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Development of the creative sector of the world economy: trends for the future

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Abstract: The modern environment is characterized by the high speed of business processes, increased competition, increased requirements, and differentiation of consumer needs, and increasing complexity of technology, especially information and communication. The creative sector is the fastest-growing sector of the global economy, but it is also highly transformational in terms of income and job creation. Therefore, solving the problem of building an effective business model, the basis of which is knowledge, creativity, holistic innovation, and organizational abilities, requires exceptional attention. The article aims to theoretically analyze the creative sector of the economy and its impact on the development of the world. The article used methods of comparison and analytics, synthesis of information, processing, and analysis of statistical. As a result of the research, it was revealed that the best results in the sphere of creativity and innovativeness are shown by economically highly developed countries. It was found that the qualitative economic growth of countries is provided by the profitability of the creative industries activity. The need to identify the needs and opportunities contributing to the prosperity of the creative sector of the economy based on the identified trends has been highlighted based on the researched information. It has been determined that the necessary relevant professional qualities of specialists of the future primarily include the abilities involved in the creative industries, namely: creativity, originality, and innovativeness. The conclusion noted that creativity and creative industries are trends of the future for employment, culture, and the well-being of states as a whole. That is, it is important to analyze the creative industries as one of the main environments for the subsequent rise of the economy, enrichment of well-being, and quality of life of society.

Keywords creative economy, creative industries, innovativeness, economic well-being, business development.

Introduction

The post-industrial era brings forward new conditions for the prosperity of the economy of any country. Today it is a comprehensive diffusion of technology and innovation, digitalization, and dynamic strengthening of the role of creative and intellectual components of goods and services. Intellectual capital plays the main role in the conditions of formation and realization of the modern paradigm of development of the real economy, in which the main factors of production, competition, and profit become not only natural, financial, and material resources but also to a greater extent information and intellectual ones. In recent decades, the view has spread that the cultural and creative sectors can have both direct and indirect influence on the state economy by organizing jobs, fostering innovation, and ensuring social sustainability. Investment in knowledge outpaces investment in physical capital, and knowledge, skills, and innovation capabilities are becoming key to growth. At the same time, digitalization entails changes in business models, consumption, and content creation.

Research Problem

The topic of creative industries is a relatively new item on the international economic development agenda. However, there is growing awareness that they can have a positive impact on the economy directly or indirectly through organizing jobs, encouraging innovation, and promoting social development.

Research Focus

The attention of contemporary scholars is increasingly focused on the formation of a creative economy, namely the acceleration of its development processes and the integration of cultural and creative industries into the economic plans of the business.

Research Aim and Research Questions

The purpose of this article is to theoretically analyze the creative sector of the economy and its impact on the development of states.

Research Methodology

General Background

Based on methods of comparison and analytics, synthesis of information, processing, and analysis of statistical indicators, the direction of growth of the creative economy, and the need to invest in it were identified.

Literature review

The changes in the world economy have entailed the transformation of the creative economy into a new degree of qualitative development, which has many innovative potentials for the growth of the economic and social status of society.

Howkins (2001) argues that the knowledge economy, innovation, and achievement are part of the creative economy. It includes 15 areas: advertising, architecture, publishing, R&D, visual arts, crafts, fashion, performing arts, film, software, toys, television and radio, music, video games, and design.

The economy becomes smart through more dynamic operations, competitive performance, and innovative entrepreneurial activity (Balaceanu et al., 2017).

In a creative economy, the source of competitive advantage is intangible assets (intellectual capital, knowledge, creativity, and innovation). The creative economy is at the intersection of creativity, culture, economy, innovation, and technology, combining three vectors of development: creative people, creative communities, and cultural and creative sectors (Privitera et al., 2020).

Creative industries lay in individual creativity, skill, and talent through the initiation and implementation of intellectual property, form wealth, and jobs (DCMS, 2001). Creative industries are drivers of innovation that can create economic value because they potentially impact other sectors of the economy. Creative industries sectors include advertising, design, fashion, game development, crafts, video, photography, and performing arts.

The European Parliament (2016) reveals creative industries as “industries based on cultural values, cultural diversity, individual and/or collective creativity, skills and talents that have the potential to generate innovation, wealth and jobs through the formation of social and economic value, in particular from intellectual property”.

Today's economy is based on the use of imagination, creative energy, and knowledge to create new ideas and value. Creative industries are an exceptional part of the economy created by the spread of mass contact and globalism and are divided into two types: cultural and intellectual industries (Dronyuk, Moiseienko & Greguš, ml., 2019).

Cultural and creative industries are characterized by features such as: knowledge-intensive, based on individual creativity and talent, generating significant economic wealth, and preserving identity, culture, and values.

Research Results

Due to its broad scope, the definition of cultural and creative industries is the subject of extensive discussion by researchers in different countries. There is no precise common definition to identify these industries, nor is there a precise list of sectors that are considered part of them.

The diversity of the classification of creative industries is controversial in scholarly research in terms of measurement, but such a list includes activities for which creativity is defining. According to various approaches, the list of such industries includes: 13 types (DCMS, 2009), 14 types (WIPO, 2003), 15 types (European Parliament, 2016), 18 types (UNCTAD, 2010).

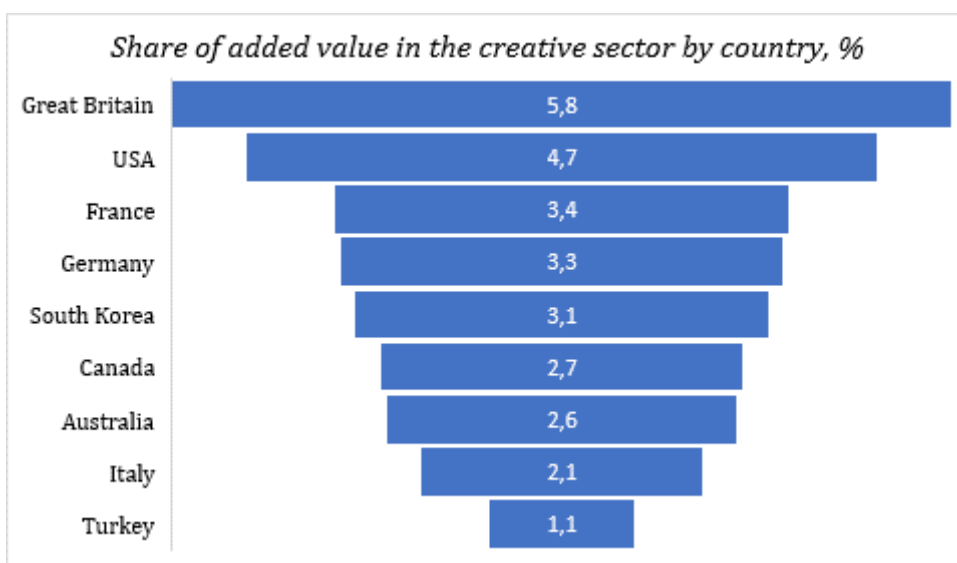
The largest creative economy organizations are in the EU countries and make up the majority of the creative market in the world. Companies from six European Alliance countries (Italy, Spain, France, Sweden, Germany, and the United Kingdom) form more than 600 creative businesses (European Alliance, 2021).

The steadily growing global market for creative goods and services offers new opportunities for countries to better integrate into the global economy and benefit from new trends.

We propose, by measuring the labor share and the value-added share, to compare their contribution to economies in 2020 (see Figures 1 and 2).

Figure 1

Share of added value in the creative sector by country, %



Source: formed based on (OECD, 2020).

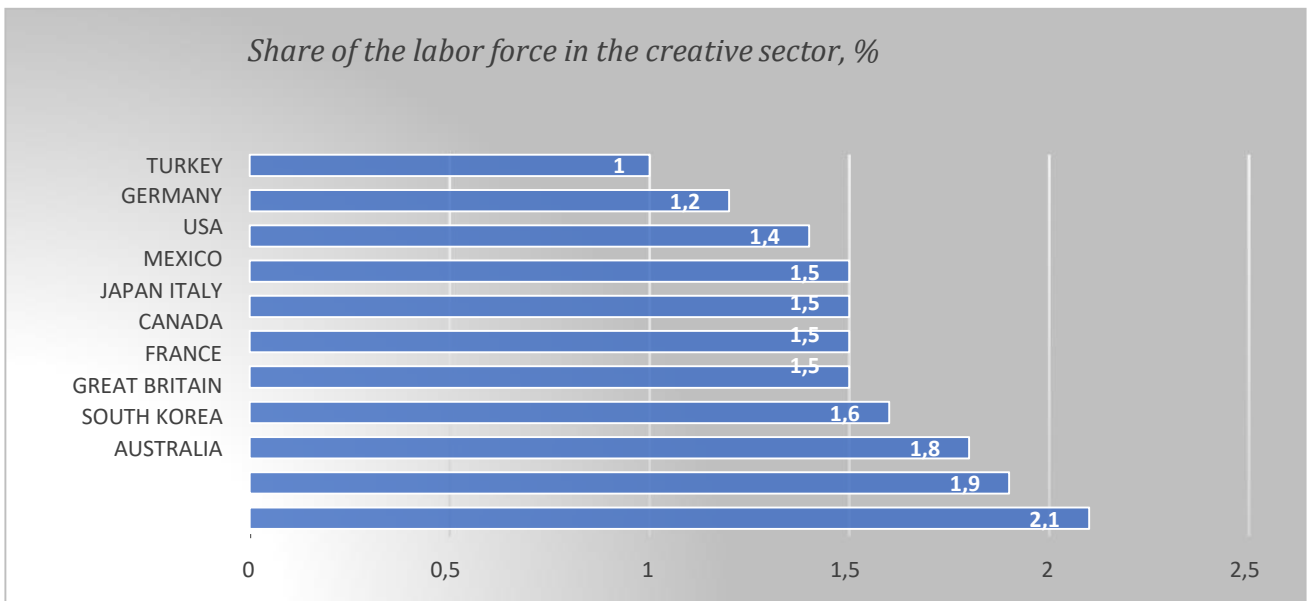
It is important to note that the creative sector accounts for more than 3% of added value in the gross domestic product in South Korea, Germany, France, the United States, and the United Kingdom.

The creative economy has both trade and cultural value. Confirming this dual value is the expansion and development of their creative economies as part of the economic diversification strategies and efforts by governments around the world to promote economic growth, prosperity, and well-being (Trunov and Malchenyuk, 2018).

According to a study by the European Commission, the cultural and creative industries in the EU attract 7.5 percent of the total employed population and that is more than 12 million people. They are an important contributor to the economy, providing 5.3% of the EU's total gross value added and another 4% of the EU's nominal GDP generated by high-tech industries (Austrian Institute for SME Research and VVA Europe, 2016).

More than 30 million jobs worldwide are generated in the creative sector (European Commission, 2021).

Figure 2
Share of the labor force in the creative sector, %

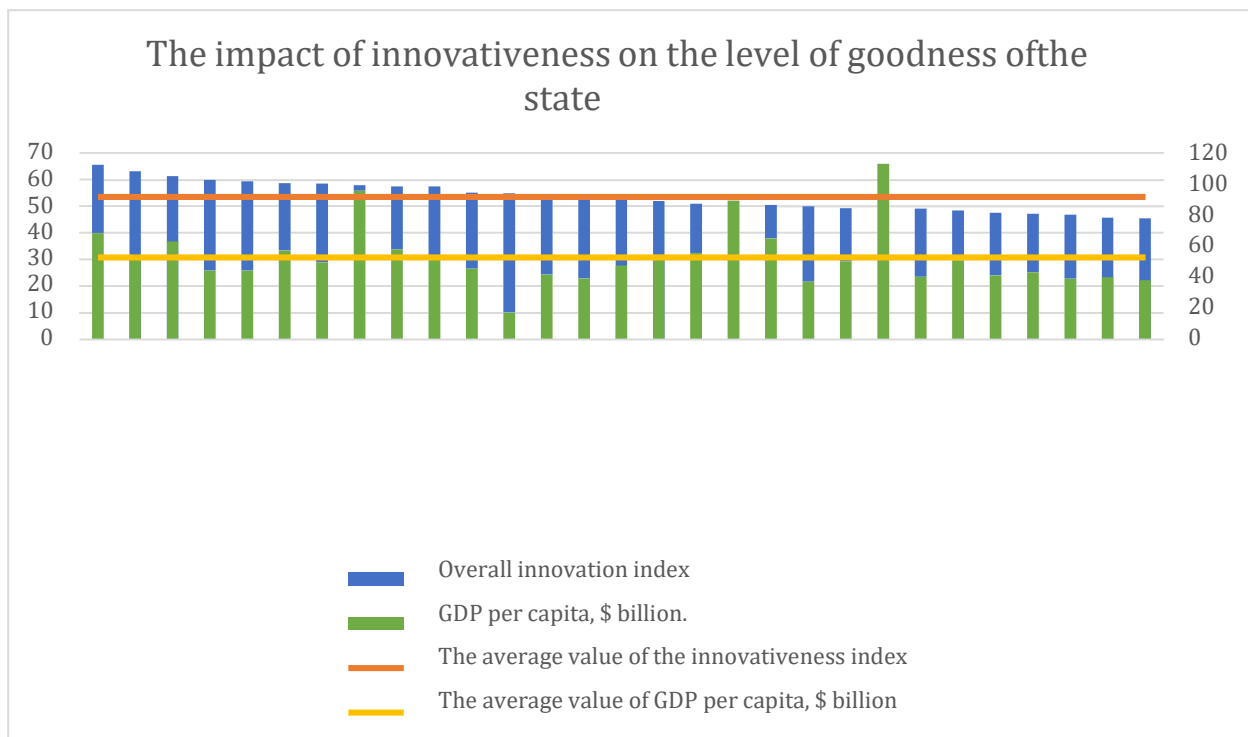


Source: Formed by the data (OECD, 2020).

The contribution of talented people to the creation of added value is the greatest in developed economies, they have the ability to produce unusual ideas and thinking outside the box.

We propose to compare the conditions for investing in the creative sector through the social state, the degree of creativity, and innovativeness in the country. In figure 3 we can compare the level of GDP per person and the global index of innovation, demonstrating the use of the country's potential in the sphere of innovation, creativity, and technology.

Figure 3
The impact of innovativeness on the level of goodness of the state



Source: Developed by the Global Innovation Index (2021)

In Figure 3 we can see lines showing the average data of the level of GDP per person and the average level of the global innovation index among the countries under consideration. The highest levels of the innovation index and the level of GDP per person are in the most progressive countries. The value of the indices below the average GDP per person line indicates the untapped potential for innovation and creativity. China remains the only middle-income economy among the 30 most innovative economies in the world.

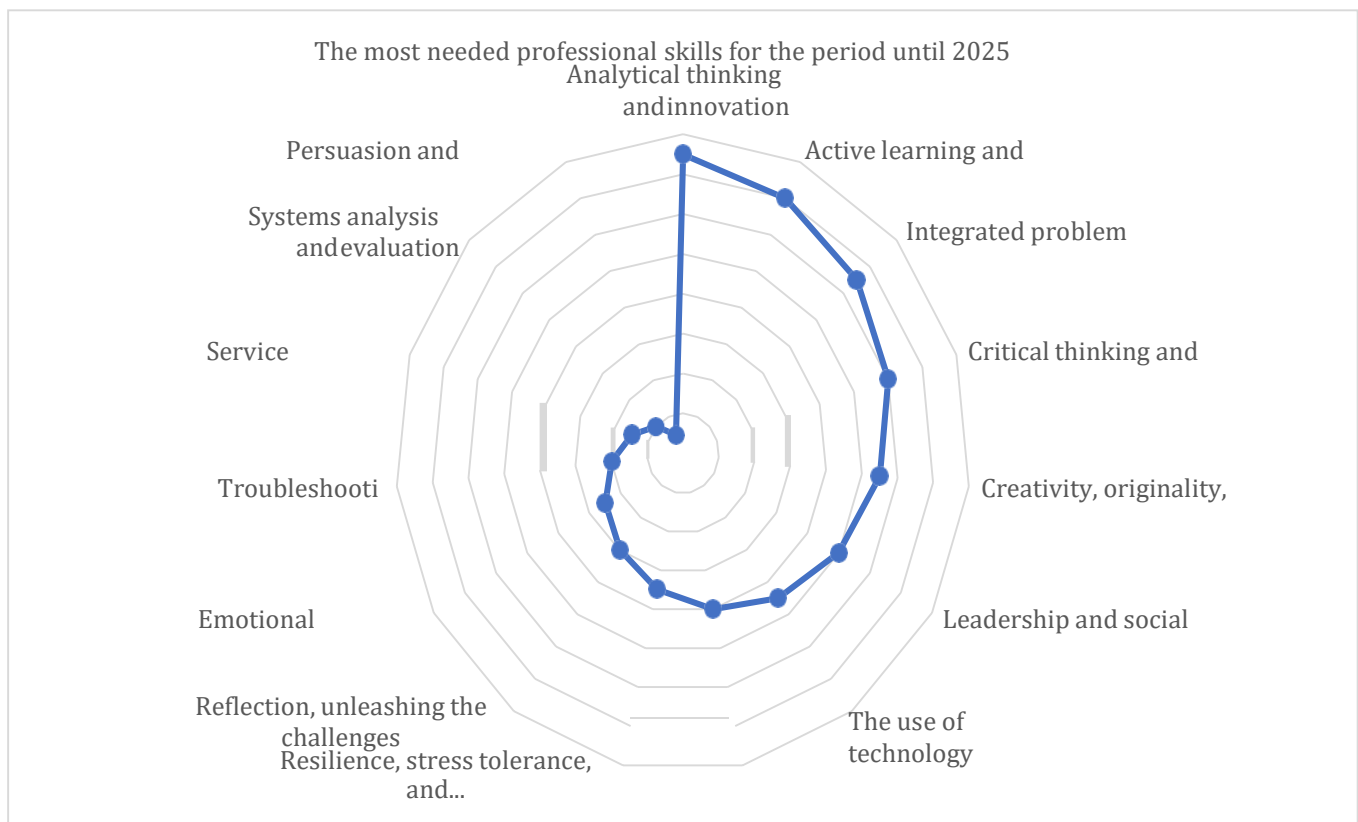
The data analyzed point to a link between creativity and innovativeness. Supporting and encouraging the growth of the creative sector through the development of human capital, the potential of knowledge-intensive and creative industries significantly affects changes in the innovation environment and the economic and social well-being of the population of states. Therefore, it is necessary to create conditions to strengthen the ecosystem of the creative economy by joining a wide range of participants: creators, startups, universities, scientific institutions, the state, and public and private finance.

Discussion

Consequently, the economy of creativity is based on a set of relationships formed by human talents, innovative ideas, and new knowledge aimed at solving the problems of society. Innovation is increasingly seen as the result of two potential factors: scientific activity and creativity. Recent research at the enterprise level has shown that it is the combination of both factors that maximizes innovation in U.S. cities (Rodríguez-Pose & Lee, 2020). A report by the World Economic Forum (WEF, 2020) identifies future labor market trends influenced by technological advances and changing job demands and skill demands. As a result of the acceleration in the introduction of new technologies in business, 15 skills are needed, much of which is related to activities in the creative sector of the economy (see Figure 4).

Figure 4

The most needed professional skills for the period until 2025



Source: developed by the author based on (WEF, 2020).

According to employers, skills such as critical thinking and analysis, complex problem-solving, self-management skills, active learning, resilience, stress tolerance, and flexibility will be increasingly in demand by 2025 (WEF, 2020).

Another current trend is the proliferation of trade in creative goods and services (Ochoa & Ramírez, 2018; Landoni et al., 2020). Creative goods exports increased from \$419 million in 2010 to \$524 million in 2020, and services increased from \$487 billion to nearly \$1.1 trillion over the same period. Creative goods exports have suffered from the COVID-19 pandemic and lockdowns worldwide. It is down 12.5% in 2020, while exports of all goods are down only 7.2%. However, preliminary data shows that in 2021, creative exports began to rebound and surpassed 2019 levels. The share of creative services exports in total services exports also increased from 12.3% in 2010 to 21.4% in 2020 (UNCTAD, 2021).

Coordinating activities, diagnosing progress, and leveraging resources to expand the creative sector will be critical to the successful achievement of strategic goals not only of individual businesses but also of the UN Sustainable Development Goals.

Overall it can be concluded that the creative sector has the potential not only to strengthen the spread of value chains around the world, increase digital adoption among creative businesses, stimulate exports of cultural goods and creative services, and promote accountability through local engagement and sustainable development needs.

Conclusions and Implications

It should be noted that the creative economy contributes significantly to the achievement of inclusive and sustainable development of society, as well as generating non-monetary value and promoting dialogue and understanding in society. It is a powerful sector of the economy, forming more than 3% of the gross domestic product in the world, which is strengthened by the rapid rise of digitalization and creative services. The analyzed figures of innovative activity and the share of attracted workers in creative industries allow us to conclude that it is highly developed countries that demonstrate the best indicators of innovativeness and creativity. The presence of a significant number of global challenges of our time has a significant impact on the production and flourishing of creative industries, namely: digitalization, e-commerce platforms, the future labor market, access to distribution networks, and intellectual property rights. Therefore, these and other problems require more careful study as a basis for the innovative competitiveness of states in the world market.

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