

Innovation in Cultural and Creative Industries as a Factor for Sustainable Regional Development in Latvia

Research Paper

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Received: 27 June, 2025; ; Accepted: 24 November, 2025

Abstract: Research purpose. Cultural and creative industries (CCIs) have long been recognised as important drivers of economic growth, social cohesion, and innovation in sustainable regional development. However, their full potential is still not fully exploited, especially outside large cities. This study examines the development and innovation potential of CCI companies in Latvian regions, taking into account their role in sustainable regional development. The aim of the study is to identify the challenges and obstacles for CCI companies in implementing innovations and their impact on sustainable regional development in Latvia. Unlike most existing studies focusing either on national strategies or sectoral analyses, this study provides the first regional comparison of CCI innovation practices in all five planning regions of Latvia, combining policy analysis with qualitative evidence from companies.

Design / Methodology / Approach. The study used a qualitative research approach, conducting semi-structured interviews with representatives of CCI companies in all five planning regions of Latvia. In addition to the interviews, an analysis of planning documents at the planning region level was conducted to assess the importance of CCI defined in them. Thematic analysis was used as a data processing method, identifying challenges and obstacles that CCI companies face in implementing innovations and their role in sustainable regional development. The study also showed that the importance of CCIs in sustainable regional development varies across different planning regions of Latvia, which is related to the greater focus of such companies on creating cultural rather than economic value.

Findings. The study confirms that CCI companies make a significant contribution to sustainable regional development, promoting innovation and economic diversification and strengthening cultural identity. However, their growth is hampered by limited financial resources, fragmented policy support, and challenges related to digitalisation. An important discovery is that innovative CCIs in Latvia often arise due to limited resources, resulting in adaptive organisational and communication practices that differ from traditional R&D-driven innovation models.

Originality / Value / Practical implications. The originality of this study lies in its integrated methodology, which combines analysis of regional policy papers with direct business views to detect systemic discrepancies between strategically determined and practically necessary support for CCIs. As well as documenting barriers, it shows how informal, practice-based innovation contributes to regional identity and resilience. Highlighting this understudied dynamic in a small EU member state, the study provides new evidence for international debate that CCIs can serve as both a creator of cultural assets and an innovation partner for sustainable regional development.

Keywords: *cultural and creative industries • sustainable regional development • planning regions • innovations*

JEL codes: R58, R11, L26

Introduction

According to the 2024 Global Innovation Index, Latvia is high in the use of ICT (8th place in the world) and export of cultural and creative services as part of total trade (9th place). These indicators highlight the strategic importance of CCIs in the national innovation ecosystem (World Intellectual Property Organisation, 2024).

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Thus, the Latvian CCI is not only internationally competitive but also increasingly important in the digital economy.

At the European level, a number of strategic documents emphasise how important it is to harness the potential of CCIs for innovation, cohesion and sustainability. The new European Agenda for Culture identifies CCIs as drivers of cross-sectoral innovation and inclusion, calling for their stronger integration into economic and territorial development policies (European Commission, 2018). The Creative Europe Program 2021–2027 contributes to this approach by supporting cross-sectoral cooperation, green and digital transformation, and capacity building (European Parliament and Council of the European Union, 2021). The recently adopted EU Work Plan for Culture 2023–2026 underlines the CCI's contribution to the green and digital transition and encourages its integration into innovation and regional policy frameworks (Council of the European Union, 2022).

Latvia's national policy framework also expresses a similar perspective. Latvia's Sustainable Development Strategy by 2030 (Latvia2030) defines creativity and innovation as fundamental pillars of national and regional development, emphasising their role in strengthening cultural identity and competitiveness (Saeima of the Republic of Latvia, 2010). This vision has also been brought to life in the National Development Plan 2021–2027, which prioritises CCIs as drivers of smart specialisation, economic diversification, and regional growth (Cross-Sectoral Coordination Centre, 2020). At the same time, the Cultural Policy Guidelines for 2022–2027 set objectives to expand the innovation potential of CCIs and strengthen their contribution to regional identity, prosperity and development (Ministry of Culture of the Republic of Latvia, 2022).

Economic indicators confirm these policy priorities. A recent European Investment Fund study ranks Latvia among the three leading European countries, alongside Cyprus and Malta, where CCIs account for the largest share of GDP, exceeding 8% (European Investment Fund, 2024). This confirms the importance of CCIs, not only in cultural identity but also in economic competitiveness, sustainable growth, and resilience.

Despite a significant role in policy planning and implementation, as well as increasing economic indicators, research on CCIs in Latvia still leaves significant gaps. Most existing research addresses national strategies or broader European trends, while empirical evidence of how regional policy is implemented and how CCIs virtually contribute to innovation-driven regional development remains limited (Dunska & Marcinkevica, 2017; Steinbergs & Cane, 2021). In particular, little is known about the obstacles faced by CCI companies in a smaller regional context or the effectiveness of policy support mechanisms in promoting innovation and sustainability.

The aim of this study is to identify the challenges and obstacles faced by CCI enterprises in implementing innovations and to consider their impact on sustainable regional development in Latvia. To achieve this objective, the study analyses regional development planning documents and partially structured interviews with representatives of the CI from all five planning regions in Latvia.

There are three aspects to this contribution. First, it theoretically expands the existing debate on CCIs by positioning them as regional innovation players in small, open economies, an area that is under-represented in current literature. Secondly, it provides empirical evidence of how the CCI puts innovation into practice, focusing on organisational and market adaptations as well as policy and structural barriers. Thirdly, it offers practical insights to policymakers and local authorities on how to develop more effective elements of local support systems.

Based on the aim and these contributions, the study addresses the following research issue: how does innovation practice in CCIs contribute to sustainable regional development in Latvia? The study employs a qualitative research design that involves the analysis of regional planning documents as well as semi-structured interviews with individual CCI company representatives from all five Latvian planning regions. A thematic analysis was made of the interview transcripts, guided by a conceptual framework of five dimensions for regional development that are affected by CCIs—roughly modelled on the propositions Wróblewski (2014) brings forward.

This study found that CCI companies in Latvia have a significant, wide-reaching impact on sustainable regional development through innovation development, especially in product development, online presence and audience adaptation. But this potential for innovation is often limited by financial constraints, weak institutional support and policy fragmentation. CCIs remained the strongest economic drivers, contributing unevenly to economic and employment development, although CCIs exhibited stronger positive impacts on cultural identity and local image at the regional levels.

Literature review

CCIs are attracting increasing scientific attention because of their dual role, both in promoting cultural diversity and driving economic development. These industries, which cover both symbolic content and intellectual property, are generally defined as sectors that produce and distribute goods and services of cultural and economic value (Comunian & England, 2020; Hesmondhalgh, 2019; Lazzeretti et al., 2012; Throsby, 2008). In addition to their economic contribution, CCIs are also recognised as catalysts for creativity, innovation, and the transformation of a wider society (De-Miguel-Molina et al., 2012). In the Baltic States, Štreimikienė and Kačerauskas (2020) demonstrate how the creative economy is directly linked to sustainable development, showing that CCIs can simultaneously strengthen competitiveness and cultural resilience in smaller economies.

CCI innovation processes differ significantly from traditional R&D-based models. They tend not to be structured around lab studies but are more informal, iterative and practice-based. Unlike lab-driven innovation, informal innovation comes from everyday practice, indirect knowledge and experiments in creative networks, making it less codified but highly adaptive. (Comunian & England, 2019). Such processes often prioritise non-technological forms of innovation, including organisational, social, and marketing practices, thereby promoting interdisciplinarity and user engagement (Cruz & Teixeira, 2015). Potts et al. (2008) broaden this view by emphasising the production of content and products—not only tangible cultural goods, but symbolic formats such as new narratives, narrative methods and aesthetic models that redefine audience experiences and create value. In general, these studies highlight the specificities of the CCI innovation process, which is based on audience interaction and cultural relevance rather than just technological results.

Recent research is positioning CCIs in broader innovation ecosystems. Lazzeretti et al. (2022) argue that digital transformation transforms production and consumption, positioning CCI as key players in cross-sectoral cooperation. It expands Lazzeretti et al.'s (2012) previous argument that the CCI represents knowledge-intensive activities capable of supporting sustainable and equitable growth. Empirical research adds nuance: Santoro et al. (2020) demonstrate that cooperation between CCI and other industries improves innovation performance when companies have sufficient absorption capacity, while Sica et al. (2025) underline the role of CCIs in promoting social innovation through creative, audience-oriented practices. Together, these findings show a common recognition of the role of CCIs, but they also reveal methodological differences — conceptual systems (Lazzeretti et al., 2012; 2022) compared to corporate-level empirical evidence (Santoro et al., 2020).

The literature also directly links CCI with sustainable regional development. Scholars stress their ability to diversify the local economy, strengthen cultural identity and promote social cohesion (Černevičiūtė et al., 2019; Ericsson et al., 2024). However, the conclusions are not the same. Cruz and Teixeira (2015) show that regions lacking infrastructure and institutional capacity find it difficult to realise CCI's potential. Similarly, Dellisanti (2023) outlines policy frameworks but does so conceptually, without empirical approval, while Ericsson et al.'s (2024) comparative evidence is provided showing how CCIs have measurable effects on other sectors.

Latvia's research reflects this broader dynamic. For example, Eglins-Eglitis and Lusena-Ezera (2016) track the transformation of Liepāja from post-industrial decline to a culturally rich city, highlighting the role of political will. Steinbergs and Cane (2021) show uneven development of CCIs in different planning regions due to differences between local authorities, thus echoing European patterns of regional disparity. Muradli and Volkova (2015) focus on leadership and organisational flexibility as drivers of innovation in the Latvian CCI, whereas Dunska and Marcinkevica (2017) stress structural constraints, such as fragmented funding and weak cross-sectoral cooperation. These cases show that Latvia both reflects and reinforces internationally identified problems, making it a valuable prospect for a small economy.

Integrated models illustrate the contribution of CCIs to regional development. For example, Wróblewski (2014) stresses their role in employment, cultural activation, innovation and space-building, each reinforcing the region's adaptability to external change (see Figure 1).

As shown in Figure 1, CCI promotes regional socio-economic development through several interrelated mechanisms:

- Mobilising cultural potential – by promoting local creativity and talent, CCIs expand cultural expression and innovation opportunities, which can then spread to other sectors of the economy.
- Activation and preservation of cultural heritage: creative activities not only protect traditional knowledge and practices but also reinterpret them, making heritage relevant to new generations and tourism.

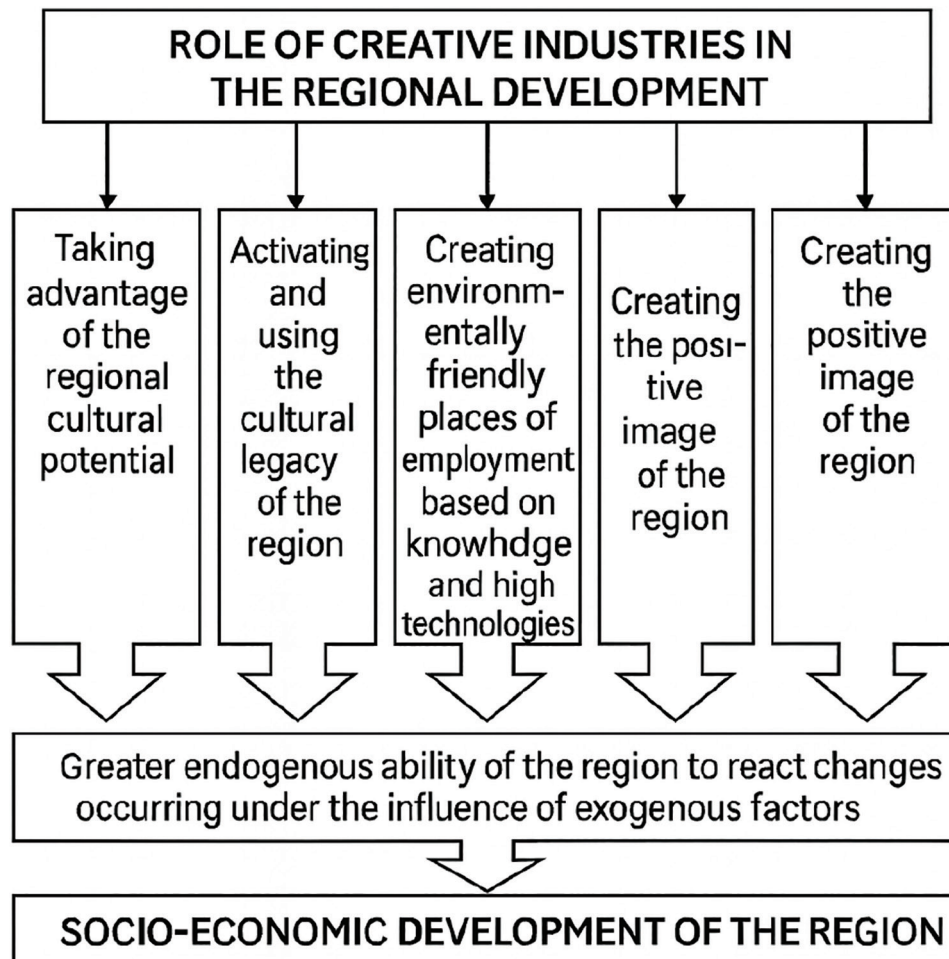


Figure 1. Types of influence of creative industries on the development of the region (Compiled by the authors based on Wróblewski, 2014).

- Supporting environmental and knowledge-based employment: Many CCIs are knowledge-intensive and increasingly linked to sustainability programs, providing green jobs and specialised skills that contribute to long-term resilience.
- Strengthening metropolitan functions – CCIs increase the attractiveness of cities and regions by reinforcing their role as centres of culture, education and innovation that can attract investment and talent.
- Building a positive regional image – cultural projects, festivals and creative initiatives form an external perception, helping regions to position themselves as dynamic, open and competitive.

Together, these factors improve the region's ability to adapt to external change and contribute to sustainable growth.

Conceptual studies highlight the systemic potential of CCIs, but they often fail to demonstrate how these dynamics translate into practice. Empirical research, by contrast, documents measurable impacts, such as employment, tourism and cross-sector knowledge sharing, providing a stronger evidence base for policymaking.

At the same time, CCIs remain unevenly developed in the regions. Cruz and Teixeira (2015) point to barriers in regions with weak institutional ecosystems, while Comunian and England (2020) highlight the importance of cultural capital and informal networks, showing that value creation goes beyond financial indicators. These findings show that the sustainability of CCI investments depends heavily on local capacities and support systems. This suggests that while infrastructure matters, intangibles such as networks and identity may partially compensate for structural weaknesses.

Despite growing academic interest, several research gaps remain. There is limited longitudinal evidence of how CCIs transform regional economies over time, especially in small and medium-sized countries. Existing research often focuses on national strategies or analyses at the European level, leaving local and regional implementation understudied. Moreover, while the socioeconomic contribution of CCIs is widely recognised, their integration into innovation systems and the effectiveness of cross-sectoral cooperation in practice are still not sufficiently demonstrated. In future studies, therefore, priority should be given to sound comparative studies that assess not only policy objectives but also their actual results in context.

Research methodology

This study uses a qualitative research approach combining document analysis and semi-structured interviews to explore the extent to which CCIs are included in regional development strategies in Latvia and how they are perceived and supported in practice.

This methodological design is particularly suited to exploring complex contextual phenomena, where the aim is to reveal not only direct strategies but also underlying perceptual elements and implicit assumptions (Bowen, 2009; Creswell & Poth, 2018; Merriam, 2002). Qualitative design also provides an understanding of context and meaning, while triangulation in several sources strengthens the credibility and validity of conclusions (Denzin, 2012; Flick, 2014). Figure 2 summarises the overall research process.

The first phase of the study analysed the regional development programs in all five Latvian planning regions—Kurzeme, Zemgale, Riga, Vidzeme, and Latgale—from 2021 to 2027. These documents form the strategic basis for investment and development programmes. The analysis focused on identifying CCI roles, including targets, planned activities, quantifiable targets and industry priorities. In addition, reviews of the official regional websites were conducted to provide information on previous and ongoing CCI-related projects, initiatives, and funding programs. It provided a policy-level overview of how CCIs are formally integrated into regional development processes.

Semi-structured interviews were conducted with entrepreneurs from the CCI throughout Latvia to compare the results of the document analysis with those observed in practice. Fifteen companies (three from each planning region) were targeted to reflect diversity in subsectors, the size of enterprises, and geographical context (Patton, 2015).

As shown in Table 1, the interviewed companies represent different CCIs and correspond to four groups in the Throsby concentric circle model: key cultural expressions, other key creative sectors, wider cultural sectors and related sectors (Throsby, 2008).

The sample covers micro-sized enterprises from all five Latvian planning regions: Kurzeme, Zemgale, Riga (excepting the city of Riga itself), Vidzeme, and Latgale planning regions. This regional approach aligns with the study's goal to examine CCIs in varying territorial settings. The data availability with respect to CCIs and CCIs being micro-enterprise-focused is relevant because the predominant business structure of CCIs in Latvia is micro-enterprises.

The choice of 15 interviews is in line with established practice in qualitative studies, where Creswell and Poth (2018) note that interview studies often involve between 5 and 25 participants, depending on the purpose and richness of the data. Given the objective of the study to cover diversity between regions and sub-sectors, such a sample size is sufficient to achieve data saturation while ensuring diversity of perspectives.

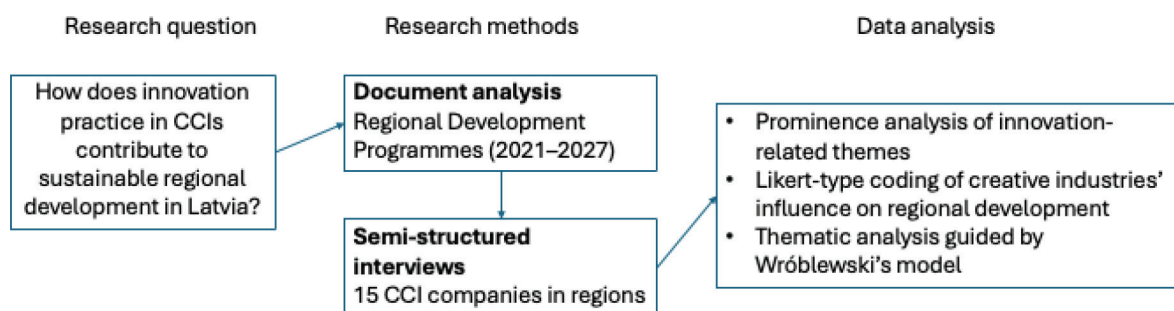


Figure 2. Research process (Compiled by the authors).

Table 1. List of interviewed companies (Source: Compiled by the authors).

No.	Industry	Planning Region
1	Music	Kurzeme
2	Event	
3	Design	
4	Event	Zemgale
5	Photo	
6	Fashion	
7	Museum	Riga
8	Advertising	
9	Games	
10	Media	Vidzeme
11	Event	
12	Architecture	
13	Music	Latgale
14	Fashion	
15	Visual arts	

All interviews were recorded, transcribed and analysed using a thematic analysis approach (Creswell & Poth, 2018). The analysis took place in two parts:

Innovation-related topics: to test how entrepreneurs described innovation practices, prominence analysis was applied. “Prominence” was defined as the relative frequency and intensity of all 15 interviews. Each subject in each transcript was numerically weighted (1-10), reflecting its articulation power and clarity, following quasi-static approaches to thematic analysis (Namey et al., 2008).

CCI contribution to regional development: the second layer of coding was applied to assess the perceived impact of CCI on sustainable regional development. This process was led by the Wróblewski (2014) framework of five impacts: (a) exploiting regional cultural potential, (b) activating culture and heritage conservation, (c) green job creation, (d) developing metropolitan functions, and (e) building a positive regional image.

Each transcript was encoded on the four-point ordinal scale (0 = not mentioned, 1 = mentioned in passing, 2 = discussed in moderately detailed detail, 3 = in-depth discussion or prioritised). While standard Likert-style scales typically range from 1 to 5, these types of ordinal scales are often used in qualitative coding to capture thematic accent gradations (Boone & Boone, 2012).

Data collection was carried out in parallel with iterative analysis to monitor saturation. As no new relevant themes emerged after the coding of the dataset, the coverage of innovation practices and regional development impacts was considered sufficient.

Analysis of planning documents and triangulation of interviews improve the credibility of conclusions by mutually validating lessons from multiple sources (Merriam, 2002). At the same time, the study has some acknowledged limitations: the small, targeted sample of 15 companies is not statistically generalizable, and the interpretation may be influenced by the researcher’s positionality. However, the combination of policy and practice level data provides a balanced basis for solving the study issue and developing a nuanced understanding of the innovation and development link in the Latvian CCI.

Research results

Planning document analysis

The Kurzeme Planning Region Development Programme 2021–2027 highlights CCI as an important direction for the region’s development, promoting both public engagement and the region’s competitiveness. The document plans to develop creative industry clusters, laboratories, and incubators, as well as promote innovation and digitalisation in the cultural offer. It also sets a specific goal of increasing the added value of creative industry companies from EUR 14.39 million in 2017 to EUR 20 million in 2027 (Kurzeme Planning Region, 2021).

In the Zemgale Planning Region Development Programme 2021–2027, CCI are recognised as important development directions with growth potential, as they account for approximately 2% of all economically active units in the region. It is planned to promote the establishment of creative centres, the integration of design and art in business, as well as cooperation between creative professionals and companies. Insufficient entrepreneurial skills and lack of investment are mentioned as the main challenges; therefore, it is planned to strengthen support systems and increase the share of innovative companies from 32.9% to 34% by 2027 (Zemgale Planning Region, 2021).

The Riga Planning Region Development Programme 2022–2027 mentions creative industries as important development factors alongside the green environment, IT, and foreign language skills, which open up opportunities for international cooperation and export. At the same time, it is acknowledged that this potential is currently not sufficiently exploited, as competitiveness is affected by a lack of innovation and knowledge, as well as a technologically insufficient international reach infrastructure. However, the programme lacks specific indicators or measurable objectives related to CCI development (Riga Planning Region, 2023).

The Vidzeme Planning Region Development Programme 2022–2027 highlights CCIs as part of the region's cultural space and economic development potential. The importance of creative industries is reflected in the “added value of creative industry enterprises,” but no specific target value has been set for this indicator until 2027 (Vidzeme Planning Region, 2022).

The Latgale Regional Development Program 2021–2027 mentions creative industries mainly in relation to the development of higher education and urban environments. The program also focuses on supporting the implementation of creative industries and international cultural, scientific, and entrepreneurial projects. However, the regional level lacks specific development measures or targets that directly aim to foster the growth of these industries (Latgale Planning Region, 2021).

In Latvia's regional development programmes for 2021–2027, CCIs are generally recognised as important drivers of regional growth – the Kurzeme and Zemgale programmes set specific development objectives, while the Riga, Vidzeme and Latgale regions recognise the potential of CCIs, but they lack clear targets and targeted support measures to promote the growth of these sectors.

Various regional projects contribute to achieving the broader goals set out in the planning documents. Analysing the project information available on the websites of the planning regions, it can be concluded that over the past five years, one such project has been implemented in the Zemgale planning region with CCI support (under the Interreg Europe programme), and two in the Vidzeme region (both under the Interreg Europe programme). The other planning regions are implementing projects in related areas such as cultural tourism, cultural heritage, and crafts.

Interview analysis: innovation themes

To examine how CCIs innovate in practice, semi-structured interviews with 15 CCI representatives were thematically analysed. The total prominence value of each theme reflects the sum of its values in all interviews, allowing a comparative interpretation of the thematic meaning (see Figure 3).

Lean organisational practices (85) were the most prominent theme, highlighting how creative professionals adopt flexible, resource-efficient work structures. This method includes self-management, multitasking, and agile decision-making, enabling adaptability in uncertain or resource-limited environments. Digital Communication Innovations (82) demonstrates how digital tools and platforms engage audiences and generate visibility. While practically all of the interviewees use digital media, only some do it in a strategic or creative sense. Financial and operational challenges (80) emerged as a critical constraint on innovation, with many interviewees citing lack of time, funding, or infrastructure as limiting factors. These challenges affect both daily operations and the ability to scale or experiment.

Institutional and Ecosystem Support (78) reflects the levels of external assistance in place and how that help is insufficient for creative production. While some individuals may benefit by way of grants or partnerships, many find more established cultural institutions unsuited to their kind of products. Product and content innovation (73) was central to all of the interviews, highlighting the importance of originality and value in cultural creation. Innovation in these domains involves the development of distinctive products, frequently serving as the primary motivation for organisations. Audience and Market Innovation (71) present adaptable strategies for engaging specific or changing audiences. The content covers creative ideas in delivery techniques, access, and form.

Structural and policy challenges (68) relate to institutional recognition, bureaucracy, out-of-date regulations, and other systematic issues suppressing innovation. Many times, these challenges lie beyond the reach of individual

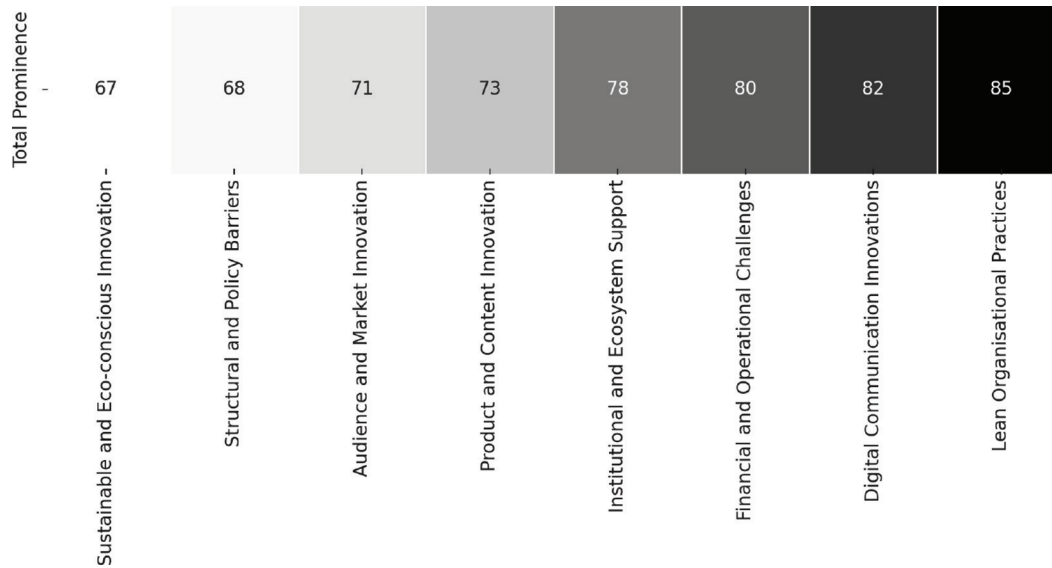


Figure 3. Total prominence of innovation-related themes (Compiled by the authors).

artists. Sustainable and eco-conscious innovation (67) shows how creative processes are progressively including environmental principles. The discussion covers more general organisational ideas as well as material decisions.

Thematic analysis of interviews reveals eight main innovation-related themes, the most significant of which are lean organisational practices, digital communication innovations, and financial or structural constraints. Together, these themes illustrate how CCI companies innovate due to the need to adapt, create content, and engage audiences, often despite limited resources and systemic barriers.

Interview Analysis: Regional Development Impact

To assess the CCI's wider contribution, the interviews were further coded, taking into account the five aspects of the cultural impact on regional development of Wróblewski (2014). Each dimension was evaluated on a scale from 0 to 3 (0 = not mentioned, 3 = in-depth discussion). Average values and standard deviations (SD) were calculated to compare regional models (see Table 2).

As reflected in Table 1, CCI plays a key role in finding and transforming regional cultural resources into development assets, not only economically but also socially and symbolically. This type of CCI impact received the highest possible average score (3.0), indicating that in all regions CCIs are recognised as catalysts for activating cultural resources and building local identity. One interviewee says it very precisely: *"But in fact, this industry is what, in our opinion, shapes Latvian society, this (...) cultural understanding and that public opinion (...)."*

By protecting and simultaneously reviving cultural heritage, the CCI turns it into a "living", productive force for local development rather than just a static relic of the past. With an average score of 2.9, this type of impact, albeit with little variation, has been clearly identified across all planning regions. As it was pointed out by one of the interviewees, *"(...) it is critical now to also talk about the heritability of some kind of professional skill because those who work in the creative industries also bring their identity and culture to the development of tourism and its attraction to the region."*

CCIs can contribute to sustainable development through meaningful employment models rooted in respecting environmental interests while fostering the emergence of new innovations and the preservation of local identity. This was important to one respondent: *"So it's a trend that we use local resources and natural colours, natural dyes, and natural fabrics."* However, the impact of this type of CCI showed the lowest average score (2.0) in interviews, which first relates to the fact that most of the companies interviewed are micro-enterprises with up to 5 employees. Secondly, it relates to the overall employment situation, especially in economically disadvantaged regions.

Even in smaller towns or localities outside large towns, CCIs can help regions adopt or strengthen urban-type functions, such as cultural process management, the innovation ecosystem, and, at times, international visibility. An average of 2.7 for this type indicates that while CCIs are starting to play such a role, their potential remains

Table 2. Assessment of the impact of CCI on sustainable regional development in planning regions (average values, SD) (Source: Compiled by the authors).

Type of impact	Planning Region					Average	SD
	Kurzeme	Zemgale	Riga	Vidzeme	Latgale		
Utilisation of regional cultural potential	3	3	3	3	3	3	0.0
Cultural activation and heritage preservation	3	2.7	2.7	3	3	2.9	0.2
Environmentally friendly employment creation	2	2	2	2	2	2	0.0
Development of metropolitan functions	3	2.3	2.3	3	2.7	2.7	0.3
Formation of a positive regional image	3	3	3	3	3	3	0.0

underdeveloped, possibly due to infrastructure, policies or resource constraints. This is vividly illustrated by the following interview quote: *“Of course, every organised corner of infrastructure is a contribution to the city. And then, (...) I am very interested in those places where you can feel the breath of its history, but in its connection with the modern.”*

CCIs are important in redefining and strengthening regional identity by turning cultural expressions into a strategic tool for promoting the region’s visibility, sustainability and development. This type of impact, together with cultural potential, received the highest average value (3.0), which shows that in all planning regions CCIs are valued not only for their economic value but also for their ability to shape the region’s identity, attractiveness and visibility. This is very clearly highlighted by the following opinion: *“It’s something that can’t be measured in money (...). Namely, there’s not a super large number of employees, but they shape what the city looks like and how attractive it is and whether someone hears about us, whether someone notices us and provides a social environment.”*

Interpretation of the results

The results reveal that the Latvian CCI mainly innovates using lean practices and digital tools, thus reflecting their adaptability to limited resources. This is in line with broader research showing that CCIs often rely on flexible, small-scale strategies rather than major technological advances (Comunian & England, 2019; Lazzeretti et al., 2022). At the same time, financial and institutional barriers also have a significant impact in the context of research into the structural weaknesses of CCIs in smaller economies (Cruz & Teixeira, 2015; Dunska & Marcinkevica, 2017).

Interpreting the results using Wróblewski’s (2014) five impacts, they confirm that CCIs are most effective at activating culture, preserving heritage and strengthening regional image. This outcome is in line with European opinions on their symbolic and place-building role (Ericsson et al., 2024). However, the relatively weaker impact on employment and metropolitan functions differs from international observations on CCI as important economic drivers in the regions (Santoro et al., 2020).

Despite the frequent emphasis on cross-sectoral cooperation and digital transformation in literature, interviews conducted in Latvia underscore that capacity still limits cooperation. This reflects Steinbergs & Cane’s (2021) observation of uneven regional ecosystems, although cases like Liepāja illustrate how targeted management can unlock the potential of CCI (Eglins-Eglitis & Lusena-Ezera, 2016). Overall, CCIs in Latvia enhance cultural resilience and regional identity; however, they do not significantly stimulate regional economic growth, in contrast to broader European narratives.

Conclusions

This study investigated how innovation practices in CCI contribute to sustainable regional development in Latvia. The study revealed both the potential and limitations of realising CCIs and their impact on regional growth by combining a desk analysis of regional development programmes with interviews of 15 business representatives across all planning regions. An analysis of the documents shows that CCIs are recognised as drivers of development, but their actual integration into regional innovation ecosystems is inconsistent and highly dependent on the local context. Innovation often emerges under resource constraints, demonstrating resilience but also highlighting structural and policy weaknesses. At the same time, CCIs contribute significantly to cultural vitality and the development of regional identity, although their impact on the economy and employment remains uneven.

The results highlight the need for more systematic and supportive policy frameworks. The recognition of CCIs in regional strategies should translate into workable measures: long-term funding programmes, simplified administrative procedures and inclusive approaches allowing small businesses to participate fully in regional innovation ecosystems. We should pay particular attention to rural areas where cultural innovation can reinforce social cohesion and stimulate a sustainable local economy. Enhancing institutional support would enable CCIs to transform from peripheral cultural actors into active partners in constructing resilient regions.

The 15 micro-enterprises in the focus of the study throughout Latvia ensured the depth and regional diversity of the study, but this is not statistically generalisable. The conclusions should be considered contextually transferable rather than universally representative. Future studies could broaden this analysis by cross-border comparisons with other small EU member states or by longitudinal studies tracking how innovation practices in CCIs evolve in response to changing policy and funding environments.

Ultimately, CCI's contribution to sustainable regional development in Latvia will depend on whether they are considered not only cultural assets but also strategic innovation partners. Recognition of their potential in programming documents alone is not sufficient: systematic and long-term engagement is essential to release their capacity to promote an inclusive, resilient and future-orientated regional economy.

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