

# Specifics of Creative Business in Architecture

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**Abstract.** Architecture is one of the sectors which belong to the cultural and creative industry. It is characterized by a high level of individual creativity and creativeness. The main subjects in the architectural sector are mostly individuals or legal entities with a very small number of employees. Architecture in general is closely connected to other sectors, like construction building, and the nature of the architectural job positions requires the employees to have a wide variety of skills apart from formal education. The leading professionals in this sector are architects, landscape architects and engineers who often carry out their activities in the form of a free enterprise. As to the remuneration, the sector of architecture is considered above-average.

## 1 Introduction

The importance of creativity in business has been gradually increasing since the beginning of the 21st century. Creativity has become one of the essential driving powers in economics. As a result, the significance of different sectors of the creative industry has been growing as well. Creative industry represents the core of the creative economics and it consists of multiple sectors, which are based on the creativity and creativeness of individuals, their abilities, talents, and it has the potential to build and increase the number of job positions. These sectors tend to have significant differences and each of them has its own business specifics. Architecture is considered one of these creative sectors.

The objective of this article is to define architecture as one of the sectors of the creative industry, to define its subjects, make an overview of their numbers and other statistical features within the environment of the Slovak economics and to highlight the specifics of their business.

In the study, fundamental research methods were used. The data were gathered from personal interviews and statistical data were obtained mainly from Eurostat and Slovak Statistical Office. They were processed and visualized in MS Excel. Current knowledge base from available sources was analyzed and the frameworks of multiple organizations to the cultural and creative industry were compared.

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## 2 Creativity, Creative Industry and Its Characteristics

From the psychologic or sociologic point of view, creativity is understood to be an ability. From the psychological point of view, it is “an ability based on intellectual processes which lead to new ideas, solutions, concepts, artistic forms, theories or products which are considered unique and unusual.” [1] From the sociologic point of view, it is “an ability to create or find new, intriguing solutions for both old and recently discovered problems.” [2]

It is important to define the indicators of creativity, i.e. indicators, which enable to judge the level of creativity/creativity in business subjects, and thus it is possible to specify the different sectors which belong to the area of the creative industry. It is quite complicated to set up the adequate indicators because there are no general definitions of terms which are related to the creative industry – e.g. what the creative or cultural industries are. [3] The creative economy includes scientific, research, artistic, and other activities falling under the protection of intellectual property rights. Creative industries are seen as a source of localized innovation. [4]

The issues of the creative economics and creative industry have been tackled by a number of authors who have been observing various factors related to the creativity in their studies – the creativity factor [5], the factor of creative classes and the factor of the career [6], the factor of information and communication technologies [7], the factor of the communicativeness of a cultural product [8], the social factors and networking [9]. Florida’s approach, based on the evaluation of the creative environment, may be the most discussed one. It concentrates on the essence of the creative economics, which lies in the individual, and it mostly tries to define the creative class. It recognizes three manifestations of the creativity, which, according to him, are the following: artistic creativity (cultural creativity), economic creativity (entrepreneurial spirit) and technological creativity (inventions).

Certain perspectives have been established based on the ideas of the afore-mentioned authors and these have brought new ways and documents to define the sectors of the cultural and creative industries. The most renowned ones are the following – the KEA study [10], the UNESCO methodology [11] and the ESSnet-Culture methodology [12]. The methodologies and the understanding of the structure of the different creative sectors’ classes are dissimilar in these approaches.

The British Department for Digital, Culture, Media and Sport (DCMS) defined the creative industry as a set of those sectors which derive from the individual creativity and creativeness, skills and talents, and which have the potential to create wealth and working positions through the creation and use of the intellectual property. At the same time, it recognizes close economical relationships with other sectors, e.g. tourism, museums, sports. [13]

The creative industry can be perceived as a complex of sectors which depend on the use of the results of the creative intellectual activities from the cultural, artistic and other creative sectors. It is based on business activities, which derive from the individual creativity/creativity, talent and skill. These activities have the potential to make capital and job positions through the use of the intellectual property. [14]

As there are two main groups of sectors, the terms cultural and creative industry have been distinguished both worldwide and in Slovakia. The European Union has been using the definition framework from the KEA study, where the whole area is divided into the cultural and creative sectors. In Slovakia, the cultural and creative industries have been defined according to the latter methodology of the ESSnet-Culture. The NACE codes of the cultural and creative industries have been set up as well, thus fulfilling the requirement for comparison within the Eurostat.

“Doing business in these sectors means to have creative ideas and to realize them commercially with the objective of gaining profits. However, the profit itself is not the driving power; it is the creativity and the possibility to build something, the self-fulfillment or the ability to pursue one’s creative interests. It is a mix of business and creative aspects.” [15] Creativity supports the establishment of innovative processes in the business entity. Such innovation process in the creative industry is characterized by close cooperation with the client, networking and partnerships with other subjects (e.g. universities, innovation incubators, cooperation with competitors, etc.) and it requires advanced skills for cooperation, team building, conflict and problem solving. [16]

The following table shows the list of different sectors which belong to the cultural and creative industries, organized by various approaches and classifications of certain organizations, arranged chronologically.

**Table 1.** Classification of the cultural and creative industries according to different organizations.

<b>UNESCO (1986)</b>	<b>WIPO (2003)</b>	<b>Americans for the Arts (2005)</b>	<b>KEA (2007)</b>	<b>UNCTAD (2008)</b>	<b>DCMS (2013)</b>	<b>Concept of the Slovak Republic (2014)</b>
Social-cultural activities						
Environment and Nature						
Sport and Games						
Cultural Heritage		Museums and Collections	Cultural Heritage	Cultural Heritage		Cultural and Natural Heritage
Press and Literature	Press and Literature	Publishing House	Books and Press	Publishing House and Printed Media	Publishing House	Literature and Books Market
Music and Dramatic Art	Music, Theatrical Production, Opera	Dramatic Art	Dramatic Art	Dramatic Art	Dramatic Art and Entertainment Industry	Theatre
			Music		Recording Studios and Music Publishing	Music
Visual Arts (incl. arts and crafts)	Visual and Graphics	Visual Arts and Photography	Visual Arts	Visual Arts		Crafts
Photography	Photography				Photography	Arts Market
Film	Film and Video	Film	Film and Video	Audiovisual Media	Film, Video and TV Programs	Film and Video
Broadcasting and Television	Broadcasting and Television	Broadcasting and Television	Television and Broadcasting		Programs and Broadcasting	Communication Media
	Advertising Services		Advertising	Functional Creations: Design, New	Advertising PR and Communication	Advertisement-Information-Communication

UNESCO (1986)	WIPO (2003)	Americans for the Arts (2005)	KEA (2007)	UNCTAD (2008)	DCMS (2013)	Concept of the Slovak Republic (2014)
				Media (software, digital content and games, creative services like architecture and advertising, digital services and holiday services)	Translation and Interpretation	Technologies
		Design	Design		Specialized Design	Hardware and Related Services
			Architecture		Architecture	Design
	Software and Databases		Video Games		Software Publishing	Multimedia Industry
					Computer Programming	Software
					Computer Consulting	Entertainment Industry
	Collective Management of Copyrights	Artistic Schools and Services			Cultural Education	Memory Institutions
						Fashion Industry
						Supporting Services

Source: Author's own adaptation based on [17] and [14]

Notes: abbreviations:

- UNESCO - United Nations Educational, Scientific and Cultural Organization, headquarters: Paris, France, est.: 1945
- WIPO - World Intellectual Property Organization, headquarters: Geneva, Switzerland, est.: 1967
- Americans for the Arts – headquarters: Washington, USA, est.: 1960
- KEA – KEA European Affairs, est.: 1999
- UNCTAD - United Nations Conference on Trade and Development, headquarters: Geneva, Switzerland, est.: 1964
- DCMS - Department for Digital, Culture, Media and Sport, headquarters: London, UK, est.: 1997
- Concept of the Slovak Republic – Východiská stratégie rozvoja kreatívneho priemyslu v Slovenskej republike (Base of the Development Strategy for the Creative Industry in the Slovak Republic), approved in 2014

## 3 Results and Discussions

### 3.1 Sector of Architecture – Part of the Creative Industry and its Position in Slovakia

Architecture is a complex and creative industry. Various concepts and definitions of the creative industry place it into the sector of the cultural and creative industry. KEA from 2007 defines this sector as an independent class – Architecture; according to the UNCTAD study it belongs to the class Functional Creations (which includes design and new media like software, digital content and games, creative services such as architecture and advertising, digital and holiday services). It also has its independent place in the study from the DCMS and in the Concept of the Slovak Republic from 2014. These results reflect the fact that the business subjects from the architecture sector present a high rate of human creativity, which is included in the creation of the added value – this is divided into an economic and symbolic value, such as image and reputation.

Architecture mostly means providing a certain service. It is the kind of individual or corporate business activity which requires a certificate of professional competence. According to the SK NACE classification, it belongs to the class 71.11 – Architectural Activities, which includes two types of architectural counseling: Design and Development of a Building Project, Projecting of Towns and Villages and Landscape Architecture. In Slovakia, business in this sector is regulated, among other things, by the Act No. 138/1992 Coll. – Act by the Slovak National Council on Authorized Architects and Authorized Construction Engineers. [18] This Act limits the activities of the authorized persons followingly:

- **architects:**
  - a) realization of preliminary pre-project activities,
  - b) realization of complex project activities,
  - c) processing of landscape-planning templates and landscape-planning documentation,
  - d) project management,
  - e) graphics and modeling of the architectural work of art,
  - f) providing related technical services, mainly architectural counselling,
  - g) elaboration of expert reports, assessments and references.
- **landscape architects:**
  - a) realization of pre-project activities, mainly for the processing of landscape-planning templates and landscape-planning surveys and analyses,
  - b) cooperation on the creation of the landscape-planning documentation within the landscape formation,
  - c) realization of complex project activities,
  - d) incorporation of constructions into the environment with the objective to minimize any negative impacts,
  - e) realization of professional author's supervision over the creation of the works of art based on official approved documents,
  - f) providing related services, mainly professional counselling,
  - g) graphic output and modeling of landscape and garden architecture works of art, including the elaboration of specifications and technical documentation
  - h) elaboration of expert reports, assessments and references.

- **engineers:**

a) realization of complex architectural and engineering services and related technical counselling or

b) providing services from the following categories:

1. engineer for the construction of surface structures,
2. engineer for the construction of engineering structures,
3. engineer for the structure statics,
4. engineer for technical, technological and energetic equipment of the structures.

In Slovakia, the structure of the creative architectural sector is mostly made by studios, individual architects and designer offices. Architects from linked sectors (designing, real estate, sales of interiors, etc.) also belong here, together with professions like restorers and persons with exclusive expert qualification for the realization of ancient monuments' research.

In terms of the development of the overall creative industry, Slovakia can be assessed as stagnant in the period between the years 2010 and 2015. The slight growth in the number of enterprises in the creative industries and the labor productivity of their employees can be viewed positively. [19]

The following table shows the number of subjects in the architectural sector in 2013-2017 in Slovakia and its neighboring countries.

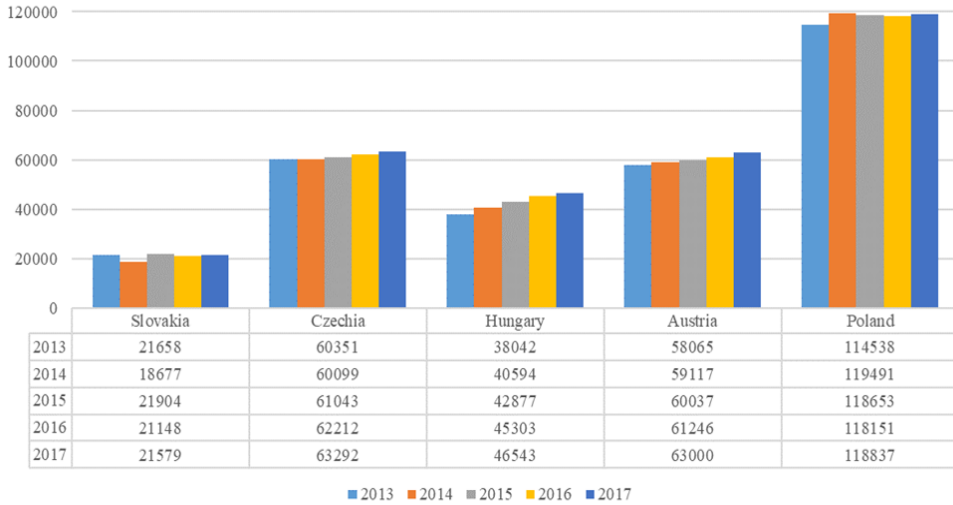
**Table 2.** Number of subjects in the sector of Architecture and its development in selected EU countries

Country	2013	2014	2015	2016	2017
Slovakia	10112	10502	10986	11721	12298
Czech Republic	32334	32713	33360	34229	34942
Hungary	19706	21132	21809	22764	24009
Austria	15578	15805	15889	15947	16125
Poland	53070	55849	54429	57489	58102

Source: Eurostat, Author's own adaptation

The number of subjects in the creative sector of architecture has been increasing constantly since 2013 not only in Slovakia, but also in its neighboring countries. According to the last data from 2019, although including only corporations from the given sector, the number of legal entities was almost 1500, with mostly the form of limited liability companies (97.53 %), rarely joint-stock companies (1.53 %). The structure of the architectural sector significantly favors natural persons who make business through free enterprise within this sector.

The following graph shows the number of employed people and the development of the employment rate in the sector of architecture in Slovakia and the neighboring countries. In 2017, there were 21 579 people working in the sector of architecture, which represented approximately 0.9% of the total employment. It may appear as a small number at the first sight, but it is only one part of the creative industry.



**Figure 1.** Development of the Number of People Employed in Architecture in Selected EU Countries

Source: Eurostat, Author's own adaptation

The people employed in the sector of architecture have mostly gained university degrees. This fact, together with the extent of their knowledge and experience, impacts the remuneration within the sector. The table below shows orientational salaries for selected work positions.

**Table 3.** Selected work positions of the creative sector of architecture and the range of gross salaries, Slovakia, 2019

Work Position	Salary Range (Min – Max; Mid-Point)
Architect	826 – 1767 EUR; 1296,5 EUR
Interior Architect	672 – 1645 EUR; 1158,5 EUR
Landscape Architect	580 – 1610 EUR; 1095,0 EUR

Source: [www.platy.sk](http://www.platy.sk), Author's own adaptation

The average gross monthly salary in Slovakia, according to the Statistical Office, was 1 063 euros in 2019. It increased from 1 013 euros in 2018 and 954 euros back in 2017. If we compare the general average salary in Slovakia to the salaries of selected work positions from the architectural sector (mentioned in the table above), we can declare that the salary conditions in this creative sector are above-average.

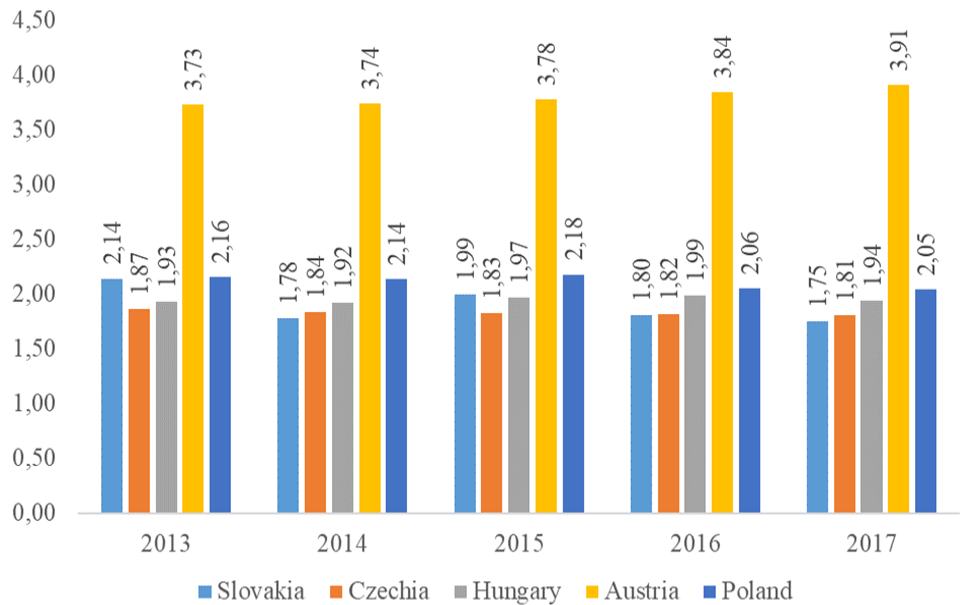
### 3.2 Business in the Sector of Architecture and its Specifics

Business and the basic relationships, which influence the subjects of the creative architectural sector, are determined by the relationship triangle between the investor, architect and supplier. This creative sector also needs to be perceived as a part of a complex interconnected industry of architecture – engineering – construction building. Business in the sector of architecture is directly dependent on the current development in construction building, on the general situation on the real estate market, on the purchase power of the citizens, on the scope and level of public investment projects and on the capital cumulation as well. One of the factors, which significantly impact the market, is the state of the public



space, its vision and the method of its development. High sensibility to economic recession is one of the specific features of this business, as recession damages a high number of investment and development projects, which leads to a reduction of many architectural services. As this sector is considered creative, there is a high amount of innovations, a wide use of software solutions and modern technologies. Application of virtual and extended reality is one of the current trends.

The architectural profession is well remunerated, and it is a well-organized expert profession with highly skilled labor. The business subjects of architecture create value through processes, which require them to have wider knowledge than their clients, either in the sense of education or practical experience. This is the reason why there is high dependence on people, their creativity, quality, knowledge and experience, because they are the main factor of value creation and they make important interactions with the clients. According to these specifics, there is a presumption that anyone with the required education and certificate of expertise can do business in this sector on their own behalf. As a result, there are mostly individual entrepreneurs – natural persons or small corporations (especially limited liability companies) doing business in this sector. If we analyze the number of employees and the number of business subjects in the creative architectural sector, we can see that the number of employees per one business entity is very small, as it is shown in the following graph.



**Figure 2.** Number of Employees per Business Subjects in Architecture in Selected EU Countries  
Source: data from Eurostat and Finstat, Author’s own adaptation

The average number of employees per legal entity in the sector of architecture is very similar in countries like Slovakia, Czech Republic, Hungary and Poland. It is usually 2 employees per entity. Within Slovakia’s neighboring countries, only Austria has shown a major deviation – the business subjects in architecture are larger and reach the average number of 4 employees.

The fact that the subjects in architecture are mostly individuals and small companies with a low number of employees stresses the need for wider specialization and more

universal focus of the employees in this sector. Apart from a certain level of expertise, it is necessary for them to have practical experience, to be able to work with modern digital technologies, to master the system of project management, to be skilled at communication and psychology and, at the same time, they need to understand the related legislative, pricing and business economy.

The future of the architecture as a part of the creative sector in Slovakia depends mainly on the subjects themselves and their ability to respond to current economic, technologic and social trends in the world. Rapidly developing areas show that the most important thing is the capability of invention of the subjects themselves, their ability to cooperate and to organize internally. It is important that the state and public policies also help in this process. [20]

## **4 Conclusion**

The importance of creativity as a motive force has been increasing. This fact made it necessary to define the creative industry and its sectors. Architecture, as an independent creative sector, was first defined in the KEA concept in 2007; it has an equally strong position in more recent approaches. According to the Concept of the Slovak Republic from 2014, it is a strong component of the creative sector as well. This sector is mostly represented by individual architects, studios and design offices.

The number of subjects on the architectural sector has increased during the past years. The same can be stated about the number of employees in this sector. In Slovakia, the average number of employees per one architectural business subject is two – generally, the employees have reached high formal education and they also show a high level of expertise. This fact impacts the remuneration, which is considered above-average in Slovakia – the salaries of the architectural experts overcome the monthly national average.

Business in this sector has its characteristic features and these are determined by the relationship triangle between the investor, architect and supplier. The sector is also significantly influenced by the current state of the national economics and the phase of the economic cycle; it depends on the development of the construction industry, the real estate market and the purchase power of the citizens. It greatly reacts to the economic recession, as it slows down the developers' investment projects. There is a high amount of innovations applied in architecture; a wide use of software solutions and modern technologies is also a typical feature. Application of virtual and extended reality is one of the current trends, accompanied by the use of cloud services. All these facts, together with the development of the IT and the human society in general, will continue to push further increase of the creativity and creativeness in the sector of architecture and its products and services.

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