

TECHNICAL NOTES

Philippine Creative Economy Satellite Accounts

I. Introduction

Creativity plays an important role in improving the economic performance of a country as it can attract potential investments and promote competitive advantage. While several studies have been published over time to map and measure the contribution of “creative” activities in the economy, the results vary due to the differences in terms of the scope and coverage, definitions, classifications, methodology, among others.

In 2021, the Department of Trade and Industry (DTI) initiated the following projects: “Scope and Coverage of the Philippine Creative Economy” and “Dynamic Mapping Project: Identifying the Creative Occupations”, which evaluated and examined the creative industries and occupations, respectively. In support of these undertakings, the Philippine Statistics Authority (PSA) actively participated in meetings/fora organized and coordinated by DTI and provided data for the said projects. In 2022, Republic Act No. 11904 or the “Philippine Creative Industries Development Act” or PCIDA lapsed into law.

In 2022, given the importance of the creative sector to the economy, PSA started its pilot initiative to assess the scope and coverage, data availability and limitations, and to craft an interim methodology for the compilation of the Philippine Creative Economy Satellite Accounts (PCESA). With the growing supply and demand for innovative and creative goods and services, it is important to capture the economic contribution of the creative sector in the country. With this, it is regarded vital to institutionalize the creative satellite accounts to facilitate the generation of required data inputs and to address data gaps for its compilation on a regular basis.

The pilot estimates for 2018 to 2022 on PCESA provides information on the Gross Value Added (GVA) of the nine (9) creative industries: (1) Audio and audiovisual media activities, (2) Digital interactive goods and service activities, (3) Advertising, research and development, and other artistic service activities, (4) Symbols and images and other related activities, (5) Media publishing and printing activities,

(6) Music, arts, and entertainment activities, (7) Visual arts activities, (8) Traditional cultural expression activities, and (9) Art galleries, museums, ballrooms, conventions and trade shows, and related activities.

II. Data and Sources

The data used for the compilation of preliminary estimates for 2018 to 2022 of PCESA are obtained from several sources. Below are the major data sources for the estimation:

| Data | Description / Use | Source Agency |
|---|--|---|
| Supply and Use Table (SUT) | The 2018 SUT provides information on the structure of the Philippine economy. | PSA |
| National Accounts of the Philippines (NAP) | Primary source of information used in deriving the overall production and consumption of the economy. | PSA |
| Census of Philippine Business and Industry (CPBI) | Provides information on the Gross Output, Intermediate Consumption of industries, and employment in creative industries. | PSA |
| Labor Force Survey (LFS) | Provides information on the total number of employed persons by industry. | PSA |
| Copyright factor from various studies and reports | Copyright factor is a ratio used to identify the creative portion of a specific industry. | DTI, Bayudan-Dacuycuy (2021), Francisco et al. (2014) |

III. Methodology

III.A. Estimation Methodology

The economic contribution of the creative economy to the Philippine economy is measured using the Production Approach or Value-Added Approach. This method consists of summing GVAs of all identified creative industries.

The estimation process benefitted from the final report of the DTI study which provides a listing of creative industries with corresponding copyright factors. It is important to note that economic activities in the national accounts are captured both in the organized and unorganized segments of the economy. Following the Production Approach of computing the economic contribution, GVA is derived by subtracting the Intermediate Consumption (IC) from the Gross Output (GO).

Estimation Methodology

For the estimation of the GVA of creative industries, the structure of the 2018 CPBI was used.

$$CGVA = \sum_i (GO_i * CF_i) - (IC_i * CF_i)$$

where:

CGVA= GVA of creative industries

GO_i= gross output of the *i*th sub-industry

IC_i= intermediate consumption of the *i*th sub-industry

CF_i= copyright factor of the *i*th sub-industry

The value-added of organized creative industries is estimated using information from the CPBI which is disaggregated by five-digit PSIC level. Meanwhile, the value of creative goods and services produced but not captured in the formal establishment surveys like CPBI, are estimated using indirect estimation and employing the residual employment approach.

The general method for the residual employment approach is provided below:

$$\begin{aligned} [1] \quad CGVA_{unorg} &= CGO_{unorg} * CGVAr_{sole} \\ [2] \quad CGO_{unorg} &= CEMP_{unorg} * CGO_{perWorker(sole)} \\ [3] \quad CEMP_{unorg} &= CEMP_{lfs} - CEMP_{org} \end{aligned}$$

where:

$CGVA_{unorg}$ = gross value added of unorganized creative industry

CGO_{unorg} = gross output of unorganized creative industry

$CGVAr_{sole}$ = gross value added ratio of small creative establishments and are classified under sole proprietorship

$CEMP_{unorg}$ = estimated employment in unorganized creative industry

$CGO_{perWorker(sole)}$ = gross output per worker employed in creative establishments and are classified under sole proprietorship

$CEMP_{lfs}$ = total employment of creative industry from the Labor Force Survey

$CEMP_{org}$ = total employment of creative organized industry from the establishment survey

For the estimation of non-benchmark years, indicators from the NAP and other relevant information and indicators are considered to obtain the levels for each year.

Employment in Creative Industries

Employment in creative industries refers to the employment related to the goods and services acquired by consumers and produced by creative industries. The employment structure from the 2018 CPBI was utilized to derive the number of employed persons in the creative economy by industry. The ratios were obtained at the five-digit PSIC level in the CPBI and were applied to the corresponding level in the LFS to derive the total number of persons employed by industry.

III.B. Statistical Tables

The following are the available tables:

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| <p>Table 1</p> <p>Gross Value Added of Creative Economy at Current Prices, levels in million pesos</p> | <p>Presents the value of production of the following industries of PCESA:</p> <ul style="list-style-type: none"> a. Audio and audiovisual media activities b. Digital interactive goods and service activities c. Advertising, research and development, and other artistic service activities d. Symbols and images and other related activities e. Media publishing and printing activities f. Music, arts, and entertainment activities g. Visual arts activities h. Traditional cultural expression activities i. Art galleries, museums, ballrooms, conventions and trade shows and related activities |
| <p>Table 2</p> <p>Gross Value Added of Creative Economy at Current Prices, growth rates in percent</p> | <p>Presents the growth rate of the nine (9) PCESA industries.</p> |
| <p>Table 3</p> <p>Gross Value Added of Creative Economy at Current Prices, percent share to total</p> | <p>Presents the share of each of the nine (9) industries to the total PCESA.</p> |

| | |
|--|---|
| Table 4 Creative Economy and Gross Domestic Product (GDP) at current prices | Presents the levels of PCESA and GDP at current prices, as well as the share of PCESA to GDP. |
| Table 5 Employment in Creative Industries, levels in thousand persons | Presents the number of employed persons by industry of PCESA |
| Table 6 Employment in Creative Industries, growth rates in percent | Presents the growth rates of employment by industry of PCESA |
| Table 7 Employment in Creative Industries, percent share to total | Presents the percent share of employed persons by industry of PCESA. |

IV. Concepts and Definition of Terms

Republic Act No. 11904 defined creative industries as “trades involving persons, whether natural or juridical, that produce cultural, artistic, and innovative goods and services originating in human creativity, skill, and talent and having a potential to create wealth and livelihood through the generation and utilization of intellectual property.”

The proposed operational definition for creative economy covers economic activities primarily responsible on the creation, production, commercialization, distribution, and consumption of goods and services that use creativity and intellectual capital as primary inputs. Creative goods and services should satisfy any of the following:

- a. Its production requires some input of human creativity;
- b. It contains symbolic messages;
- c. It has an intellectual property factor; or
- d. It is a novel or a new product.

The following are the creative industries captured in the estimation:

- a. Audio and audiovisual media activities comprising of manufacturing, renting, trading of live and recorded audio and audiovisual media;
- b. Digital interactive goods and service activities including manufacturing, renting, trading of computers, software, programs, mobile applications, and electronic games;
- c. Advertising, research and development, and other artistic service activities referring to advertising, research and development, recreational services, translation and interpretation including construction of other civil engineering projects;
- d. Symbols and images and other related activities including manufacturing, renting, trading of symbols and images in textiles, garments, footwear, furniture, jewelry, fashion and accessory, toys, etc.;
- e. Media publishing and printing activities comprising of publishing and printing, renting, trading of books, magazines, newspapers, journals including manufacturing of ink, hand-made paper, etc.;
- f. Music, arts, and entertainment activities referring to manufacturing and trading of musical instruments, publishing of music; casting, booking; operations of concerts and theatres including activities in creative arts and entertainment;
- g. Visual arts activities including manufacturing, trading, distribution, and preservation of works which are visual in nature including paintings, drawings, photographs, antiques, and other visual arts;
- h. Traditional cultural expression activities which are related to customs, practices, traditions, culture, heritage including arts and crafts, gastronomy, culinary practices, cultural festivals, and celebrations; and
- i. Art galleries, museums, ballrooms, conventions and trade shows and related activities including operation of art galleries, ballrooms, discotheques, conventions and trade shows, libraries and archives, botanical and zoological gardens, museums and preservation of historical sites and buildings.

V. Dissemination of Results and Revision

The published 2018-2022 PCESA estimates are pilot results by the PSA technical staff. Press release, statistical tables, social cards, and infographics on pilot PCESA are posted on the PSA website and Facebook page.

VI. Contact Information

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