

THE RELATIONSHIP OF STATE INVESTMENTS IN THE SECTOR OF CCI AND THE LEVEL OF COMPETITIVENESS OF THE ECONOMY

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Summary

The article examines the relationship between public investment in the creative and cultural industries (CCI) sector and the level of competitiveness of the national economy. This study examines the influence of state-sponsored initiatives, including innovative projects, cultural programmes and creative start-ups, on a country's global economic competitiveness. It is established that investments in the cultural and creative industries have a dual impact on the national economy. Firstly, they facilitate the development of the cultural and educational spheres. Secondly, they have a significant impact on GDP growth, job creation, increase in export potential and attraction of foreign investment.

Particular attention is paid to the mechanisms of interaction between the public and private sectors for the effective implementation of investment programmes in the field of CCI. The article examines the various financing models and institutional approaches that can ensure the sustainable development of creative industries.

A substantial portion of the study is dedicated to an examination of international experiences with regard to investment in cultural and creative industries. In particular, the European Union, the United Kingdom, the United States, and the countries known as the "Asian Tigers" are taken as case studies. Based on a comparative analysis of these cases, the most effective instruments for supporting investments in the CCI sector and their impact on the competitiveness of national economies are identified.

Key words: public administration, social innovations, economic competitiveness, investment strategy, economic development, cultural capital, cross-sectoral cooperation, creative industries.

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1. Introduction

Today, the conditions of globalization and constant changes in the economic situation present the country with the task of ensuring stable and competitive development. One of the key factors affecting the efficiency of the economy is state investment in the sector of culture and creative industries. These investments play an important role in the formation and support of the cultural and creative sphere, and also have a significant impact on the competitiveness of the country's economy. Setting the problem in the context of the study of the relationship between state investments in the sector of creative and cultural industries (CCI) and the level of competitiveness of the economy is an important aspect of modern economic realities. With the development of globalization and digital technologies, the importance of innovation and creative approaches to managing the economy is increasing, which requires new approaches to

investment by the state. However, traditional economic models do not always take into account the potential of creative and cultural sectors as a driving force of economic growth.

The problem is that many countries still underestimate the impact of investments in CCI on the overall development of the economy, in particular on its competitiveness. The CCI sector not only generates new products and services, but also stimulates the development of other sectors through innovation, increased productivity and the creation of additional jobs. At the same time, the lack of systematic and strategic investments in this sector can lead to a loss of economic opportunities, a decrease in competitiveness on the world market, and a slowdown in economic growth. Another important issue is that creative and cultural industries often remain underfunded due to the instability and unpredictability of income in these industries. Many enterprises in this sector have limited access to financial resources, which hinders their development and the ability to compete at the international level. Thus, there is a need to develop special state programs that would promote investment in this sector, providing stable financing and support for innovative projects. The issue of institutional support from the state is also relevant, since without an appropriate regulatory and legal framework, infrastructure and mechanisms of public-private partnership, the implementation of investments in CCI may be ineffective. Insufficient coordination between government bodies, business and educational institutions reduces opportunities for integration of creative industries in the general strategy of economic development.

Therefore, the task arises to investigate how investments in CCI can contribute to increasing the competitiveness of the national economy, which investment tools and mechanisms are the most effective in this context, and how state initiatives can strengthen the role of creative industries in the country's economic development.

2. The state and cultural industries: the European context

Public support for the cultural and creative sectors is important because of the direct and indirect benefits they bring to the economy and society (*European Commission, 2018*). CCI generates creative results, creates jobs and provides tax revenues. Art and culture are effective means of combating marginalization, promoting social cohesion and promoting inclusiveness in society. In addition, they contribute to the improvement of people's well-being and health. Given the many benefits that CCIs offer, public support becomes key to effectively leveraging these benefits to drive growth and development (*Throsby, D., 2010: 35*). Public support promotes equitable access to cultural resources. This includes access to cultural resources for all (equality between generations within society – intragenerational equality), as well as the protection of cultural resources for future generations (intergenerational equality). Public support can also reduce barriers to entry into the cultural market. It can also support forms of cultural activity that are more difficult to monetize (or are generally part of the national security system – such as cultural heritage).

To write this article, it was decided to consider the EU countries, Great Britain, the USA, the countries of the Asian Tigers and Ukraine. Regarding the selection of countries for research, each of the selected countries has its own unique characteristics and features that make them representative for research within the framework of this topic. As one of the leading regional associations, the EU has a complex mechanism for budgeting and investing in cultural development, which makes it an interesting object of analysis. The US has one of the largest economies in the world and a developed cultural sector, which makes it possible to compare its approaches to cultural funding with other countries. China, Japan, South Korea, Singapore and Taiwan are known for their rapid economic developments and have a significant influence on the world cultural scene.

The selected countries have different economic, political and cultural contexts, which makes them representative objects for analysis in the context of the relationship between investment in culture and economic competitiveness. The key mechanism for funding art and culture for many centuries was the system of patronage and charity, with the advent of the printing press and other means of mass reproduction, art was learned to be used as a commodity that could be produced and consumed on a large scale, which in turn opened up additional opportunities for earning. However, this shift to the "commodification" of art and culture was partly based on market forces for which some forms of cultural production were not ready. Artists received support from wealthy individuals to create their creations, which then became the property of collectors or became available to the general public.

Table 1

Benefits for society

Factors	Description of factors	Examples
Economic factors	The arts create jobs and generate tax revenue. A strong arts sector is an economic asset that stimulates business, attracts tourists and expands the workforce and tax base. The arts have been found to be a successful and sustainable strategy for revitalizing rural, urban and poverty-stricken communities.	In Great Britain, the creative sector grew by 7.4% in 2019, outpacing the overall economy [DCMS Report, UK Government].
Educational resources	The arts cultivate new ideas and promote academic success by increasing academic achievement in a variety of subject areas. It provides the critical thinking, communication and innovation skills needed for a productive 21st century workforce.	STEAM (science and art) programs in the US show a 17% increase in student achievement in math [STEAM Education].
Health and well-being	Art promotes physical, mental and emotional health, facilitates healing processes and promotes well-being. Art therapy is a medically and cost-effective treatment tool for the elderly, children, and people suffering from trauma, including military personnel and veterans.	Art therapy programs in the US for veterans showed a 35% reduction in stress levels [National Center for PTSD]
Public catalysts	Art creates a pleasant atmosphere and a desirable quality of life. It also supports a strong democracy by engaging citizens in civil dialogue, providing forums for important issues and facilitating collective problem solving.	In Barcelona, Spain, art festivals attract over 1 million people each year, boosting tourism and civic engagement [Barcelona Festivals].
Cultural heritage	Art preserves culture and heritage, passing on unique character and traditions to future generations of citizens.	In Italy, the restoration of cultural heritage, particularly the Colosseum, has led to a 30% increase in tourism [UNESCO Report on World Heritage].

Understanding the internal mechanics of cultural industries is critically important for the development of tourism clusters, increasing the attractiveness of the country and its competitiveness (Richards, G., 2018). This can significantly contribute to GDP growth through the creation of high-margin products and services with high added value, which are based

on intellectual and creative solutions. For the successful development of creative industries, national strategies must create a favorable ecosystem that simultaneously supports culture, tourism and creative services. However, these connections are not formed automatically. Even with noble intentions of strategic investments, their implementation can be ineffective without a clear understanding of the problems and challenges associated with this area.

For example, often small and medium-sized regions do not have enough financial and strategic resources to implement effective urban management, which is necessary for sustainable development in the field of cultural tourism (*OECD, 2009*). Many institutions, especially in developing countries, face a lack of experience and skills needed to administer development programs in this area. In addition, government control often limits the freedom to implement such programs. To overcome these obstacles, expert support from independent consultants with experience in the development of KPIs is needed. Integrated management of the cultural sphere should involve local authorities, the tourism sector and the public (*Evans, G., 2021*). Practical software solutions from experts with many years of experience will be an important step to success. Strategic consultations are also needed to support the business needs of participants who want to develop the museum sector, the event market, location management to create conditions for the film production sector, green tourism and other parts of the CCI.

Given the diversity of cultural and arts organizations and their unique needs, there is no one-size-fits-all funding model for this area (*BOP Consulting, 2017*). In Ukraine, there are sectors that are heavily subsidized, such as museums and theaters, as well as those that operate primarily on a market basis, such as architecture or advertising. The long-standing debate about bringing the theater and museum sectors from the plane of subsidies and guaranteed financial support to the plane of grant programs is facing great opposition from the industries. On the other hand, elements of the system that are socially important for the educational system and important for the national security system lose their relevance and competitiveness and turn into objects of cultural heritage or formally functioning concert venues.

Of course, each sector has its own typical business models, there are more or less standardized cost items and financing needs. For example, museums have large fixed costs caused by worn infrastructure, the need to maintain temperature conditions in the premises, and artisans can have large variable costs, which are dictated by the constant renewal of consumables and additional resources for production. Audiovisual productions require significant investment, but can generate significant returns over time. In sectors operating in a live format, such as theatre, costs are directly related to the volume of locations that theaters need to serve, on the other hand, the number of audience seats is directly related to box office receipts from touring activities. But at the same time, each individual subject of the CCI sectors is looking for its own unique business models that allow to compete in the general market for the viewer's attention and respond to the purchasing power of consumers. The more the CCI sectors depart from the typical definitions of culture for the Soviet or imperial legacies, where culture was perceived exclusively as a sphere of leisure for the working proletariat or a set of certain artifacts and monuments for the eye of party elites, the more creativity is found in the business models of the CCI units themselves. Of course, culture as a unique phenomenon in which the person himself appears and which contributes to the formation of the human in a person, which is nothing more than an interactive library of meanings that forms the human in a person, cannot be standardized and algorithmized either in strategies or in the production of a "typical cultural product". Therefore, there is no universal model of financial support in the field of culture and art (*Towse, R., 2019*).

Despite the significant creative and intellectual potential of the nation, the development of creative industries in Ukraine is not happening as fast as our economy needs and

as the representatives of the creative class would like today, which has a negative impact on socio-economic growth as a whole (Smith, 2016).

If you analyze the sector of creative industries (CIC) from the point of view of systemic thinking, you can see that some clusters have a powerful influence on various supersystems of the country's social life.

The audio-visual sector, media, and literary affairs are important components of the formation of information policy, especially at the local level. These clusters play an important role in countering propaganda and spreading reliable information, which is especially evident during the Russian-Ukrainian war. Films, information campaigns, publishing books, and organizing forums and festivals are becoming key elements in identity communication, countering Russian disinformation, and building a national agenda. In turn, such clusters as crafts, design and fashion, production of computer games and software become the basis for high-margin businesses. These areas produce products with a large added value, which makes them the core of the economic development of the creative industry. Performing arts, visual resources (including visual arts), and music are an important part of the educational space and contribute to the formation of cultural identity in society. They help children and youth learn key cultural values through creative process and educational programs. Sectors such as cultural heritage and architecture are important elements of national security. For example, the architectural ensembles of Lviv, Odesa and the sights of Sophia of Kyiv are part of the UNESCO world heritage and help put Ukraine on the map of world cultural heritage. The protection of these objects is an important mission of the state, since key communication narratives of Ukrainian statehood and identity are built on their basis. This plays a key role in hybrid warfare, which includes semantic and informational aspects of countering Russian aggression.

Table 2

Distribution of creative economy clusters by spheres of influence. Author's vision based on sectoral distribution based on Creative Europe materials

Creative Industries Directorate	Description	Category
Cultural Heritage	Material and intangible heritage, archaeology, museums, libraries	National Security
Architecture	Construction, landscape architecture	National Security
Performing Arts	Theater, dance, ballet, opera, and musical performances	Education
Visual Arts	Painting, sculpture, drawing, printing, photography	Education
Music	Live and recorded music	Education
IT Creativity	IT, educational programs	Education
Literature and Publishing	Books, journals, periodicals	Information Policy
Audiovisual Sector	Films, videos	Information Policy
Media	Television, radio, newspapers, journals	Information Policy
Crafts	Textiles, ceramics, wood, metal, glass, graphic arts	Economy
IT Creativity	Game development, virtual reality, Software	Economy
Design and Fashion	Clothing production, interior design, graphic design	Economy

3. The importance of cultural tourism for the CCI

When considering creative industries in the context of the manifestations of human creative activity in a wide spectrum of social life, it is immediately noticeable that each of the CCI clusters has its own unique influence on such supersystems as the economy and education, information policy. In addition, there are many studies on how creative industries affect national security. It can be seen that some clusters tend to be in several spheres of influence at the same time. This is a natural situation, if we take into account the very nature of clusters – they are formed around the very idea of human creativity and creative thinking – the end-to-end principle of human knowledge of the world. Cultural tourism will be the same multi-functional tool, if we look at it according to the same logic (*Middleton, V. T. C., Fyall, A., & Morgan, M., 2017*).

Cultural tourism is closely related to most clusters of creative and cultural industries (CCI). Many cultural events, such as festivals, combine different art forms, including music, cinema, crafts and literary activities, creating integrated events to attract visitors. For example, literary forums, in addition to book launches, often include gift shops, creative coffee stations, and other event marketing elements such as press briefings, official opening and closing ceremonies, presentations, and partner parties. This shows that each cluster of CCI can become a central element of a tourist attraction, and limitations can arise only in the context of the design of the business model of the event, festival or location, which serves to attract additional visitors and increase financial income to the community budget.

From the point of view of information policy and national security, the connection between culture and tourism as a mechanism for the spread of national traditions, culture and understanding of cultural heritage is obvious. Creative industries play the role of a cultural magnet that can attract the attention of tourists and ensure the inflow of finance through foreign and domestic flows. In addition to the direct economic benefits of attracting tourists, CCIs have the potential to create new jobs, promote infrastructure development and support innovative projects. For example, architectural monuments, such as in Lviv or in the central part of Odesa, not only fulfill the role of preserving the cultural code, but also become the center of tourist routes that provide stable economic income.

The Russian-Ukrainian war had a significant impact on the geography and composition of foreign tourist flows to Ukraine, but even under these conditions, cultural tourism continues to play an important role for representatives of diplomatic missions, international organizations, and military delegations. At the same time, domestic tourism is developing, which is gaining popularity due to travel restrictions for men, internal migration and other factors. Despite the military actions, these factors continue to stimulate the development of the tourism industry and cultural initiatives, even in the difficult conditions of war.

It is worth noting that cultural tourism is not the only source of economic growth. A comparison of tourism statistics during the war years and until 2021 shows a significant decrease in tourist flows, but at the same time reveals other important functions of cultural tourism. In addition to the economic component, cultural tourism is an important tool for the formation of national identity. Visitors to festivals, forums and other events, as well as representatives of international missions and diplomatic groups, get to know the cultural achievements of the country, its traditions and uniqueness. This contributes to the formation of a positive image of Ukraine in the international arena, which is especially important in the context of opposing Russian disinformation and propaganda aimed at discrediting Ukrainian culture.

Cultural tourism also plays an important role in internally strengthening national pride among Ukrainians, emphasizing the importance of cultural heritage and awareness of its role in

national identity. An important role in this process is played by individual subjects of the CPI, such as publishing houses, film productions and media, which produce products that actively contribute to the fight against disinformation campaigns and strengthen Ukraine's cultural position in the world.

The European Creative Industries Summit (2015) stated, "The creative economy is also associated with large cities and/or dominant regions in countries, or even concentrated in cities, where a thriving creative sector can be a small oasis surrounded by poverty and social The creative economy today tends to be concentrated in major global cities that are already centers of financial capital, investment and power, or have significant social and cultural legacies. Many forms of investment and the growth of the creative economy can widen existing gaps between rich and poor both within and outside countries.

The main reason governments invest in the cultural and tourism sectors is supposedly to increase employment and economic recovery to promote a highly productive and sustainable economy. In working towards this goal, governments aim to achieve a number of outcomes for the country and its people. They will change over time as the strategic context changes, but the overall goal is to improve the economic and social status of the country. Typical investment areas tend to focus on economic development, recreation infrastructure and tourism enhancement, heritage preservation, branding and identity. However, governments around the world have proven that even at best, funded projects can be hijacked by political agendas, and at worst lead to inefficient capital deployment without any investment.

Fruitful cooperation is complicated by the fact that it is often difficult for the cultural sector to identify the direct benefits of tourism development. In addition, there is a common misconception that investment in culture and heritage is a luxury that most emerging market countries cannot afford, and that instead their interests are better served by focusing on traditional areas of development: infrastructure, education and health care. This is supported by the general belief that private capital, which focuses on shareholder returns and profit maximization, is mostly not interested in investing in the cultural sphere.

There is an alternative approach that has been used aggressively so far, but is likely to gain much more traction in the coming years. A fundamental premise of this argument is that strategically invested private capital is much more likely to succeed in deploying funding to develop and promote a country's cultural assets as responsibly managed tourism destinations than the public sector. Furthermore, because private capital is focused on maximizing the return on investment for its stakeholders, it is much more likely to transform cultural sites into assets that are socially and culturally useful, while stimulating demand for jobs, training, skills and improved infrastructure.

Given the strategic importance of both the tourism and cultural sectors to countries around the world, cultural tourism strategies that effectively exploit the synergies between the two sectors are a powerful economic multiplier. For example, according to United Nations (UN) estimates, more than 50% of European tourism is due to cultural heritage. Similar surveys conducted in the United States show that more than 30% of tourists choose a destination based on the presence of some type of art, culture or heritage.

In many countries, the "creative industries" have been identified as having an important relationship with tourism. Some countries are beginning to clearly link creativity and tourism. For example, Singapore named itself a "Global City of the Arts," and Australia was the first to call itself a "Creative Nation." The creative arts are often symbiotic with the introduction of innovative applications of new technologies in emerging markets. This type of investment exposure can provide private equity investors with invaluable insight into local market players.

This is especially true for any investment in processing technology that may also be considered in the target country. Since the adoption of technology and the use of various software products are closely related to the cultural profile of a given country, this type of insight can be invaluable in assessing the likely market penetration of new products.

The table below summarizes the status of investments by EU national governments in the culture cluster, from religious and recreational projects to support for sports and leisure activities, and support for cultural services. Among the 30 European countries, the average percentage of funding for the culture and cultural industries is 5.83%. There are 12 countries above this median, namely: **Estonia** , which finances the cultural sector at the level of 9.53%, **Hungary** – 11.31%, **Iceland** – 13.12%, **Norway** – 7.10%, **Lithuania** – 7.38%, **Malta** – 7.04%, **Slovenia** – 6.61%, **Croatia** – 6.95%, **Latvia** – 6.54%, **Denmark** – 6.22%, **Czech Republic** – 6.20%, **Switzerland** – 5.84%.

In modern conditions, countries are forced to actively compete with each other to attract the attention of citizens, tourists and investors (*Dwyer, L., & Kim, C., 2003*). The question of whether this region is considered attractive for residence, investment and business development is becoming more and more relevant. In this context, investments in the development of infrastructure (such as bridges, tunnels, highways, airports, public transport and other facilities), which are key components of assets for the private sector, become particularly important. The difference between one place and another is determined not only by economic factors, such as the standard of living and accessibility, but also by more abstract aspects, for example, the "quality of life" in a given region. Therefore, investing in cultural development, with an understanding of its essence, can have a strategic impact on these aspects in the right direction. In addition, as cultural tourism increasingly depends on both natural factors such as beaches and climate, as well as built factors such as cultural attractions and events, there are opportunities to properly adapt the investment portfolio to achieve the desired results (*UNWTO, 2018*).

Ukraine ranks 73rd on the global competitiveness index and 86th on the human potential development index.

We can see that there are certain correlations between these tables, which provide an understanding of the amount of investment in culture in the European zone, the countries' positions in the Human Development Index and the global competitiveness rankings. Those countries that have a high level of investment in culture – crossing the eurozone median of 5.83 percent of the total budget – often find themselves in the top of the HDI rankings. Sweden, Switzerland, Norway, and Denmark all have a significant level of investment in culture and are ranked high in the HDI. This trend can also be seen in the competitiveness ranking, where Denmark, Switzerland, the Netherlands, and Sweden can be seen, and Finland, Norway, and Sweden are also present in both rankings. At the same time, there are several examples of countries that fall out of the general trend. For example, Hungary's investment in culture, which is more than twice the median, does not help it to take high places in the rankings, while Ireland and Luxembourg, with small investments in culture, occupy top positions in both rankings.

4. The development of the CCI in the countries of Asia

South Korea, Taiwan, Hong Kong and Singapore have one thing in common: rapid growth thanks to industrialization. This transformation began in the 1960s, when multinational companies (TNCs) sought new areas with lower labor costs. These four regions represent the first generation of newly industrialized countries. Japanese TNCs led the way in the search for

Table 3

Basic statistical data for 30 European countries (total country budgets)

Country	General budget	Recreation, culture, and religion	Recreational and sporting services	Cultural services	Broadcasting and publishing services	Religious and other community services	R&D Recreation, culture, and religion	Recreation, culture and religion n.e.c.	Total cultural and religious expenses	% of total budget on cultural and religious expenses
EU - 27	7895651,6	182438,7	60508,9	74975,4	31599,1	8983,2	2943,3	3526,6	366975,2	4,65%
Belgium	294588,2	8853,2	2168,9	2857,7	1044	455,2	62,5	264,9	15606,4	5,30%
Bulgaria	35482,8	527,7	100,6	314	81,9	31,2	0	0	1055,4	2,97%
Czechia	123187,5	3820,9	1324	1700,7	405,8	66,5	57,6	266,3	7641,8	6,20%
Denmark	171186	5327,2	1185,1	1972,8	738,1	1387	1,5	42,6	10654,3	6,22%
Germany	1918143	39956	9929	15133	11178	910	1917	889,9	78912,9	4,11%
Estonia	14323,9	677,8	188,9	321,6	60,7	14	31,6	69,9	1364,5	9,53%
Ireland	107576,1	2114,7	403,8	897,3	720,1	42,1	4,5	46,8	4229,3	3,93%
Greece	189252	2177	1078	327	257	243	0	272	4354	2,30%
Spain	637831	16599,9	5998	6304	2708	1098	145	346	36198,9	5,67%
France	1538919	37803	14662	18343	4178	547	0	73	75506	4,91%
Croatia	30535,2	1060,7	257,9	452,5	194,7	98,3	31,2	26,1	2121,4	6,95%
Italy	1091539	15567,7	5294,9	5723,9	3126,9	1247	75	190	31125,4	2,85%
Cyprus	10780,2	184,6	60,7	48,8	46,5	27,4	1,2	0	369,2	3,43%
Latvia	15713,4	514	104,3	348,5	47,9	1,6	0,3	11,5	1028,1	6,54%
Lithuania	24510,3	822,6	299,9	495,1	72,7	14,4	72,7	30,3	1807,7	7,38%
Luxembourg	34024,3	952,9	397	411,4	70,3	62,4	3	11,4	1908,4	5,61%
Hungary	82472,8	4643,6	1438,6	1840,6	537	710,9	1,4	115,1	9327,2	11,31%
Malta	6866,2	241,7	59,8	150,1	9,6	4	0,5	17,8	483,5	7,04%
Netherlands	416921	11837	4933	4649	1433	728	94	0	23204	5,57%
Austria	237757,2	5238,9	1366,1	2189	1268,1	285	119,6	17,2	10483,9	4,41%
Poland	287351,9	7389,2	2476,3	3695,9	947	180,3	116	63,6	14868,3	5,17%
Portugal	106873,6	2192,6	787,6	749,9	252,1	32,9	235,8	134,3	4385,2	4,10%
Romania	113671,4	2714,3	821,2	956,2	174,3	226,9	0	535,7	5428,6	4,78%
Slovenia	26898,8	866,1	224,4	390,5	148,5	49,4	49,4	48,4	1776,7	6,61%
Slovakia	46334,7	1170,6	295,8	540,7	207,9	97,4	27,8	48,7	2388,9	5,16%
Finland	143133	3739	1318	1352	639	413	8	35,9	7504,9	5,24%
Sweden	269868,3	7456	3513,1	2900,3	962,2	35,9	340,2	0	15207,7	5,64%
Iceland	12689,3	832,3	413	291,9	55,9	64,6	6,9	0	1664,6	13,12%
Norway	216572	7254,3	3515,3	2615,1	1122,2	343,5	519,6	0	15369,9	7,10%
Switzerland	256438,8	7487,2	2656,7	3030,6	1481,3	314,4	4,3	0	14974,5	5,84%

Source: (OECD, 2019), Eurostat COFOG data.

Table 4

World ranking of competitiveness

2023	Country	2022	Rating change	
01	Denmark	01	-	
02	Ireland	11	+9	↑
03	Switzerland	02	-1	↓
04	Singapore	03	-1	↓
05	Netherlands	06	+1	↑
06	Taiwan, China	07	+1	↑
07	SAR Hong Kong	05	-2	↓
08	Sweden	04	-4	↓

09	deer	10	+1	↑
10	UAE	12	+2	↑
11	Finland	08	-3	↓
12	Qatar	18	+6	↑
13	Belgium	21	+8	↑
14	Norway	09	-5	↓
15	Canada	14	-1	↓
16	Iceland	16	–	
17	Saudi Arabia	24	+7	↑
18	Czech Republic	26	+8	↑
19	Australia	19	–	
20	Luxembourg	13	-7	↓
21	China	17	-4	↓
22	Germany	15	-7	↓
23	Israel	25	+2	↑
24	Austria	20	-4	↓
25	Bahrain	30	+5	↑
26	Estonia	22	-4	↓
27	Malaysia	32	+5	↑
28	Republic of Korea	27	-1	↓
29	United Kingdom	23	-6	↓
30	Thailand	33	+3	↑
31	New Zealand	31	–	
32	Lithuania	29	-3	↓
33	France	28	-5	↓
34	Indonesia	44	+10	↑
35	Japan	34	-1	↓
36	Spain	36	–	
37	Kazakhstan	43	+6	↑
38	Kuwait		–	
39	Portugal	42	+3	↑
40	India	37	-3	↓
41	Italy	41	–	
42	Slovenia	38	-4	↓
43	Poland	50	+7	↑
44	Chile	45	+1	↑
45	Cyprus	40	-5	↓
46	Hungary	39	-7	↓
47	Turkey	52	+5	↑
48	Romania	51	+3	↑
49	Greece	47	-2	↓
50	Croatia	46	-4	↓
51	Latvia	35	-16	↓
52	Philippines	48	-4	↓

53	Slovak Republic	49	-4	↓
54	Jordan	56	+2	↑
55	Peru	54	-1	↓
56	Mexico	55	-1	↓
57	Bulgaria	53	-4	↓
58	Colombia	57	-1	↓
59	Botswana	58	-1	↓
60	Brazil	59	-1	↓
61	South Africa	60	-1	↓
62	Mongolia	61	-1	↓
63	Argentina	62	-1	↓
64	Venezuela	63	-1	↓

Source: (European Commission, 2023)

Table 5

Human Development Index (HDI)

HDI rank	Country	Value	HDI rank
2022	VERY HIGH HUMAN DEVELOPMENT		2021
1	Switzerland	0,967	1
2	Norway	0,966	2
3	Iceland	0,959	4
4	Hong Kong, China (SAR)	0,956	3
5	Denmark	0,952	8
5	Sweden	0,952	5
7	Germany	0,950	7
7	Ireland	0,950	9
9	Singapore	0,949	10
10	Australia	0,946	5
10	Netherlands	0,946	11
12	Belgium	0,942	13
12	Finland	0,942	11
12	Liechtenstein	0,942	14
15	United Kingdom	0,940	17
16	New Zealand	0,939	14
17	United Arab Emirates	0,937	17
18	Canada	0,935	16
19	Korea (Republic of)	0,929	20
20	Luxembourg	0,927	19
20	United States	0,927	21
22	Austria	0,926	22
22	Slovenia	0,926	24
24	Japan	0,920	22
25	Israel	0,915	26

25	Malta	0,915	25
27	Spain	0,911	28
28	France	0,910	27
29	Cyprus	0,907	29
30	Italy	0,906	30
31	Estonia	0,899	32
32	Czechia	0,895	31
33	Greece	0,893	33
34	Bahrain	0,888	34
35	Andorra	0,884	43
36	Poland	0,881	35
37	Latvia	0,879	39
37	Lithuania	0,879	36
39	Croatia	0,878	37
40	Qatar	0,875	41
40	Saudi Arabia	0,875	37
42	Portugal	0,874	39
43	San Marino	0,867	44
44	Chile	0,860	42
45	Slovakia	0,855	45
45	Türkiye	0,855	48
47	Hungary	0,851	46
48	Argentina	0,849	47
49	Kuwait	0,847	50
50	Montenegro	0,844	49

new areas of activity. It was only natural that they chose neighbors like South Korea and Taiwan as hosts for their manufacturing operations.

The economic advantages of the Asian Tiger regions include:

1. Well-developed infrastructure – roads, ports and railways.
2. Educated and qualified population.
3. Cultural traditions that valued education and achievement.
4. Advantageous geographical location.
5. Government support, for example, low interest rates on bank loans.
6. Less strict regulations on labor, taxation and pollution.

As the economies of the four Asian tigers grew, local industries emerged thanks to government aid and a favorable economic climate. One of the clear examples is the South Korean company Samsung, which is now one of the largest manufacturers of consumer electronics in the world.

The 1960s marked the beginning of a new stage of economic development for Hong Kong. A small but influential territory near the coast of China has been transformed into an incredibly successful territory. Hong Kong has quickly become one of the most attractive business centers in East Asia and the third largest source of foreign direct investment in the world (*Greg Richards, & Wil Munsters, 2010*).

The government channeled the revenues from the city to develop infrastructure and public services such as roads, hospitals and schools. Hong Kong's flexible wage system contributed to significant GDP growth between 1961 and 1997. A modern and skilled workforce, along with British business standards inherited from the colonial period, maximized opportunities for trade and investment. Today, Hong Kong has one of the largest commercial ports in the world. Hong Kong acts as an important international center where diverse cultures and ideas meet. It stimulates cultural exchange and promotes mutual understanding between different cultural communities. The government and private sectors invest huge sums in the development of arts and culture, the organization of events and festivals, as well as the creation of infrastructure for artistic projects are always supported by its government and residents.

Singapore, located between the Pacific and Indian oceans, had ideal conditions for the development of trade. The country's independence from Malaysia in 1965 was accompanied by high levels of poverty and unemployment. The government decided to turn to foreign direct investment by creating the Economic Development Council. Industry grew rapidly, and by 2001 foreign companies provided 75% of industrial production and 85% of exports. The strategic location of the deep-water harbor contributed to trade prospects. The government of Singapore invests in the development of art and culture by funding various art projects, exhibitions, festivals, actively cooperates with other countries in the field of culture and art. Government and private organizations in Singapore are implementing various educational programs and initiatives to support and develop the cultural industries. Today, Singapore is known for its developed economy and high human development index (*Greg Richards, & Wil Munsters, 2010*).

Despite limited natural resources, South Korea is an extremely developed country. The government realized that increased investment in agriculture would not lead to high levels of economic growth. Instead, an environment was created that attracted large multinational corporations, such as Sony from Japan, and supported foreign direct investment from the United States. At the same time, the old authorities pour a significant part of economic resources into the development of the CCI sector.

South Korean companies also enjoy protection measures, such as high import duties, which ensure a sufficient market for locally produced goods. The government has also implemented its own research and development program in the technology sector. This has resulted in South Korea producing advanced technology and products. Today, Samsung, Hyundai and Daewoo brands are known all over the world.

Taiwan has also become a tycoon for international corporations, in particular, the American company Mattel, which moved production to the island in the late 1960s. The move had a commercial impact, as at its peak Mattel's factory in Taiwan produced more than half of all Barbie dolls sold in the world. Today, Taiwan's economy is growing thanks to high-tech industries such as electronics and computers.

In this study (*Hall, CM, & Page, S., 2014*). it is stated that the Comparison of the business environment of countries is of great importance for assessing the quality of life and business conditions in a certain country. This study compares the performance of countries that joined the EU at the same time and were therefore on the same starting line in terms of sustainable economic growth. The best conditions for a favorable business environment were created by Estonia, which retained its first place in both periods. Rounding out the top three positions are Malta and Slovenia, who came second and third in both 2018 and 2020. These countries were followed by the Czech Republic, which retained fourth place. Latvia and Cyprus improved their positions by three places compared to 2018, with Latvia moving from eighth to fifth and Cyprus from ninth to sixth. In contrast, Lithuania, Slovakia and Poland each lost 3 places. Slovakia fell

from sixth to eighth place, Lithuania took seventh place and Poland ninth. The results are completed by Hungary, which remained in last (tenth) place. (in the future, these data are compared with tables 1, 2, 3)

According to the report of the European Business Association in Ukraine, about 5% of people work in creative industries, and their contribution to the country's GDP is about 9%. The leader in the field of creative economy before the full-scale invasion was the IT industry, which is mainly aimed at exports and works on the principle of outsourcing to fulfill orders of large foreign companies. As of the beginning of 2022, there are more than 200,000 IT specialists in Ukraine, and the volume of software exports was about 8.4 billion US dollars. The full-scale invasion of Russia made its adjustments. Creative industries showed a global decline by 2022 by 47.8%. If we take the amount of tax revenues, then the consolidated budget of Ukraine received an amount of approximately 14 billion hryvnias in the field of CPI. But the following year, 2023, after a stunning decline, and the first half of 2024 showed an upward trend – these official data were presented at a conference in March 2024 with the participation of the head of the Ministry of Culture and Information Policy, Rostislav Karandeev.

But at the same time, spending on the country's defense and the financing of the entire defense ecosystem, including new players, has grown tremendously. In connection with this response to existential threats, the market responded with a huge growth of scientific innovations, solutions in the field of software, innovative solutions in cross-sectoral areas. Adjacent creative industries that worked in the field of production of clothing and fabrics, accessories and fasteners, development of game modules and unmanned systems along with innovations in the clusters of sports and human capital, communications and film production began to actively join the military sphere and make their contribution to the search for resources, providing sustainability of organizations and the implementation of creative products in the field of armaments and national security of the country.

5. Conclusions

The sphere of culture generates new jobs, increases the international prestige of the country, attracts foreign investment and fulfills an important social role, which undoubtedly brings economic benefits. However, defining and measuring the economic value created by culture is in most cases a difficult task due to the complexity and cross-sectoral nature of culture itself.

In today's world, where economic competition between countries is becoming greater, investment in the cultural sector is a key factor in increasing the country's competitiveness. This decision not only contributes to the development of art and cultural heritage, but also has a significant impact on the economic development and socio-cultural identity of the country. In this work, various aspects of this connection were considered, in particular, economic development, tourism, socio-cultural stability, and others.

First, investment in the cultural sector contributes to the economic growth of the country through the creation of new jobs, support of small and medium-sized businesses, development of the creative industry and increase of the gross domestic product. For example, the establishment of cultural centers, art galleries and museums not only requires financial investment, but also creates new business opportunities such as galleries, restaurants, hotels and other related services that contribute to economic growth.

Secondly, the development of cultural tourism as a result of investments in the cultural sector contributes to an increase in the inflow of foreign tourists and, accordingly, to an increase in the volume of currency turnover. Cultural events, festivals, exhibitions and other

cultural events attracted the attention of foreigners before the full-scale invasion and would increase interest in the country as a tourist destination after the end of the war. This will create new opportunities for the development of the hotel and restaurant business, local transport and other related industries, contributing to an increase in state income. Thirdly, investments in the cultural sector will contribute to strengthening the socio-cultural stability and identity of the country. Cultural programs, artistic events and educational projects contribute to the preservation and maintenance of cultural heritage, as well as promote the relationship between different socio-cultural groups in society. This makes the country more attractive for foreigners, which contributes to international cooperation and the development of international relations.

And finally, we cannot leave out the fact that the forced pause for most businesses, which was connected with the war and the demographic situation in the country, had an extremely strong impact on the state of the CCI. In connection with this, perhaps the biggest challenge will be to keep the creative industries themselves in a viable state together with the key operators and their solutions. Even now, tens of thousands of CCI employees are forced to redefine themselves and look for new ways to earn money until active hostilities on the territory of the country and shelling from the aggressor country end.

Thus, as can be seen from the tables, the larger the budget invested in the sector of creative industries and culture, the more competitive the country is in the global context (UNESCO, 2013). Investments in the creative industries sector contribute not only to the development of arts and culture, but also create economic benefits. Increased funding in these areas promotes creativity, innovation and supports the development of new technologies. In addition, it helps to expand markets and increase international recognition of the country's cultural wealth. Therefore, having a significant budget for the creative industries and culture sector is an important factor for the country's continued success in today's world.

Therefore, it can be considered that investment in the cultural sector is a key factor for increasing the competitiveness of the country's economy. This not only contributes to economic growth through the creation of new jobs and the development of the creative industry, but also contributes to the development of cultural tourism and the strengthening of the socio-cultural identity of the country. Such investments have a long-term impact on the economic and socio-cultural development of the country, making it more attractive for residents and foreigners at the same time.

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