

## Chapter 5

# The Creative Class and the Shift Towards the Knowledge Economy in Egypt: Exploratory Study

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### **ABSTRACT**

*This chapter discusses the role of the creative class in the shift towards a knowledge economy in Egypt and aims to know whether the Egyptian society has an effective creative class capable of creating knowledge, disseminating it and employing it, and solving society's problems in line with the nature of the knowledge economy. This is done by spotlight on the changes in economic patterns and employment development in Egypt, revealing the emergence of a creative class that works as a driver to push the Egyptian economy to shift towards a knowledge economy, and illuminating the most important challenges that hinder its performance and effectiveness. The research follows a method of re-analysis, review literature, analysis of secondary data, and available statistics. The research came out with some recommendations which activate the performance of the creative class to shift towards a knowledge-based economy and global competition.*

### **INTRODUCTION**

Almost a century ago, our economy and our society changed from an agricultural system to an industrial one. Today, humanity is moving towards a knowledge society, and hence the knowledge economy, which is evident not only in the growing service sector, but also in “traditional” sectors such as agriculture and manufacturing. All these developments are an eloquent expression of the profound effects of the scientific and technological revolution, whose successive waves have spanned societies for decades, as science and knowledge have become essential factors of production, in addition to traditional factors of production. The primary activity in all sectors is no longer the physical manufacture of the product,

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but rather product development and the generation of new knowledge. Knowledge-intensive activities require a new “creative class” with a high degree of education and ability to the knowledge creativity.

Economic growth now does not depend on specific industries such as high-tech that are run through highly educated human capital, but rather depend on creators who are not associated with a specific industry. Human capital cannot by itself contribute to economic development if the creative scientific qualifications obtained are not invested in the relevant forms of employment; the ability to create ideas, inputs, processes, and products is more important to the economy that creativity pushes forward. Economic development has become increasingly depend on knowledge, and creative professions determine the actual ability of individuals to apply knowledge (Alehegn, et al, 2013).

Future success is no longer technical, administrative or governmental, but the reasons for success lie in the person himself, his effectiveness and patterns of his relationships with others. Today, progress is no longer measured by the material capital that countries possess, but by the human capital they possess, represented in a creative class capable of providing their society with innovative and creative intellectual content. Despite the importance of human resource development in general, attention should be directed to a special class of human resources (the creative class) on which the prosperity of the Egyptian society is based, and this category possesses the knowledge, experience, and creative ability. Hence, development and investment in this respective field is required in the light of the intense competition for human competencies. The creative class in Egypt forms 29.50% of the workforce, and according to the Global Innovation Index (GCI 2015), Egypt ranked (41) out of (139) countries in this respect (Florida, et al., 2015). In this regard, the current chapter aims to identify the role of the creative class in the shift towards a knowledge economy in Egypt, through the following sub-aims: - The first aim: determining which type of economic patterns currently dominates Egypt, to know whether or not Egypt is in the stage of a knowledge economy? This is through monitoring the development of employment in Egypt. The second aim: to reveal the emergence of a creative class in Egypt and the most important challenges that hinder its effectiveness. The third aim: to develop a set of recommendations to address the challenges facing the effectiveness of the creative class in Egypt. This is discussed in light of two axes:

- Changes in the pattern of the economy and the development of employment in Egypt.
- The rise of the creative class in Egypt and the challenges of the transformation towards a knowledge economy.

## **BACKGROUND**

Over the past two decades of the twentieth century, creativity has become the driving force of our economy, and the creative sector has exploded, adding more than 20 million jobs. Globally, a third of workers in advanced industrialized countries work in the creative sector, they are working in the fields of science and engineering, research and development, technology-based industries, arts, music, culture, aesthetic and design businesses, or knowledge-based careers for healthcare, finance, and law. This creative sector accounts for nearly half of the income from wages and salaries in the United States, compared to both the industry and services sectors (Florida, 2005a).

Where all of (Landry, 2000; Foster & Kaplan, 2001; Howkins, 2001; Florida, 2002; Ridderstrale & Nordstrom, 2004; Carrillo, 2006) emphasized that we are in the midst of social and economic transforma-

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