture should exist” (Kuk, 2007, pp. 268-269).

The concept of R. Florida absolutely ignores that development of telecommunication technologies as such opens new perspective, unthinkable some time ago, for development of creative capital and self-realization of creative people. The matter here is not just that they change the very essence and forms of economic processes. Information technologies form new virtual network areas for creativity development, entering wherein really depends whatsoever neither on a person’s residence location nor on his/her social status or ownership level; yet due to them it becomes equally possible for any person to find the field of his/her talent application through a joint work in the internet on a creative project and receiving necessary social acknowledgement and support. It absolutely destructs the properly elitist, class-based approach of R. Florida, his arguments in favour of formation of a sort of creative class. The main thing today is not brooding on how to single out creative people into a special category, a special social stratum, but thinking about possibility of development and presenting creativity by each man having access to information technologies.

Although R. Florida writes that “the question is not about the creative class as an economic class” from the viewpoint of owning property, capital or means of production (Florida, 2005, p. 85), and, even more, it possibly doesn’t have such distinctive features which were characteristic for the industrial working class, yet the unity of the creative class and belonging to it, as it is described by R. Florida, characterize it as a certain elitist group. First, the creative class is opposed to the servicing class “which includes low level professionals in the so-called servicing economy sector, usually low-paid and excluding independency: catering workers, watchmen, yard-keepers, baby-sitters, secretaries, clerks, guards, etc.” (Florida, 2005, p. 88). Second, the creative class has a high threshold of entrance in this social group. This threshold implies a high educational level; ability to always think independently; to be engaged in high-tech production spheres, etc. Third, there are gender and ethical restrictions. “With all aptness of the creative class to openness and diversity, this elitist versatility spreads, to a certain extent, over creative persons with a high educational level. Despite the fact that the uplift of the creative class opened new chances of career growth for women and ethnic minority members, for sure, it is not able to eliminate long existing racial and gender barriers. It is especially clearly seen in high-tech industries. There is a small number of Afro-Americans in the creative world of high-tech” (Florida, 2005, p. 97). These limitations are presented by Florida as a fact of social empiric analysis; however, it is accepted
without discussion on the theoretical level as well and becomes one more sign of elitism of Florida’s concept.

Negative social consequences of elitism of R. Florida’s concept has been exposed to light already. A result of this kind of approach when all attention is paid to a very narrow and, which is equally important, mobile social stratum whose preferences are principally different from other social strata’s needs (Zimmerman, 2008), becomes impairment of wider population’s interests. For instance, Zimmerman, on the example of the city of Milwaukee (USA), shows that the policy of reconstruction of the city centre with purpose of creation of a “first-class” creative city resulted not as much to rising of attractiveness of the city for the creative class as to rising of social tension and the negative attitude of the community to creative specialists. We have the same studies in Russia too.

Zhelnina (The Youth Studies Centre of National Research University “Higher School of Economy” – Saint-Petersburg) believes that creation of “creative areas”, “clusters” and “zones” in Saint-Petersburg, in order to attract the creative class, had consequences far from being positive. As it is noted by Zhelnina, “creativity” in the social practice often serves as a new method to build social borders and social exclusion: “creative” social groups declare their predominance and priority voting rights in the process of urban development (Zhelnina, 2012, p. 4).

The concept of creative capital, in the centre whereof the creative class is positioned, is extremely contradictory within itself and scientifically groundless in many aspects. Its main contradiction is that creativity and creative activity in their nature, as it is confirmed by scientific studies (but not just by sociological presentations that may be received and interpreted in very different ways), cannot serve a base for stratification of social groups. According to the modern psychology, all people, but not just selected, are endowed with creative talents; creativeness can be developed throughout the whole life; manifestations of creativity are multifarious. Moreover, creativity is a changeable feature from the historic and socio-cultural point of view. In one epoque and in framework of a certain culture one thing can be regarded to be creative; but, first, on passing of certain time the thing which was a creative activity in the past becomes a usual and routine matter; second, a thing which is creative for one culture can be not accepted at all within another one. So, any differences established on creativity basis will be inevitably instable, unfixded and changeable.

Conducted researches of management practices (Amabaji, 2006; Andryukhina, 2009; Burkus, 2011; Andryukhina, 2012; Degtyarev, 2014; Andryukhina, Dorozhkin, Poliakova, Zaytseva, & Ovchinnikov, 2017; Davydova, Simonova, & Fomenko, 2018) came to a common conclusion that in organizations where one group of employees are regarded as the creative elite, while other persons are not allowed to take part in creative activities, the level of their competitiveness decreases. However, the myth that not all personnel are creative is very stable among managers. “But”, David Burkus writes, “the facts speak just opposite. Creative talents are not tied to a certain personality type and are not determined by a genetic code. When traditional organizations divide their personnel into allegedly creative and non-creative workers, they limit their potential to quite a high degree” (Burkus, 2015, p. 51).

If division of people in organizations into creative and non-creative leads to significant losses in the level of their creative capital, this effect will very probably increase when we speak about a region, country or society in general.
Thus, Florida’s (2005) division of the whole mankind into two classes – creative and servicing – is not supported by the nature of creativity and contradicts to it. And it means that in an underlying way such a division is based on quite different grounds. The term “creativity” is here a type of veiling of some other ideological sets.

To a high extent, Florida’s concept is a result of thinking which is directed by the rooted from the past paradigm of the 19th and mid-20th centuries which can be called the paradigm of stratification. As Charles Lidbiter writes, “in the 20th century we got accustomed to the view that ideas originate from especially talented people who work in special places: from writers in their working rooms, from painters in their studios, from scientists in their laboratories” (Lidbiter, 2009, p. 44); but in the modern world “ideas originate from creative communication of a mass of people” [Ibid], possibilities whereof are continuously widening thanks to Internet and telecommunications. The stratification paradigm is being replaced by that of cooperation.

It is IT technologies (Lichtman, 2011) which become today a platform of an extreme uplift of creativeness. It allowed Ch. Leadbeater to characterize our time as entering the epoque when “the network can make innovations and creativity a type of mass activity wherein millions of people will take part” (Lidbiter, 2009, p. 34).

“The network gives us opportunity for joint creativity in scales never seen before. It changes the way we share ideas and the way we think” (Lidbiter, 2009, pp.43-44). Development of creative communities and creative practices on basis of telecommunication technologies, in the opinion of many researchers (Davydova, Dorozhkin, Polyanskova, & Nuykina, 2016; Davydoiva, Dorozhkin, & Fedorov, 2018; Dorozhkin, Leontyeva, Scherbina, Schchetynina, & Pecherskaya, 2016), begins to radically change social processes in the sphere of economy, business, culture, production technologies, labour, employment, social stratification, thus touching upon most various spheres of routine life and becoming the main resource of incrementing of the creative capital.

Paradigms of migration and generation.

According to R. Florida, the first place is occupied by such a sign of belonging to the creative class as mobility, lack of motivation to secure a footing on a definite place, be it a place of work or residence. As certain authors state, for some reasons Florida does not consider farmers belonging to the creative class. A farmer’s labour, “not limited by a labour agreement and depending on multiple external factors in an unpredictable way, must satisfy to the definition of “the creative labour”. Alas, farmers do not satisfy another criterion they are not mobile and indifferent to consumer offers of creative cities (Kalinin, 2013).

Thus, “mobility and migration” are, as a matter of fact, the principal indicator of creativity and creative class. So it becomes clear why R. Florida’s concept gives so much attention to the social conditions which, as he thinks, attract creative people. According to Florida, there are three factors which characterize “creativeness of the place”, or three T’s: technologies, talent and tolerance (Florida, 2005, p. 276). The logic here is following: creative people will flow to places which are featured with these factors: highly developed technologies, presence of creative persons, and tolerance to differences, which in all ensures the environment diversity. “It’s only all the three (elements – L.A.) available that can attract creative people” (Florida, 2005, p. 276).
Obviously, such a vision is defined all in all by the migration paradigm, or the paradigm of migration. It is suggested that creative people do exist, they are in constant readiness to create and to make new; they have a high level of education and competency necessary for activities in hi-tech spheres. In the whole Florida’s book which is quite sizeable we cannot find a discussion on the issue or just setting the task of training of such people, their developing, or even up-breeding of their talents in their childhood, for example.

The main task is to engage creative people and create attractive places for them. In substance, here the high theory in form of Florida’s concept, as it is arrogated by him, reveals its pragmatical underside, specifically the political practice of developed countries on accumulating creative human resources from other countries. It’s worth noting that today the so-called “direct recruiting methods” are used less frequently in decreasing trend; instead, efforts are concentrated on customization of places, on mild force methods.

Although the notorious “gay-index” occurred to be the focus of attention among other indicators of the environment variety introduced by R. Florida, in his book, however, he speaks about the influence of immigrants on development of the economy, meaning them to be first in the degree of significance. It is their influx and availability which create the environment variety. Following Andrew Carnegie, Florida refers them to as “outside innovators” (Florida, 2005, p. 280). Florida thinks that immigrants, encountering obstacles to their creativity in conventional organizations of their native lands, would sooner manifest their talent upon immigration and would create new enterprises, products and technologies with higher intensity. At the same time, developed countries are concerned about immigrants with a high level of training predominantly in high-tech spheres and with creative potential, but not about yard-keepers or low qualification workers.

It is inevitably that the “what-are-places-on-earth-where-creative-people-are-brought-up” question occurs to be the weakest point of Florida’s concept. According to it, as we can see, creative persons allegedly are always available, already grown up and in their mature age, with a perfect education and being masters in various high-tech activities.

Let’s take into account that, as a rule, in developing countries (and in Russia as well), just absolutely opposite mechanisms of increasing of the creative capital occur to be the focus of scientific and political discourse. Issues of early exposure (as early as in childhood), support and development of gifted children and talented youths are articulated. The activities aimed at arranging of various competitions, including skill and academic competitions, creative forums and TV shows, become principal ones. In substance, it is a paradigm chain of thought – addressing to the conditions of exposure, “up-bringing” and development of the creative potential. And practically nowhere will we find that the central point be the analysis of the way of use of things which had been presented already, what a place the innovator himself occupies in the society and what conditions are provided for his creative activity.

We call it the generation paradigm when the whole attention is paid to the process of generation, “up-bringing” and developing of persons’ creativity, beginning from their early age.

It’s not by accident that discussion of creativity issues in Russia takes place most of all not in the social, economic or production sphere (this discourse began to develop later and was borrowed in many aspects – for instance, attempts (appearing after works by R. Florida) to transfer concepts of the creative
class and creative capital into the conditions of Russia (Volkov, 2011, 2014) but in the sphere of
education and development psychology (Bogoyavlenskaya, 2002; Degtyarev, 2014; Skvorcova, 2015;
Valekhov, 2016; Khamatnurov, Dudina, & Chistik, 2016). It’s here in Russia where concepts of creative
pedagogy, creative education and creative educational practices appeared (Andryukhina & Fadeyeva,
2016). On request of Ministry of Education of the Russian Federation, the concepts of endowment of
children and state programs of talented youth support were developed (Koncepciya-obshchenacionalnoj-
sistemy-vyyavljeniya-i-razvitiya-molodyh-talantov-2012).

A strong point of the paradigm of creative capital generation is the attention to up-bringing and
developing of talented people. However, one has the impression that the creative capital within such an
approach is prepared as if for an alien country.

Hence, conclusion, which is quite obvious, is offered about necessity to integrate these two
paradigm approaches.

7. Conclusion

Thus, the conducted analysis allowed to identify four paradigms and, consequently, four strategies
of creative capital formation. The strategy of creative class formation, in the view of the author of this
article, is beneath criticism and should be opposed by the strategy of broad development of creative
communities, creative practices and providing conditions for development of each person’s creative
resources. The two other strategies are conventionally designated (in accordance with their basic
paradigms) as the migration strategy and the generation strategy. As to the migration strategy, main
efforts should be aimed at creation of conditions for attracting and retention of talents, while the
generation strategy is aimed at creation of conditions for finding and development of persons’ creative
potentials since their childhood. As we think, these two strategies are mutually supplementing each other,
and their one-side realization leads either to “brain hunt” and, as a matter of fact, to theivin of creative
capital from other countries (as practiced in the USA), or to “drain of brains” which are brought up in
your country (as practiced in Russia).

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