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Economic dimension in the field of culture: current state and prospects

Tetyana Stepanova

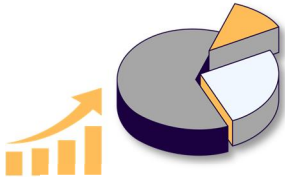
post-graduate student, Private Higher Educational Establishment “European University”, Akademika Vernads'koho Blvd, 16B, Kyiv, Ukraine, 03115, <https://orcid.org/0009-0002-4244-4374>

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Abstract. *The article focuses on the analysis of the role and importance of culture in the national economy, which is key to the formation of an effective policy of supporting the development of culture and creative industries (CCI) in the context of the economy. This process takes into account the best international practices, development and assessment of their ability to adapt to Ukrainian realities.*

The CCI sector is considered as a separate component of the economy, with a detailed analysis of the policies implemented in various countries to stimulate the growth of this sector. The article also provides the main economic indicators of culture as a part of the Ukrainian economy, and the final section contains recommendations for the formation of an effective policy for the strengthening and development of CCI in Ukraine.

Keywords: *CCI sector, culture, project, cultural heritage, economic development.*



Економічний вимір у сфері культури: сучасний стан та перспективи

Тетяна Степанова

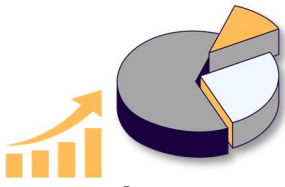
аспірантка, Приватний вищий навчальний заклад «Європейський університет»,
бульвар Академіка Вернадського, 16В, м. Київ, Україна, 03115,
<https://orcid.org/0009-0002-4244-4374>

***Анотація.** Стаття зосереджена на аналізі ролі та значення культури в національній економіці, що є ключовим для формування ефективної політики підтримки розвитку культури та креативних індустрій (ККІ) у контексті економіки. У цьому процесі враховано найкращі міжнародні практики, напрацювання та оцінку їхньої можливості адаптації до українських реалій.*

Сектор ККІ розглядається як окремий складник економіки, з детальним аналізом політик, впроваджених у різних країнах для стимулювання росту цієї сфери. У статті також наведено основні економічні показники культури як частини української економіки, а завершальний розділ містить рекомендації щодо формування ефективної політики для зміцнення і розвитку ККІ в Україні.

***Ключові слова:** Сектор ККІ, культура, проєкт, культурна спадщина, економічний розвиток.*

Problem setting. The purpose of the study is to analyze the peculiarities of the development of the modern cultural sphere and its impact and significance for a sustainable economy. Culture is a fundamental component of social life, which affects the formation of national identity, the development of social capital and the quality of life. However, in modern realities, culture also acquires economic importance, becoming an important element of economic development. This article discusses the current state of the economic dimension in the field of culture in Ukraine and the prospects for its development.



The economic dimension of culture covers a wide range of issues, including financing of cultural projects, the development of creative industries, the impact of culture on the economy of regions and the country as a whole. In Ukraine, this aspect is gradually coming to the fore, although there are many challenges.

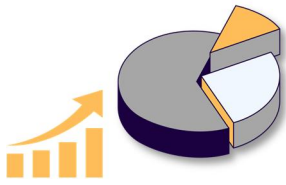
In the world, the cultural industry has long been one of the drivers of the economy. According to UNESCO, the creative industries generate more than \$2 trillion annually and provide jobs for more than 30 million people. They cover a wide range of areas: From music, film and literature to design, architecture and digital technology. Ukraine has significant potential for integration into this global market, but it is necessary to create favorable conditions for this.

Ukraine has a rich cultural heritage, which can become the basis for the development of successful projects. Historical monuments, traditional art, music, literature and gastronomy are the resources that can attract both domestic and international tourists. For example, Lviv has already established itself as the cultural capital of Ukraine, where numerous festivals are held annually, which bring significant income to the local economy.

In addition, modern Ukrainian culture is also actively developing. The success of Ukrainian cinema at international festivals, the growing popularity of Ukrainian music and literature indicate that the country has many talents that can compete on the world stage.

Analysis of recent research and publications. Ukrainian scientists, in particular N. Karasova [4], S. Kirizyuk [5], V. Mazurenko [6] and others, explore the features of innovative and creative development of modern civilization, which is considered as an alternative to post-industrial society. Abroad, a significant interest is aimed at studying the development of creative economy, in particular, determining the role of culture and creativity in its formation. The dynamics of cultural space, the impact of creative professions on the economy, mechanisms for financing creative industries, etc. are also actively analyzed.

Allocation of previously unsolved parts of the general problem.



The sphere of culture is an important component of social development, which not only forms the national identity, but also acts as a powerful economic factor. At the same time, one of the key problems remains the insufficient level of state support for culture. In many EU countries, the share of state financing of the cultural sphere is 1–2% of GDP, while in Ukraine this figure is much lower. This limits the opportunities for the development of cultural institutions, implementation of large-scale projects and investment attraction.

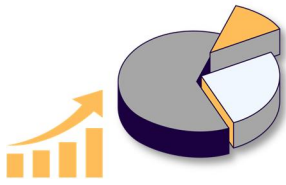
Another important problem is the low level of integration of Ukrainian culture into the world market. Although Ukrainian artists are increasingly taking part in international festivals and exhibitions, the export of cultural products remains underdeveloped. The reasons for this lie in the absence of systematic support for exports, weak branding of Ukrainian culture in the international arena and insufficient adaptation to the needs of the global market.

In addition, the rapid development of digital technologies poses new challenges to the cultural industry. On the one hand, digitalization opens up new opportunities for the spread of cultural products, on the other hand, it requires significant investments in technical support and training of personnel.

The economic dimension in the field of culture is an important element of the modern economy, which contributes to the creation of jobs, attracting investment and forming a positive image of the country in the international arena. The analysis of recent studies shows significant opportunities for the development of this sector in Ukraine, provided that existing challenges are overcome.

To realize the potential of the cultural industry, it is necessary to provide a comprehensive approach to its development: To strengthen state support, to intensify international cooperation and to implement modern digital technologies. This approach will allow not only to strengthen the economic component of culture, but also to make it an important factor in the sustainable development of society.

Presentation of the main research material. In today's context of globalization and digitalization, the cultural industry is increasingly integrating into the



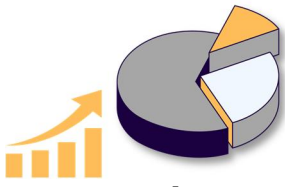
global economy, demonstrating significant potential for growth. Analysis of recent research and publications allows to assess the current state of the economic dimension in the field of culture and outline its prospects.

Today, culture is seen not only as a sphere of creativity and self-expression, but also as a sector that generates economic value. According to UNESCO, creative industries provide about 3% of world GDP, as well as create millions of jobs. In the European Union, the cultural sector is one of the most dynamic, surpassing in growth rates even traditional industries, such as construction or transport [3].

1. Economic indicators. Cultural and creative industries generate \$2250 billion in revenue and provide 29.5 million jobs. This exceeds the profits of telecommunications services (1570 billion dollars) and even India's GDP (1900 billion dollars). The largest revenues come from television (477 billion dollars), fine arts (391 billion dollars) and the press (newspapers and magazines, 354 billion dollars). 1% of the world's active population is involved in the cultural and creative industries sector. The main employers are the areas of fine arts (6.73 million employed), book publishing (3.67 million) and the music industry (3.98 million).

2. The Asia-Pacific region is a leading player in the KCI sector, generating \$743 billion in revenue (33% of total sales) and providing employment for 12.7 million people (43% of all industry workers globally). Europe and North America rank second and third in terms of development of this sector. Latin America and Africa, along with the Middle East, are in the fourth and fifth places, but their cultural and creative potential is quite significant.

3. The impact of cultural and creative content on the digital economy In 2022 on the sphere of KCI accounted for approximately \$ 200 billion in global sales of digital goods. At the same time, the production of cultural and creative content stimulated the growth of sales of digital devices with a total sales volume of \$ 530 billion for the same year. Advertising of cultural goods through online media and free web resources provided the digital sector with an additional income of \$ 21.7 billion.



In Ukraine, the economic dimension of culture is also becoming increasingly important. According to the research of the Ukrainian Cultural Foundation, creative industries provide about 4% of the country's GDP. The most developed segments are audiovisual products, it design, publishing and art crafts. However, despite the positive dynamics, the Ukrainian cultural industry faces a number of challenges: Insufficient funding, limited access to international markets, low digitalization and weak infrastructure development.

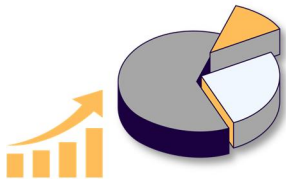
4. Cultural sphere: Youth, inclusiveness and entrepreneurship. In Europe, the cultural sphere is characterized by the high participation of young people aged 15–29 years, surpassing this figure in any other sector. A characteristic feature of this industry is also the advantage of small and medium-sized enterprises, as well as self-employed specialists. For example, more than half of Canadian game developers (53%) work as independent operators.

5. The role of culture in the attractiveness of cities. Now the development of creative and cultural industries is becoming an important tool of urban policy aimed at revitalizing economic activity in depressed areas and increasing the attractiveness of cities.

6. Creative industries and shadow economy. During the period of formation of the market economy, the volume of shadow sales of goods and services of cultural orientation in the world was estimated at 33 billion US dollars. At the same time, 1.2 million people worked in the “shadow” cultural sector.

The figures given in this text are based on modern methods of assessing relevant industries using national data. However, it should be noted that their completeness and quality vary significantly between countries. The level of demand for goods and services of cultural industries can be estimated to a certain extent due to such indicators as the population's spending on recreation and culture.

In 2023, the share of these costs averaged 8.5% of the total expenditure structure, which was about 710 billion euros or 6.6% of the GDP of the European Union [2].



This is equivalent to 1400 euros for each resident. Denmark (11.5%) and Sweden (11.0%) had the largest share of spending on recreation and culture, followed by Finland (10.5%), Slovakia (10.4%), the Netherlands (10.1%) and Austria (10.0%).

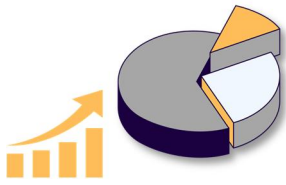
The lowest costs were observed in Poland (4.6%), Romania (5.8%), Ireland and Luxembourg (5.9% each), and Cyprus (6.0% each). It should be noted that cultural goods and services are unique in nature compared to other economic products. They contain "artistic, aesthetic, symbolic and spiritual values." Today, we are talking about four main models of cultural integration with the economy, given in Table 1.

Table 1

Culture and Economics: Four models of interconnection

Models	Interaction
Welfare model	Culture is not only an important social element, but also an economic category, the expediency of which is justified by its influence on general well-being. The production of cultural products, although of high value, often remains undervalued in the market aspect. State intervention here is justified by the idea of creating "public goods" or the theory of "market imperfections", which indicates the impossibility of the market to fully take into account the cultural value of such goods.
Competitive model	Culture is seen as part of the economy, and its dynamics directly affect economic processes. In this case, its economic effect on income and productivity is equated with other industries. From the point of view of state policy, culture is regarded as one of the sectors that can receive subsidies or not, on a par with other types of economic activity.
The growth model	Creative industries are seen as one of the drivers of economic growth, comparable to industrial enterprises in the middle of the last century. These industries create externalities that affect the productivity and competitiveness of other sectors, promote the spread of new ideas and technologies, and maintain a high scientific and technical level. Under such circumstances, creative industries need a special state approach because of their systemic impact.
Innovation model	Creative industries are more appropriate to interpret as part of the national innovation system than as a separate sector. Within the framework of this model, culture influences the economy from the point of view of the public good in a dynamic sense. It changes traditional economic processes, becoming the object of national innovation policy, which implies a special attitude and support of these industries for the long-term development of the national economy

Source: Author's own development



The economic dimension of culture in Ukraine is at the stage of unstable development due to active hostilities and lack of funds, but at the same time has significant potential for growth. One of the key areas of development is strengthening state support. This includes increasing funding for cultural projects, creating favorable conditions for investment in creative industries and developing grant support programs [1].

Another promising direction is the intensification of international cooperation. Ukraine has great potential for export of cultural products, especially in such segments as film industry, music and design. To do this, it is necessary to develop strategies for promoting Ukrainian culture abroad, as well as create platforms to support exporters.

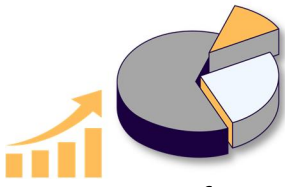
Digitalization is also one of the key development factors. Investment in digital infrastructure, creation of online platforms for the dissemination of cultural content and the introduction of new technologies (for example, virtual reality) can significantly increase the competitiveness of Ukrainian culture in the international market [6].

Creative industries such as film, music, design, art and publishing are among the most promising sectors of the economy. They not only contribute to the creation of new jobs, but also provide the export of cultural products. For example, Ukrainian film production has received international recognition in recent years, which opens up new opportunities for investment in this sector.

Culture plays an important role in the development of regions. Festivals, museums, theaters and other cultural events not only increase the tourist attractiveness of the regions, but also stimulate the development of local business. For example, Lviv has become one of the centers of cultural tourism in Ukraine due to the combination of historical heritage with modern cultural initiatives.

The main trends in the development of the sphere of creative industries (KCI) in Ukraine as a whole correspond to the global processes and demonstrate active dynamics in several key areas [1].

1. In the technological and economic aspects:



1.1. Information and communication technologies significantly reduce the cost and make cultural products and services more accessible to consumers. Thanks to the Internet, you can download almost any movie or virtually visit museums.

1.2. These same technologies reduce barriers for new players in the industry, including financial and organizational. For example, creating your own TV studio has become much easier and more accessible from the point of view of resources.

2. In the field of innovation, the development of start-ups is moving at a rapid pace, covering the field of KCI:

2.1. Development of projects in the field of information and communication technologies stimulates the emergence of new initiatives in the creative industry.

2.2. The development of startups in the fashion industry, the production of accessories and jewelry.

2.3. The appearance of projects related to “material” types of services, such as photo studios.

2.4. Formation of trends in support of local production (“buy Ukrainian”) and responsible consumption (“consume competently”), which affect the development of fashion and design.

3. In the field of cultural policy, Ukraine is guided by world trends:

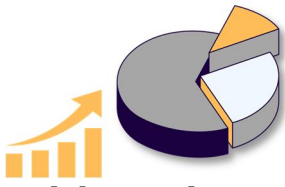
3.1. Introduction of state support for the promotion of national cultural product.

3.2. Emphasis on supporting Ukrainian language and Ukrainian products in various fields.

3.3. Inclusion of the development of creative industries in the priority tasks within the framework of the “long-term strategy for the development of Ukrainian culture” until 2025.

3.4. Supporting cinema as part of a comprehensive promotion of national cultural values.

A UNESCO study using data from the State Statistics Service of Ukraine for 2023 found that the contribution of the cultural industry to the country’s GDP is 4.04%,



and the employment rate in cultural institutions is 3.17%. These figures correspond to the average European value.

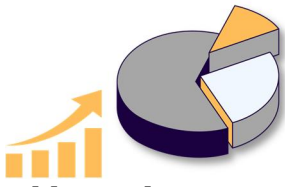
According to the UNESCO classification, cultural activities are divided into main and auxiliary areas, the share of which in the overall contribution of culture to GDP is 44% and 56%, respectively. The structure of the contribution shows that the largest share is occupied by architectural and engineering activities together with technical advice (15.5%), advertising (13.1%) and television industry in terms of software content and broadcasting (6.8%). Among the auxiliary spheres, telecommunications plays a major role: Wireless communication (26.3%) and wired communication (11.9%).

Cultural infrastructure is an important element of the socio-economic development of any country, because it forms the conditions for the preservation of national identity, the development of the creative potential of citizens and ensuring access to cultural goods. In 2023, Ukraine, despite the challenges of war and economic instability, took a number of steps to support and modernize its cultural infrastructure. Цей огляд аналізує ключові тенденції, проблеми та перспективи у цій сфері [2].

As of 2023, the cultural infrastructure in Ukraine includes a network of theaters, museums, libraries, cultural centers, cinemas, concert halls and other institutions. According to the Ministry of Culture and Information Policy of Ukraine, a significant part of these objects needs modernization or restoration. This especially applies to the territories affected by hostilities.

In regions where the situation is more stable, there is a gradual recovery of cultural institutions. For example, in large cities such as Kyiv, Lviv and Odesa, cultural events, exhibitions and festivals are actively held. However, in rural areas and small towns, access to cultural services remains limited due to insufficient funding and staff shortages [4].

Financing culture in 2023 remained a difficult issue. Due to the significant costs of defense and social support, the government was forced to limit budget allocations for culture. Nevertheless, several initiatives have been implemented to attract



additional resources. In particular, grants from international organizations such as UNESCO and the European Union were actively used.

An important aspect was also the growth of the role of creative industries in the structure of the economy. According to experts, the contribution of the creative sector to Ukraine's GDP was about 4% in 2023. This indicates the high potential of this area for creating jobs and stimulating economic growth.

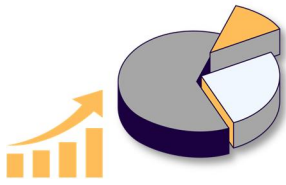
Despite positive developments, the cultural infrastructure of Ukraine faces a number of challenges:

1. Destruction of cultural objects due to war: In many regions of the country, significant damage or complete destruction of museums, theaters and libraries was recorded.
2. Insufficient funding: Budget funds are often not enough even for the basic maintenance of existing cultural institutions.
3. Personnel shortage: The war forced many cultural workers to change their place of residence or profession.
4. Information isolation: In some regions, due to infrastructure damage, there is no access to modern information technologies, which limits the possibilities for conducting online events.

Despite the difficulties, there are grounds for optimism about the future of Ukrainian culture. The government is developing strategies to rebuild the cultural infrastructure after the end of the war. In particular, it is envisaged to attract international aid for the reconstruction of destroyed objects [5].

Digitization of culture is also an important direction. In 2023, several online platforms were launched to promote Ukrainian art and literature abroad. This allows not only to preserve the cultural heritage, but also to integrate Ukraine into the world cultural space.

Another promising direction is the development of cultural tourism.



Despite the existing challenges, the economic dimension of culture has significant potential for further development in Ukraine. For this, it is necessary to take a number of strategic measures.

The primary task is to increase state funding of culture. This can be achieved both through a direct increase in budget expenditures and through the creation of special funds to support cultural initiatives [6].

Culture should become an integral part of the country's economic policy. This involves developing strategies for the development of creative industries, stimulating the export of cultural products and creating favorable conditions for entrepreneurship in the field of culture.

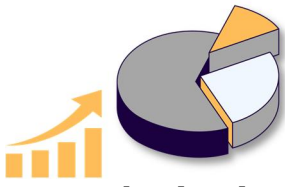
For the successful development of the cultural sphere, it is necessary to invest in education and personnel training. This includes both the development of traditional art schools and the creation of training programs in cultural project management and creative entrepreneurship.

In today's world, digital technologies open up new opportunities for popularizing culture. Online platforms for museums, virtual tours, streaming services for movies and music — all this allows you to expand the audience and increase the accessibility of the cultural product.

Conclusions. The economic dimension in the sphere of culture is an important factor in the development of modern society.

Cultural infrastructure in Ukraine in 2023 is in a difficult state due to the impact of war and economic challenges. However, thanks to the activity of the government, international support and the efforts of civil society, there are opportunities to restore and modernize this area.

Investments in culture will not only contribute to social stability, but will also become an important factor in the country's economic growth in the future. In Ukraine, this area has significant potential, which can be realized if proper attention is paid by the state, business and the public. Investing in culture is not only a contribution to the spiritual development of the nation, but also to its economic prosperity.



The development of cultural projects has a number of economic advantages:

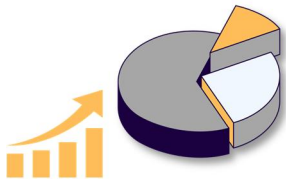
1. Attraction of tourists. Cultural events and festivals contribute to increasing the tourist flow. For example, the Odesa International Film Festival or the Atlas Weekend festival in Kyiv attract thousands of guests every year.
2. Creation of jobs. The cultural industry provides employment in various areas: from the organization of events to the production of souvenir products.
3. Investment attraction. Successful cultural projects can become a platform for attracting private investors or international grants.
4. Development of regions. Cultural initiatives contribute to economic revitalization in remote regions that are often overlooked by large investors.

Despite the significant potential, the development of cultural projects in Ukraine faces a number of economic problems:

1. Insufficient funding. State support for culture remains limited, and private investors often do not see a quick financial return in this area.
2. Low level of infrastructure. Many regions do not have adequate tourism infrastructure, which makes it difficult to hold large-scale events.
3. Lack of strategic planning. Often, cultural projects are implemented without a long-term strategy, which reduces their effectiveness.
4. Lack of educational programs. The training of specialists in the field of cultural management remains insufficient.

To overcome these challenges, it is necessary to take comprehensive measures:

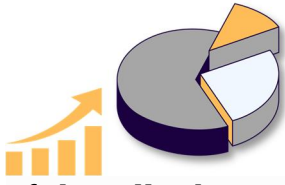
1. Increase in state funding. Investments in culture should be considered as a strategic direction of the country's development.
2. Support of the private sector. It is necessary to create incentives for businesses that invest in cultural projects, for example, through tax incentives.
3. Infrastructure development. Investments in roads, hotels and other tourist infrastructure facilities will contribute to an increase in visitors.
4. Education and personnel training. It is important to develop cultural management educational programs and support young professionals.



Cultural projects in Ukraine have significant potential for the country's economic development. They can become a source of income, create new jobs and strengthen the international image of the state. However, realizing this potential requires coordinated efforts of the state, business and civil society.

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