CURRENT TRENDS OF THE DEVELOPMENT OF CREATIVE INDUSTRIES AND THEIR IMPACT ON THE NATIONAL ECONOMY

СУЧАСНІ ТРЕNDИ РОЗВИТКУ КРЕАТИВНИХ ІНДУСТРІЙ ТА ЇХ ВПЛИВ НА НАЦІОНАЛЬНУ ЕКОНОМІКУ

Nataly Martynovych
PhD in Economics, Associate Professor, Associate Professor, Department of Economics and Management, PHEI University of Modern Knowledge, Kyiv, Ukraine
ORCID: 0000-0001-9884-6052

Serhii Plutalov
Senior Lecturer, Department of Performing Arts, Luhansk State Academy of Culture and Arts, Kyiv, Ukraine
ORCID: 0000-0001-9155-5324

Despite the rapid development of technologies, increasing data volumes, the development of the Internet and robotics, the spread of machine learning and artificial intelligence, there is something that a person manages much better than the most advanced machines and contributes to economic growth on the basis of sustainable development, improving the quality of life of the population while preserving natural potential. Everyone is born with this extraordinary ability called “creativity.” Therefore, first of all, the state should be interested in the development of the creative sector of the economy and should support it in every possible way. Considering that the purpose of the article is to establish trends in the development of creative industries in Ukraine and determine their impact on the national economy. Based on the analysis of official statistical information, key trends are identified, the essence of which comes down to the rapid growth of the creative economy in most socio-economic indicators. It is proved that the Covid-19 pandemic has destabilized the stability of the trend of development of creative industries, however, the decline in indicators in the context of other types of economic activity is not significant, and they tend to recover quickly and steadily increase. The most vulnerable sectors of creative industries have been identified. The influence of creative industries on the national economy is argued. The prospects for further research are outlined, which consist in the activation of the development of performing arts (live music, theatre, dance, opera, circus, puppet theatre); literature, publishing and print media; architecture, since they have a great influence on the national economy due to their direct contact with the broad masses – the population and a close intersectoral connection with other industries.

Key words: creative industries; creative economy; national economy; development trends; employment; added value cost; products sold; import; export.

Незважаючи на стрімкий розвиток технологій, збільшення обсягів даних, розвиток Інтернету і роботизацію, поширення машинного навчання та штучного інтелекту, є дещо, що вдається людині значно краще ніж найдосконалішим машинам та сприяє економічному зростанню: це здатність зберігати якість життя населення на засадах стійкого розвитку. Кожна людина народжується з цим надзвичайним здібністю, яка називається „креативність.” Тому, в першу чергу, держава повинна бути зацікавлена в розвитку креативного сектору економіки. На засадах аналізу офіційної статистичної інформації встановлено ключові тренди, суть яких зводиться до зростання швидкими темпами обертів креативної економіки на засадах стійкого розвитку.
Articulation of the problem. The role of creative industries in socio-economic development, both at the national and international levels, has been steadily increasing in recent years. This popularity is explained by the synthetic origin of creative industries, which allows us to achieve economic growth in a completely different way. Exceptional turnover growth and job creation, and resilience to the economic crisis make creative industries attractive for investment at both the private and public levels. With this in mind, in 2019, the United Nations (UN) General Assembly declared 2021 the International Year of the Creative Economy for Sustainable Development. This nomination has become a kind of sign of recognition of the creative industry as the future of generations. Taking this into account, we consider creative industries to be a strategic direction for improving competitiveness, productivity, employment and sustainable economic growth. Therefore, it is fair to consider the results of the study presented for consideration as relevant and timely.

Analysis of recent studies and publications. Generalization of the scientific heritage on these issues gives grounds to assert that the main works in this area were the works of a member of the UN Creative Economy Advisory Council D. Hawkins [1], economist and sociologist R. Florida [2] and the World Bank expert C. Landry, who saw creativity as an attribute of the successful development of the new economy [3]. The main achievement of these authors is that on the basis of their theories, we can describe the creative economy as a system that consists of a creative city, a creative class and creative industries.

The works of Ukrainian researchers also cover quite widely various aspects of the development of this sphere. So, in particular, the problems and prospects for the development of creative industries are reflected in the works of scientists of the Institute of regional studies named after M. I. Dolishniy of the National Academy of Sciences of Ukraine S. Davymuk, L. Fedulova [4], which developed proposals for the formation of state cultural policy and mechanisms for its implementation, conceptualized the directions of forming creative clusters and creating an innovative ecosystem, etc.

The authors O. Bochko, O. Maletska, N. Tsitska, O. Kapral in their study on the digital economy, offer a polygonal model of the competitiveness of countries in terms of indicators of the competitiveness of digital economies, focusing on the development of creative industries, representing the future of the economy and the population [5, p. 572-580]. N. Havrylenko, O. Hryshchenko, studying tax incentives, note the need to introduce special tax regimes for the creative sector [6, p. 73-79]. Another author T. Nestorenko devoted her work to education and focused on the «superstar economy», in particular on shifting the poles towards creativity, behind which the scientist sees the future of «superstar teachers» [7, p. 8-15]. Similar conclusions are drawn by N. Vasylchuk, O. Kuzmenko [8, p. 25-28]; Bakhov I, Boichenko E., Martynovych N., Nych T., Okolnya T., Vinnychenson V. [9, p. 25-28], who note changes in priority in the market infrastructure «from production to human potential».

However, despite the comprehensive popularity and indisputable effectiveness of the development of this sector of the economy, the scope of theoretical and methodological knowledge and applied tools for assessing their impact on the development of other sectors of the economy remains quite limited today. To this day, a single terminology has not been formed, and there are no clear mechanisms for the development of this model of economy in the national economy. For decades, the concept of «creative economy», not only in Ukraine, but in Europe, remains incomplete, due to the ambiguity of scenarios for future socio-economic development, which are the focus of cultural and economic policy. All this makes it necessary to conduct further research.

Formulation of the article’s goals (articulation of the problem). The purpose of the article is to identify current trends in the development of creative industries and outline their impact on the national economy. Based on the purpose, the following tasks were set and solved: individual socio-economic indicators were analysed, in particular, the dynamics and structure of the GVA and employment of creative industries in Ukraine in 2013-2020, key trends in the development of creative industries and their impact on the national economy were identified.
Presentation of the main material of the study.
First of all, it is worth noting that in 2018, the law of Ukraine «On culture» was amended, namely, the definition of «Creative Industries» was fixed. According to the law of Ukraine on amendments to the law of Ukraine «On culture» regarding the definition of the concept of «creative industries», these are defined as types of economic activity, the purpose of which is to create value added cost and jobs through cultural (artistic) and/or creative expression, and their products and services are the result of individual creativity» [10]. A year later, by the order of the Cabinet of Ministers of Ukraine No. 265-p dated April 24, 2019 «On approval of types of economic activities related to creative industries» the list of economic activities related to creative industries was determined. These include, in particular: folk art and crafts; visual art (painting, graphics, sculpture, photography); performing art (live music, theatre, dancing, opera, circus, puppet theatre); literature, publishing activities and print media; auditory art; audio-visual art (film, television, video, animation, cartoons); design; fashion; new media and information and communication technologies (software, video games, digital technologies in art such as 3D printing, virtual, augmented, mixed reality); architecture and urbanism; advertising, marketing, public relations and other creative services; libraries, archives and museums [11].

Thus, the adopted norms can be considered a reference point in the development, or rather in monitoring the development of creative industries, since the application of the adopted list of economic activities contributed to determining their contribution to the gross domestic product of the state; fixing trends in employment; in the production sector by tracking the number of enterprises and their turnover, etc. Generalization of the existing information and analytical base allows us to establish the main trends in the development of creative industries, the key of which is the steady dynamics of increase in gross value-added cost (hereinafter referred to as the GVA) (fig. 1), the number of employees, the volume of import and export of goods produced by the creative sector.

Based on the figure, it can be seen that GVA of creative industries in Ukraine is growing rapidly. Thus, in 2020, value added for the production costs of business entities in the field of creative industries amounted to UAH 132.4 billion, which is equal to 4.2% in the structure of the GVA of Ukraine. This is UAH 15 billion more than in 2019 (UAH 117.2 billion) and almost twice as much as in 2018 (UAH 97 billion, respectively). It is worth noting, that during 2013-2019, about half of the total GVA of creative Industries was computer programming, and in 2020 this figure reached 54% (UAH 63.7 billion). The structure of GVA is shown in (Fig. 2).

Thus, the adopted norms can be considered a reference point in the development, or rather in monitoring the development of creative industries, since the application of the adopted list of economic activities contributed to determining their contribution to the gross domestic product of the state; fixing trends in employment; in the production sector by tracking the number of enterprises and their turnover, etc. Generalization of the existing information and analytical base allows us to establish the main trends in the development of creative industries, the key of which is the steady dynamics of increase in gross value-added cost (hereinafter referred to as the GVA) (fig. 1), the number of employees, the volume of import and export of goods produced by the creative sector.

Based on the figure, it can be seen that GVA of creative industries in Ukraine is growing rapidly. Thus, in 2020, value added for the production costs of business entities in the field of creative industries amounted to UAH 132.4 billion, which is equal to 4.2% in the structure of the GVA of Ukraine. This is UAH 15 billion more than in 2019 (UAH 117.2 billion) and almost twice as much as in 2018 (UAH 97 billion, respectively). It is worth noting, that during 2013-2019, about half of the total GVA of creative Industries was computer programming, and in 2020 this figure reached 54% (UAH 63.7 billion). The structure of GVA is shown in (Fig. 2).

The figure shows that along with computer programming, a great weight in the formation of the GVA of creative industries in Ukraine belongs to such types of activities as advertising and marketing (17%), audio-visual art (17%), architecture (4%), literature (3%), theatre (2%) and 1% - design. From the presented analysis, we concluded that it is necessary to pay attention to such sectors as design and performing arts, since, as foreign experience shows (presented in other publications of the authors), these areas have very great prospects for rising to higher levels and bringing more benefits to the national economy, in particular, through filling the state budget.

https://reicst.com.ua/pmt/issue/view/issue_3_2022
An analysis of employment in the creative sector allowed us to conclude that since 2013, this indicator has increased by almost 40% (Fig. 3).

In 2020, the number of employed employees of business entities of creative industries amounted to 360.3 thousand people — this is 4.0% of the total number of officially employed population in Ukraine. In 2019, creative industries managed to provide jobs for 352 thousand people, or 3.8% of those employed. For comparison, a year earlier 309.5 thousand employees were employed, and in 2013 – 252 thousand. It is worth noting that according to the graph (Fig. 3) approximation coefficient R² = 0.9886, which indicates a high reliability of the trend. In addition, the equation y=0.2024+2.3893 means a steady upward trend. Nevertheless, the impact of the Covid-19 pandemic staggered the stability of the trend in 2020 for all those indicated in the figure (Fig. 4) in sectors other than IT and architecture, the number of employees decreased compared to 2019 [13].

Thus, as of January 2021, more than 210 thousand employees were employed in the IT sector — this is 58% of all employees in the creative sector. Compared to the previous period, the number of employees here as a whole increased by almost 10%. Despite the negative impact of the pandemic, employment in creative industries is characterized by a relatively stable trend, but as in the case of the GVA, certain sectors need to be activated, including performing arts -3%, architecture – 5% and publishing rights –
For which reason we consider it necessary to continue the study that has been initiated, to focus on these sectors in order to revive their development.

Analysis of the volume of products sold in the creative industries allowed us to establish that despite the pandemic in 2019, there was an increase in sales from 2.7% to 3% in 2020, which in monetary terms amounted to UAH 333.9 billion. It was found that the largest increase was demonstrated in such sectors as design +33% and IT + 23% [14]. In other words, it can be argued that these sectors are the most resistant to external threats. In addition, more vulnerable and unstable areas of the creative industries have been identified, including concert and theatre activities, where the reduction in sales volumes due to Covid-19 amounted to -36% [14].

Analysis of the volume of products sold in the creative industries allowed us to establish that despite the pandemic in 2019, there was an increase in sales from 2.7% to 3% in 2020, which in monetary terms amounted to UAH 333.9 billion. It was found that the largest increase was demonstrated in such sectors as design +33% and IT + 23% [14]. In other words, it can be argued that these sectors are the most resistant to external threats. In addition, more vulnerable and unstable areas of the creative industries have been identified, including concert and theatre activities, where the reduction in sales volumes due to Covid-19 amounted to -36% [14].

Fig. 4. Structure of employees in the creative industries of Ukraine in 2020, share in %

Source: compiled by the authors based on the data of [13].

We also found out that in the commodity trade of creative industries, imports predominate over exports and this trend is stable. With regard to the export of services, the opposite situation has been established, that is, exports significantly exceed imports. In particular, in 2019, the export of creative goods amounted to USD 0.51 billion, at the same time, exports of services increased to USD 5.4 billion [14].

It is worth noting that in the overall structure of trade, creative goods do not play a significant role, they account for about 1% of exports and 1.5% of imports. On the other hand, at the beginning of 2020, there was an increase in exports of creative services, which accounted for 30% of total exports of services and 6.1% of imports [14]. In the context of creative sectors, export growth during 2020-2021 was demonstrated by information services +65%, audio-visual and related services +24%, computer services +21% advertising and marketing +11%. At the same time, exports of architectural, engineering and other technical services decreased by -21%, other services to individuals, cultural and recreation services decreased by -21%, and R&D decreased by -7% [14].

Preliminary theoretical and methodological study, together with the analysis of the main indicators of the development of creative sectors and key trends, allowed us to conclude that creative industries have a significant both direct and indirect impact on the national economy.

The direct impact of creative industries on the economy is manifested through an increase in output, which in turn should be equivalent in relation to the amount of additional final consumer spending of the general public administration sector on goods and services. Since creative industries simultaneously consume and supply goods and services from other industries, and also require an additional increase in their own intermediate consumption to produce the finished product, this leads to the formation of indirect effects of output growth due to the additional need for finished products or services.

In this regard, by increasing the output of industries, households engaged in manufacturing receive a higher income, which means an increase in their consumption. The impact of increased consumption is called induced. As an example, we can take the growth of value added created by creative industries by UAH 1, which causes an increase in gross value added in the economy by UAH 2.20. That is, an additional 1.20 UAH of added value was created. Of these, 72 kopecks are due to intermediate consumption (indirect impact) and 48 kopecks are due to additional household consumption (induced impact).
According to the State Statistics Service of Ukraine, the largest multipliers of gross value added are observed in libraries, museums, archives (4.31), architecture (3.72), publishing activities (3.32), design, photography, translation (3.06), audio-visual and auditory arts (2.90). That is, we see that despite the relatively low indicators of value-added cost in its overall structure, as well as employment and trade, these areas contribute to the growth of involvement from related industries, thereby creating a positive impact on the national economy as a whole.

Moreover, an increase in the final consumption of national management in creative industries by UAH 1 leads to an increase in gross value added by 88 kopecks. Investments in public relations, marketing, advertising (1.06), audio-visual and auditory arts (1.01), architecture (0.87), design, photography, translation (0.85), and programming (0.84) lead to the greatest increase in gross value added. On the other hand, the situation may differ if funds are spent not on consumption, but on capital investments, since they lead to the greatest economic growth. In particular, an increase in capital in the programming industry by UAH 1 leads to an increase in total GDP by UAH 3.2, while for other industries, this growth is close to UAH 2 [12].

Conclusions of the study and further prospects in this direction. The article solves the scientific problem of determining current trends in the development of creative industries and outlines their impact on the national economy. The completed scientific study allowed us to formulate a number of conclusions and proposals, the main ones of which are as follows.

The analysis of certain socio-economic indicators of the development of creative industries, such as the dynamics and structure of the GVA and employment in the creative industries of Ukraine for the period 2013-2020, allowed us to conclude that it is necessary to pay attention to such sectors as design and performing arts, since they account for the lowest values, both in the GVA and in employment. It is proved that during 2013-2020, about half of the total GVA of creative industries was from computer programming.

It has been reasoned that the Covid-19 pandemic has shaken the stability of the growth trend of employees in creative industries, except for IT and the architectural sectors. The analysis made it possible to identify the most vulnerable sectors of the creative industry, which included performing arts, architecture (despite its sustainability during the pandemic) and publishing business.

Analysis of the volume of products sold within the creative industries allowed us to establish that despite the pandemic in 2019, sales increased. In addition, it was found out that in the commodity trade of creative industries, imports predominate and this trend is stable. It is revealed that creative goods do not play a significant role in the overall structure of trade and account for about 1% of exports and 1.5% of imports, but have a steady growth trend.

Key trends in the development of creative industries are identified, the essence of which boils down to stable growth, both in terms of economic and social indicators, relative stability in relation to other types of economic non-creative activities, and their impact on the national economy is increased.

Given the above, further studies should focus on the activation of the development of performing arts (live music, theatre, dance, opera, circus, puppet theatre); literature, publishing and print media; architecture, since they have a great influence on the national economy due to their direct contact with the broad masses – the population and a close intersectoral connection with other industries.

REFERENCES:


