

CREATIVE INDUSTRIES AND THEIR ROLE IN UKRAINE'S ECONOMIC SYSTEM

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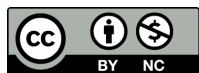
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Abstract. In 2019, the United Nations General Assembly declared 2021 the International Year of the Creative Economy for Sustainable Development, recognizing the growing role of the creative industry in the economic development of both developed and developing countries. The importance of CI, which lies at the crossroads of art, business and technology, is constantly growing, they have become a strategic direction for increasing competitiveness, productivity, employment and sustainable economic growth (UNCTAD 2019). Creative industries are types of economic activities aimed at creating added value and jobs through cultural (artistic) and / or creative expression, respectively, their products and services are the result of individual or joint creativity, skills and talent. These economic activities include activities that are directly related to the creation of a creative product. At the same time, a significant contribution to the creative economy is made by related areas that provide support, facilitate, service and/or enable the creation, production and distribution of a product generated by the creative industries. UNESCO has defined the creative industries as industries whose purpose is to “create, produce and commercialize creative content that are intangible and cultural in nature”. The main directions of creative goods export are Germany, the Russian Federation, Poland, Denmark, Belarus and Latvia. The largest suppliers of creative goods to Ukraine are China, Turkey, Poland, Germany and Italy. Over the last two decades, there has been a growing understanding of the importance of creative industries for society and the economy through the dissemination of concepts, ideas, skills, knowledge, which contribute to the development of innovation, technological progress, quality of life, etc. In particular, creative industries are important drivers of economic and social innovation in the economy. Creative industries contribute to the introduction of new ideas and technologies in other sectors, increase their productivity and competitiveness.

Keywords: creative economy, creative industries, economic and social innovations in economics.

JEL Classification: O35, O57, O14

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Introduction. In 2019, the United Nations General Assembly declared 2021 the International Year of the Creative Economy for Sustainable Development, recognizing the growing role of the creative industry in the economic development of both developed and developing countries, in order to draw attention to problems that hinder the development of creative industries (CI) and the opportunities that create these areas. The importance of CI, which lies at the crossroads of art, business and technology, is constantly growing - both at the national level and in comparison of the competitiveness of countries at the international level. They have become a strategic direction for increasing competitiveness, productivity, employment and sustainable economic growth (UNCTAD 2019) [1]. Exceptional growth in turnover, job creation and resilience to the economic crisis make the creative industries an attractive area for investment at both the private and public levels (UNCTAD 2004) [2]. On the other hand, the scope of knowledge about the economic role of CI and

their impact on the development of other sectors of the economy is quite limited and needs research.

Literature review. Although the term “creative industries” is becoming more commonly used, an analysis of the literature has shown that there are different approaches to its definition, and a single standard has not yet been presented. Thus, the Law of Ukraine “On Culture” [3] gives the following definition of creative industries: “Creative industries are types of economic activities aimed at creating added value and jobs through cultural (artistic) and / or creative expression”, respectively, their products and services are the result of individual or joint creativity, skills and talent.

Types of economic activities belonging to the creative industries are defined by the order of the Cabinet of Ministers of 24.04.2019 № 265-r “On approval of types of economic activities belonging to the creative industries” [4].

Aims. The purpose of the research lies in defining the determinants of strengthening the competitiveness of the Ukrainian economy and factors, on the contrary, inhibiting it.

Methods. The methods of economic and statistical analysis, analysis and synthesis, formalization, axiomatic method, system analysis have been applied in the course of studying the matter of discussion.

Results. The authors grouped the types of economic activity in 12 key sectors of the creative industries (Table 1). It is necessary to note that the grouping of KVED into sectors is quite conditional, as the level of KVED detail does not always allow to cover and take into account the specifics of the sectors.

These economic activities include activities that are directly related to the creation of a creative product. At the same time, a significant contribution to the creative economy is made by related areas that provide support, facilitate, service and/or enable the creation, production and distribution of a product generated by the creative industries.

For the objectivity of the study, we will analyse the approaches to the definition of CI in other countries. Thus, UNESCO has defined the creative industries as industries whose purpose is to “create, produce and commercialize creative content that are intangible and cultural in nature”.

As the research [8] shows, although the approaches are essentially similar, they still differ in the methodology for defining creative industries (Table 2).

Thus, the methodology of Poland, Turkey and Eurostat, in general, is based on the report [6] of the European Network of Statistical Systems on Culture (ESSnet-Culture) in 2012. The report identifies areas that belong entirely to the field of culture, mainly or partially. Usually countries refer to the sphere of culture those activities that entirely and chiefly belong to the categories. But still there are differences between the statistics of countries.

The Statistical Office of the United Kingdom identifies a separate group of economic activities - Creative Industries, Digital Sector, Cultural Sector, Telecommunications, Gambling, Sports and Tourism (CCMS) [7]. In part, these

sectors intersect: Creative sector includes the Cultural sector and intersects significantly with the Tourism and Digital sectors.

Table 1. Key sectors of creative industries by types of economic activity

CI sector	KVED	Economic activity
Architecture and urban planning	71.11	Activities in the field of architecture
Audio art	59.20	Publication of sound recordings
	60.10	Activities in radio broadcasting
Audio-visual art	59.11	Production of movies and videos, television programs
	59.12	Composition of movies and videos, television programs
	59.13	Distribution of movies and videos, television programs
	59.14	Demonstration of movies
	60.20	Activities in television broadcasting
Libraries and cultural monuments (archives, museums, etc.)	91.01	Functioning of libraries and archives
	91.02	Functioning of museums
Production of musical instruments	32.20	Production of musical instruments
Production of jewellery	32.12	Manufacture of jewellery and related articles
	32.13	Manufacture of bijouterie and related articles
Visual art	74.20	Activities in photography
	90.03	Individual artistic activities
Design	74.10	Specialized design activities
Literature, publishing, print media	58.11	Literature, publishing, print media
	58.13	Publishing of books
	58.14	Publishing of newspapers
	58.19	Publishing of magazines and periodicals
	74.30	Other publishing activities
New media and IT	58.21	Release of computer games
	58.29	Release of other software
	62.01	Computer programming
	62.02	Consulting on informatization
Advertising, marketing, PR	63.91	Activities of news agencies
	70.21	Public relations activities
	72.20	Research and experimental development on social sciences and humanities
	73.11	Advertising agencies
	73.12	Mediation in advertising in the media
Performing arts	85.51	Education in sports and recreation
	85.52	Education in the field of culture
	90.01	Theatrical and concert activities
	90.02	Activities to support theatrical and concert events
	90.04	Functioning of theatre and concert halls

Created according to data [5,8]

It should be noted that the formal comparison of economic activities does not always fully characterize the methodological differences in the definition of creative industries between countries. Canada, in particular, defines economic activities

related to culture more broadly and in detail (at the level of the 6-digit North American industry classification system), but within these codes limits activities only to creative goods and services. For example, creative industries include light industry, but only within crafts.

The United States distinguishes the arts and creative industries at the level of 8 classification marks of the standard industry classification, which gives a more accurate definition, but at the same time complicates comparisons between countries.

The contribution of creative industries to Ukraine's economy is growing rapidly. The number of economic entities (EEs) gradually increased in all sectors of the creative industries during 2019-2020; despite quarantine measures in 2020, the registration of new EEs and the opening of new businesses did not stop.

In 2019, the gross value added of creative industries amounted to 117.2 billion UAH (or 3.95% of total value added). In total, in 2019, CIs employed 352 thousand people, or 3.8% of employees, and compared to 2013, the growth was almost 40% [8, 9].

In absolute terms, the largest increase in the number of EEs showed the following TOP-5 sectors:

- new media and IT (+54 237 EEs, or + 40% as of the date 01.04.2021 compared to 01.04.2019);
- advertising, marketing, PR (+4 569 EEs, or + 24% as of the date 01.04.2021 compared to 01.04.2019);
- design (+2 734 EEs, or + 51% as of the date 01.04.2021 compared to 01.04.2019);
- audio-visual art (+1 244 EEs, or + 24% as of the date 01.04.2021 compared to 01.04.2019);
- visual art (+1 192 EEs, or + 22% as of the date 01.04.2021 compared to 01.04.2019) [9].

In absolute terms, in 2020 the largest increase in the declared income of EEs CI showed the following sectors:

- new media and IT (+46.6 billion UAH, or + 26.2%);
- advertising, marketing, PR (+2.9 billion UAH, or + 5.3%);
- design (UAH +1.1 billion, or + 31%) and visual arts (+0.3 billion UAH, or + 15.7%).

The largest decrease in the declared amount of income occurred in the following sectors:

- audio-visual art (-2.8 billion UAH, or -8.1%);
- performing arts (-0.9 billion UAH, or - 17.2%),
- literature, publishing, print media (-0.35 billion UAH, or -3%)
- production of jewellery (-0.12 billion UAH, or -12%).

It can be concluded that these sectors have suffered the greatest losses from the introduction of quarantine measures. In 2020, businesses in the creative industries paid taxes in the amount of 26 billion UAH - nominally 15.8% more than in 2019 [9].

Table 2. Differences in approaches to the CI definition

KVED	Economic activity	Ukraine	Great Britain		Germany	Poland	Canada	the USA
		Creative Industries	Creative Sector	Cultural Sector	Cultural and Creative Industries	Creative Industries	Culture	Art and Culture
32.12	Manufacture of jewellery and related articles							
32.13	Manufacture of bijouterie and related articles							
32.20	Production of musical instruments							
58.11	Publishing of books							
58.13	Publishing of newspapers							
58.14	Publishing of magazines and periodicals							
58.19	Other publishing activities							
58.21	Release of computer games							
58.29	Release of other software							
59.11	Production of movies and videos, television programs							
59.12	Composition of movies and videos, television programs							
59.13	Distribution of movies and videos, television programs							
59.14	Demonstration of movies							
59.20	Publication of sound recordings							
60.10	Activities in radio broadcasting							
60.20	Activities in television broadcasting							
62.01	Computer programming							
62.02	Consulting on informatization							
63.91	Activities of news agencies							
70.21	Public relations activities							
71.11	Activities in architecture							
72.20	Research and experimental development on social sciences and humanities							
73.11	Advertising agencies							
74.10	Specialized design activities							
74.20	Activities in photography							
74.30	Provision of translation services							
85.51	Education in sports and recreation							
85.52	Education in culture							
90.01	Theatrical and concert activities							
90.02	Activities to support theatrical and concert events							
90.03	Individual artistic activity							
90.04	Functioning of theatre and concert halls							
91.01	Functioning of libraries and archives							
91.02	Functioning of museums							

Discussion. The role of creative industries is growing in Ukraine's international trade, in particular in trade of services. Exports of creative services (30% of total exports of services) are growing rapidly. Compared to 2013, exports of creative services increased by 68% to 5.4 billion dollars. The United States prosper due to the rapid growth of computer services, while exports of other services are still 36.7% less than in 2013 [8].

The main directions of creative goods export are Germany, the Russian Federation, Poland, Denmark, Belarus, Latvia. The largest suppliers of creative goods to Ukraine are China, Turkey, Poland, Germany and Italy.

Conclusion. Over the last two decades, there has been a growing understanding of the importance of creative industries for society and the economy through the dissemination of concepts, ideas, skills, knowledge, which contribute to the development of innovation, technological progress, quality of life, etc. In particular, creative industries are important drivers of economic and social innovation in the economy. They support innovation in many other sectors by providing creative ideas for new products, creative goods and services used in production processes, and marketing support for innovative products. Accordingly, creative industries contribute to the introduction of new ideas and technologies in other sectors, increase their productivity and competitiveness.

Author contributions. The authors contributed equally.

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