Empirical Paper

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Using the potential of the creative economy to restore Ukraine

https://doi.org/10.2478/ijme-2022-0022
Received: August 01, 2022; accepted: October 11, 2022

Abstract: The concept of the creative economy in the modern global world is filled with new meanings and acquires many qualitatively new features and properties. The article describes the development of creative economy models. A comparative analysis of the characteristics of the creative economy in EU countries and Ukraine was carried out. Through statistical analysis of creative activities in the economy of Ukraine, we determined the list of growth parameters. Using analysis of the studies on the creative economy in Ukraine, we determined the peculiarities and problems of its formation to formulate the principles and priorities of the state policy for the development of the creative economy in Ukraine. The modern model of the creative economy of Ukraine is proposed to be supplemented by the development of creative human potential.

Keywords: characteristics, creative economy, creative economy indicators in EU and Ukraine, model, state policy
JEL Classification: E61, O11, O20, O57, P51

1 Introduction

From the second half of the 20th century, the global economy has undergone a rapid transformational development from a knowledge economy to a creative economy. However, terms such as knowledge economy, innovation, information, and intellectual economy are often used interchangeably. The concept of the creative economy in the modern global world is filled with new meanings and acquires a number of qualitatively new features and properties. The modern creative economy naturally includes previous forms of development as key components (Alabbasi et al. [2020]). The creative economy is a rapidly evolving sector of the world economy. It is dynamic in terms of revenue generation, job creation, and export development as it is less tied to material resources.

Creative economy is considered a new model of economic growth. The following data testify the high dynamics of the creative economy: the share of the creative sector in economies varies from 4.3% to 17.6% in different countries, the share of young people employed in the creative economy has increased by 25% (Chair Creative Economy Outlook [2018]). The growth rate of the creative industry is twice that of the service sector and four times that of the industrial production sector. The creative economy as a new model of economic growth has advantages such as relatively small initial investments in the so-called "soft" infrastructure—human capital (Creative Economy [2021] and LEINN Arts [2022]).

Based on these world trends, Ukraine as part of the world economy can use its creative potential as a driver of development and reconstruction of war-ravaged territories. Ukraine has a significant share of the

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creative economy (3–7% of GDP), but its potential is even higher (>10% of GDP). The growth of the share of the creative economy in GDP creates systemic positive macro-effects (Creative Economy 2030 [2021]).

Ukraine has unfinished transformations of the transfer from a transitional economy to a developing economy. In addition, in connection with the start of the war in Ukraine on February 24th, 2022, significant territories and critical infrastructure of the north, east, and south were destroyed.

In this regard, economic goals of Ukraine are primarily aimed at restoring the main industries and GDP resources to improve economic growth in the short term. As evidenced by the data of many studies, the active development of the creative economy is the way of long-term growth for more developed countries. For other economies, the creative sector can become an opportunity to unlock potential and increase competitiveness under the conditions of appropriate distribution of public finances and competent investment (Andrzej [2012], Alexy and Kacer [2014], and Lorente [2016]).

The basis of economic growth in the long term lays not only in the development of the economy but includes the creative sphere, the introduction of innovations, in which there is an unlimited potential to influence other sectors of the economy. Ukraine, having great potential in terms of creative and intellectual human capital, can consider the creative economy as an important part of the reconstruction of the national economy. Ukraine has a rich cultural heritage, history, and high development of the modern creative industry. Under modern circumstances, the recognition of Ukraine and the popularity of Ukrainian culture are growing. Only values oriented toward creativity, innovation, and cooperation can stop the decline of the national economy and ensure stabilization and prosperity in the long term (Kholodnytska [2018]).

This can contribute to ensuring the competitive advantages of the Ukrainian economy due to their development and monetization. The creative economy is an important part of economic development strategies of Ukraine (Creative Economy 2030 [2021]).

Therefore, the strategies of economic development should be complemented by the development of creativity as competencies and creative management in the conditions of digitalization.

Many scientists and research centers are devoted to the development of the creative economy in Ukraine. However, many questions regarding its effective functioning remain relevant and require the constant attention of scientists and practitioners. The view that the creative economy as a strategic vector of the reconstruction and development of the country requires attention. The development of effective regulatory and institutional support toolset is equally important.

The potential of the creative economy can be used to restore the economy of Ukraine, and the development of the creative sector is predicted as the basis of economic growth of Ukraine until 2030. In this connection, there is a need to evaluate and analyze the creative potential of Ukraine, as well as to outline the directions of its development.

2 Literature review

The creative economy is a set of specific socioeconomic relations arising from production, distribution, exchange, and consumption, based on non-standard, non-traditional ideas, concepts, strategies, and measures that will provide effective solutions to socioeconomic problems based on new knowledge of qualitatively innovative solutions.

The creative economy is a broader sector that goes beyond traditional arts and cultural industries and includes more interrelated activities and sub-industries. It has the potential to be recognized by other international organizations, such as the Council of Europe, various organizations of the UN system, and national, regional, and local authorities and institutions around the world (Bakulina and Sobko [2018] and Namyślak [2020]).

The topic of transition of society to a creative economy and the consideration of the creative industry as a system-forming factor of social, urban, and regional development are developed and studied by many scientists, including works analyzing the growth of the creative economy in Poland (Dudek-Mańkowska and Grochowski [2019], and Namyślak [2020]). This country has many conditions similar to Ukraine.

Theoretical aspects of the development of the creative economy at the global, macro-, and micro-levels include spatial clustering of creative activities and prospects for their development in Ukraine (Bakulina and Sobko [2018], and Pakulina and Evseev [2018]).

Several structural aspects characterize the creative economy. In a broad sense, it acts as

(a) an information economy, where information, knowledge, and science play a leading role as factors of production, and the growing role of creative work raises;
(b) the post-industrial economy as the share of the service sector increases and begins to dominate, rather than the production sector;
(c) an innovative economy when knowledge generates a continuous flow of innovation that meets the requirements of dynamically changing needs and often shapes them;
(d) the global network economy – in the creative economy, the interaction between the carriers of the "idea" is mediated by broad network connections worldwide with the emergence of the Internet as a new infrastructure of the economy;
(e) the knowledge economy increases the importance of human capital and investment in education and training according to Current Issues of State Policy in the Development of Creative and Cultural Industries [2022].

The main difference between the traditional and creative economy is that the main tools in creative economy are intellectual and emotional capital, knowledge, information, and innovation. The concept of creative economy combines disparate concepts such as "information economy," "knowledge economy," and "innovation economy." The "raw material" of the creative economy is the talent that generates new, original ideas and turns them into economic capital and products. The fundamental difference between the creative economy and the innovative one is the emphasis on the development of the innovation industry with the help of the creative sector of the economy as key. In this case, creativity acts as a characteristic of innovation. The key factors for the effective formation, growth, and development of the creative economy are human capital; domestic demand; innovation; investment; technological, organizational, and institutional modernization; and the creative activity of all market participants (Lorente [2016]).

In EU countries, the creative industry is widely used to restore the economy and increase welfare after the decline of traditional sectors of the economy. Creative activity, which extends from the cultural sphere to production and the sphere of services, is used in strategies to overcome crisis phenomena and promote sustainable development (Lazzeretti [2014]).

Thus, it has been proven that the combination of creative economy and innovative economy contributes to economic growth and to increasing the welfare of the population. This evidence can be used to support the recovery of Ukraine from the consequences of the Russian-Ukrainian war of 2014–2022 CASES [2022] through implementation of the creative economy. This policy is considered with an increase in the level of employment and welfare of internally displaced persons and those returning from EU countries (Alexy and Kacer [2014]).

Many studies have proven that the creative economy has significant volumes and is growing dynamically. To analyze the impact of the creative industry on the economy, data from the countries of America, Africa, Asia, and Europe (Colombia, Germany, Japan, Mexico, Nigeria, South Africa, South Korea, Spain, Turkey, and the Great Britain) were selected. According to the report The Future of Creative Economy by Deloitte [2021], the creative economy in these countries comprises 1–4% of GDP and up to 10% of employment.

According to international forecasts, its growth will develop as follows: According to UNESCO, KE represents 3% of world economy GDP and around 30 million jobs worldwide. Extrapolating from earlier trends suggests that the creative economy could grow 40% by 2030, with >8 million additional jobs (Chair Creative Economy Outlook [2018]), (Arts Bin [2022]).

In the program documents of the UN, the creative economy is considered as the one based on creative assets that potentially generate economic growth and development (UN Resolution 74/198). The creative economy is a transformative sector for sustainable development due to the following characteristics: the ability to create income and jobs, the ability to export income with spin-off effects, and the ability to stimulate innovation in other sectors of the economy. Such characteristics of the creative economy as the

ability to create innovations and profits in other sectors of the economy, as well as to generate economic, social, and environmental effects, are noted (Creative Economy Programme [2018]). According to LEINN Arts [2022], middle-income countries are likely to show even stronger growth if their total national income grows faster.

The creative economy provides opportunities to meet important social and cultural needs. Cultural industries contribute to social cohesion among the population, allowing the exchange of knowledge about the contemporary cultural, historical, or mythical world. The creative economy involves the creation of new knowledge that spreads to other sectors. Thus, the report Creative Economy [2021] expanded the concept of the social component of the creative economy and noted the importance of cultural and historical aspects in the social development of the community population.

Growth of the share of the creative industry in the economy of Eastern European countries according to the SOURCES data is shown in Table 1.

Table 1. Share of the creative industry in the economy of Eastern European countries (in %)

Countries\ macro indicators	Czech Republic	Poland	Romania
National GDP	0.2	0.45	0.5
CCIs GVA	35	38	38

Source: Eurostat [2021], National Accounts [2021].

Other studies have proven the great importance of cultural and creative activities to support the personal well-being of citizens in territorial communities of various sizes (Andrzej [2012], Christiaan De Beukelaer [2014], and Alexy and Kacer [2014]).

Thus, experts prove that the creative economy does not need state subsidies for recovery and development after the crisis period. However, they emphasize the need for regulatory measures for the rapid evolution of the creative sector. At the same time, it is recommended to take into account the relations between the state and public structures, on the one hand, and the priorities of using national content for the development of transnational digital platforms, on the other hand. Research confirms that the modern creative economy is considered an inclusive and sustainable economy of recovery and sustainable innovative development.

3 Methodology

The methodology of studying how the national model of the creative economy influences the relevant policy of economic and social development involves determining the elements and characteristics of this model (Creative Economy: a new economic era of the 21st century [2021] Creative Economy 2030 [2021]).

Four models as of Potts and Cunningham [2010] represent four possible modes of dynamic interaction between the creative industry and the economy:

- In model 1, the creative industry drives the economy through the transfer of resources.
- In model 2, the creative industry drives another industry.
- In model 3, the creative industry drives the economy through high rates of growth.
- In model 4, the creative industry evolves economy through the transfer of knowledge.

The economic characteristics of these models such as competition, growth, and innovation determine the appropriate economic policy, and the welfare model determines the appropriate social policy.

The model of the Ukrainian Center for the Development of the Creative Economy takes into account characteristics of the creative economy such as economic, social, and cultural and their impact on sustainable development.

The creative economy model presented by the Center for Economic Recovery of Ukraine takes into account creative industry, creative entrepreneurship, and creative products.

However, new political positions are needed to deal with the modern realities associated with the emergence of new characteristics as creative industry clusters will play a more important role in more regions over time. With the growing importance of creativity, the formation of soft skills becomes an increasingly important priority for the education system. As the global creative economy grows in size, the rewards increase for those countries and regions that are competitive in the production of creative goods and services. These trends determine changes in regional development, educational, and innovative policies to support competitiveness (Deloitte [2021]).

The current trends of the creative economy can be summarized as follows:

- increasing the influence of digitization, technologies, and e-economy;
- blurring the boundaries between sectors and industries due to the combination of creativity, culture, economy, and technology;
- increasing the importance of cognitive, adaptive, and creative skills and three sectors.

Thus, the methodology for the formation of the national policy for the recovery and development of the economy of Ukraine should be methodologically supplemented with a list of state policy criteria in accordance with the global trends in the development of the creative economy.

The strategy of the economic development of Ukraine and the creative industry must be strengthened by the appropriate educational policy for the formation and use of creative potential.

4 Empirical research

We will analyze the indicators of the creative economy of Ukraine based on the data of international ratings, expert data, and forecasts of the development of the creative sector.

The Global Creativity Index presents a new model of economic development. In Global Knowledge Skills, characteristics of the creative economy are the "3Ts" – talent, technology, and tolerance – and rank nations based on each of these pillars, as well as based on their overall measure. The three dimensions are described as follows:

1. *Technology*: research and development investment, and patents per capital;
2. *Talent*: share of adults with higher education and workforce in the creative class;
3. *Tolerance*: treatment of immigrants, racial and ethnic minorities, gays, and lesbians.

A comparison of these indicators in the EU countries (Figure 1) shows that Eastern European countries have two times lower indicators of the creative economy than the indicators in the EU.

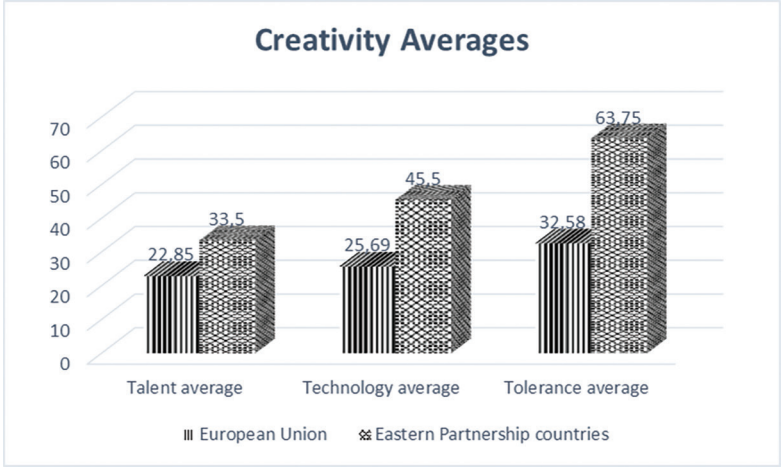


Figure 1. Comparison of indicators of 3Ts in EU countries.
Source: Global Creativity Index – ChartsBin.com. http://chartsbin.com.

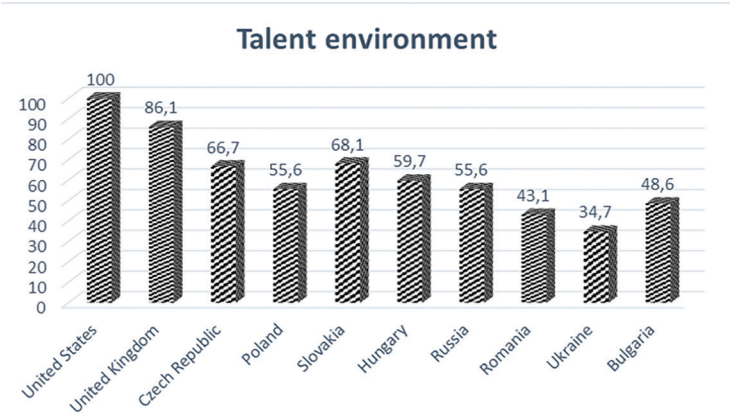


Figure 2. Indicators of talent environment in Eastern European countries.
Source: Global Creativity Index – ChartsBin.com. http://chartsbin.com.

Talent support indicators are the lowest (22.85), indicators of technology use are slightly higher (25.69), and tolerance accounts for 32.58. Obviously, in order to increase their level, it is necessary to increase investments in education for the development of creativity and provide a more effective use of technologies.

A comparison of the indicators of the talent utilization level in Eastern European countries and the indicators of the developed regions of the United States and the United Kingdom shows a large difference in their values. Eastern European countries have two times lower indicators (of which Ukraine is the lowest – 34.7). Therefore, countries with a high level of gross income and income per capita have higher opportunities to support talents. Eastern European countries must transform the policy of supporting the creative economy.

A comparative analysis of the rating indicators for measuring soft competences according to the data of Ukraine and Poland allows us to note the high level of knowledge skills of Ukrainians. However, the data indicate a low level of professionalism and conditions to create an environment for supporting talent. Thus, these facts, which indicate a lag in talent support, should be taken into account when developing a policy for the development of human potential in Ukraine (Dronyuk et al. [2019] and Grynchuk Yu and Koval [2020]).

In Table 2, the data of global indices of knowledge use in Eastern European countries are presented using the example of Poland and Ukraine.

Data analysis allows for drawing a conclusion about the sufficiently high creative potential of Ukraine (both realized and development potential), which is based on talents (human capital). However, the process of "brain drain" from Ukraine, the departure of an increasing number of young people for higher education abroad, and the deterioration of ranking positions of Ukraine in the "Human Capital" component of the Global Innovation Index make us think how to preserve and increase the creative potential of Ukrainian society.

Table 2. Comparison level of knowledge skills

Country	Global knowledge skills		Workforce with tertiary education		Professionals		Talent impact		Senior officials and managers		Availability of scientists and engineers	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Poland	47.74	45	44.53	33	48.98	25	43.65	45	47.63	38	51.55	62
Ukraine	49.55	39	65.50	5	42.20	38	39.37	60	61.51	25	61.54	42
Poland							GTCI score 55.69					
Ukraine							GTCI score 47.42					

Index – ChartsBin.com. http://chartsbin.com.
Source: GTCI-2021-Report, Statistics Poland [2021], Creative Economy State Profiles [2021].

Expert data measuring the level of the creative economy in Ukraine testify the following: The CASES audience unites representatives of many industries such as marketing, advertising, branding, design, IT, and communications. Most community specialists are involved in marketing, advertising, and branding (25.2%) and graphic design (20.2%). A significant part of the community is also a representative of the IT industry (14.7%). Such a variety of fields in which specialists work allowed us to research the impact of the war on each of them. Almost four of 10 companies in the creative industry have suspended their activities [CASES, 2022].

Many professionals lost their jobs, including designers (graphic, web, and product), content managers and communicators, creative directors, and art directors. Business owners and managers talk about losing their jobs and even business (29.7%). The loss of work affected programmers and strategists the least. Those who have kept their jobs note that the volume of work has more than halved (58.3%), and work has now become remote for 46.7% of specialists. More than a third of specialists (36.5%) had their wages reduced. About a third (33.3%) of specialists went through relocation. Only 7.4% of those who lost their jobs have already found an alternative.

The factors that negatively affect the formation of creative potential of Ukraine are identified: unfavorable political, regulatory, and business environments; lack of a strategic vision of the development of the cultural and creative sphere by state authorities and local governments; insufficient volume of investments in R&D and education; unsatisfactory quality of education, environment, and personal safety; and low level of openness and tolerance of Ukrainian society.

The source of creativity is the living and working conditions of the workforce; therefore, in order to develop creative potential, certain conditions for creativity should be created.

In future, in order to restore Ukraine, the Ukrainian government needs to continue the development of the digital economy and provision of stable development opportunities for representatives of creative spheres in Ukraine in order to stimulate their return to Ukraine, as well as to stimulate the attraction of talents from all corners of the world, ensuring the protection of intellectual property rights, ensuring improved conditions for Ukrainian exports, creation of equal conditions for conducting business, and stimulation and support of human capital.

The use of the potential of the creative economy in Ukraine was predicted by the Center for the Development of the Creative Economy. As part of the study, impact modeling was carried out to reveal the potential of the creative economy in Ukraine to determine sectoral and macroeconomic effects (Statistical database of the organization of economic cooperation and development [2020]).

The research of the Center for the Development of the Creative Economy was conducted with the aim of finding new opportunities for Ukraine in the light of global trends. Characteristics of the creative economy such as the creative industry and creative products have been studied. It has been proven that Ukraine has a significant share of the creative economy (7% of GDP), but its potential is even higher (>10% of GDP). The growth of the share of the creative economy in GDP creates systemic positive macro-effects. By increasing the share of the creative economy in GDP from the current 7% to 10%, it is possible to achieve an increase in GDP by UAH 182.1 billion, exports by UAH 95.6 billion, and the gross profit of enterprises by UAH 92.7 billion [Creative Economy: A New Economic Era of the 21st Century, 2022].

As part of the study, impact modeling was carried out to reveal the potential of the creative economy in Ukraine to determine sectoral and macroeconomic effects. The simulation results indicate that the volume of GDP will increase by 5.32% with the growth of the share of the creative economy in the national economy of Ukraine to 10% of GDP. Half of this growth (UAH 91.1 billion in 2019 prices) will be an increase in the gross product in the creative industry itself. The rest will be an increase in the GDP of related industries. The development of the creative economy can lead to the creation of innovative products by its branches, which will make it possible to increase productivity in other branches of the domestic economy, thus accelerating their growth rates.

The simulation results also indicate an increase in the export of goods and services as a result of an increase in the share of the creative economy in the domestic economy. Therefore, significant prospects for further increase in the role and weight of the creative economy segment in the general economic system of the country are opening up in Ukraine.

Table 3 shows the main directions of education development in Ukraine and their correspondence to the indicators of the creative economy.

Table 3. Formation of creative economy skills in Ukraine

Skills "3Ts"	Directions	Results
Talent	New Ukrainian school	Methodological recommendations on the development of the educational environment using the means of augmented and virtual reality
	New Ukrainian school	Formation of a team of gifted students
	New Ukrainian school	Methodical provision of profile and professional self-determination of students Education of a citizen-patriot and family
	Digitization of education	All-Ukrainian contest "Planet-IT" for the best electronic educational resource by nominations
	Development of science and innovation	Expert opinions, and informational and analytical materials
Technology	Affordable and quality preschool education	Methodical provision of information and communication competence of preschool teachers
	Quality higher education and development of adult education	Development of information and communication competence of teachers in the conditions of non-formal education
	Digitization of education	Scientific and methodological support for the introduction of STEM education in Ukraine
Tolerance	New Ukrainian school	Methodological recommendations for the implementation of typical educational programs in teaching children with special educational needs
	Digitization of education	Implementation of modern information technologies and digital educational platforms in order to provide quality educational services to persons with special educational needs

Source: Program of joint activities [2020].

Thus, the document on the development of education in Ukraine is of a general nature, and it mainly concerns the development of schools and professional education. The results of the program are the development of methodological support for old didactic practices. The program does not correspond to modern trends in higher education and the needs of the formation of creativity competencies.

Thus, the analysis of data on the state of the creative industry and forecast documents allows us to state that the coordination of economic and educational policies is the main problem of the development of the creative economy in Ukraine.

5 State policy of supporting the creative economy

Based on the study of analytical reports and practical data, systemic problems of the development of the creative economy in Ukraine were identified. The main system problems are as follows:

- imperfect legislative framework involves an unsettled number of issues related to the functioning of the creative industry, the legislation does not sufficiently contribute to the development of the creative economy, a number of creative professions are not included in the classification of professions, and an issue of protecting intellectual property rights, copyrights, and digital rights is particularly acute;
- lack of a unified state strategy and policy for the development of the creative economy, effective tools for its implementation, and an understanding of the key factors of recovery and sustainable development;
- a large share of the shadow sector of the creative industry (e.g., creative goods and services are freely distributed through social networks and the Internet without legal registration of business activity), which is due to the lack of legal responsibility for work without permits and tax evasion;
- imperfect human resources and outdated education system, and lack of talent support environment (Lanvin and Monteiro [2021]).

The lack of professionals in the field of art, fashion, and design (art managers, producers, designers of the international level, and curators of creative projects), and lack of intermediaries between creators and consumers (critics, collectors, and connoisseurs) are especially noticeable. The education system in Ukraine is focused on training personnel who act according to a template and does not encourage the expression of creativity and a creative approach to solving tasks (Adamovych [2016] and Bratianu et al. [2021]).

In Ukraine, the access of representatives of the creative economy to financial resources is complicated; there is insufficient material and technical and information support of scientific, technological, and innovative activities; a low level of development of most creative industries; and weak development of the innovative infrastructure in terms of commercialization of creative ideas (Moiseienko [2019]).

Thus, national and local policies for the development of the creative economy should be based on the awareness of their interdisciplinary nature (synthesis of economic, cultural, social, technological, and ecological components).

It is necessary to ensure the appropriate level of business education for creative entrepreneurs, valuation of intangible assets, protection of intellectual property rights, copyright and digital rights, and access to financial resources. Therefore, at different stages of the development of the creative economy, there will be a need to use various measures for the growth and promotion of the relevant industries.

Based on the study of practical data on measuring the level of the creative economy of Ukraine and the methodology of forming a modern policy of supporting the creative sector, we identified the directions needed for the support policies for the creative economy in Ukraine.

In the country, there is a need to develop and implement a strategy of creative and innovative development of the regions of Ukraine, to provide comprehensive support for local creative and innovative initiatives. All the characteristics of the creative industry determine the prospects for their development in Ukraine:

(a) There is a need to create an effective model of creative small business, which should ensure freedom of creativity, a social business based on partnership, and e-commerce.
(b) They stimulate the innovative potential of education and culture, supporting international and interregional cooperation, and mobility of students, scientists, and authors of innovative ideas, where culture should be a space for communication and creating something new.
(c) It is necessary to improve the standards of specialized education toward openness to the best world practices, invest in human resources, create a network where professionals will communicate with each other and exchange best practices, support the international presence of the country, and stimulate educational incubators in the business sector.
(d) Development of media as a tool of the culture of international, interregional, and interprofessional communication; the combination of cultural, historical, human, and literary potential in new formats of media resources will allow to develop the export potential.
(e) Strategic measures for the development of creative clusters may be the relevant priorities of cultural, humanitarian, educational, innovative, and financial policy; development of specific projects and programs; the opening of art incubators, creating a favorable investment climate; and financial and tax incentives as a condition for creativity and business.

To move to active stages of development and ensure sustainable growth of the sector, it is necessary to implement a comprehensive program of state support, including such areas as professional and business education for creative entrepreneurs, creating a favorable communication environment, property support and infrastructure development, increasing access to financial resources, support of the creative industry, formation of a system of monitoring and evaluation of the creative industry, promotion of their spread in Ukrainian and international markets, formation of demand for unique and modern cultural products, and expansion of participation of local communities in cultural life of cities (Creative Industries [2019]). It is recommended to define the basic principles of a formation policy of the creative industry development reflected in Table 4.

We can identify the following priorities of public policy in the field of creative economy:

(a) Systemic protectionist state cultural policy is aimed at supporting the creative economy. At the initial stage, it is focused on the creation of conditions for the predominant attractiveness of domestic CCI products over imported products. The protectionist policy should be aimed at creating acceptable conditions for investing in culture and creative development.

Table 4. Policy principles of creative industry development

Principles	Measures to implement the principles
Program-targeted approach	Provides for the definition of priorities and strategies for creative activity, with which regional and sectoral development strategies and programs should be coordinated.
Balance of development	Aimed at optimal use of internal and external benefits and providing conditions for the transition to the balanced development of the economy of nature and society.
Institutional systematics	Provides for the coherence of organizational, economic, legal, infrastructural, and managerial regulatory influences to promote the development of the creative economy.
Financial security	Requires a balanced formation of funding sources for innovative development with public and private investment.
Information and consulting support	Provides for the creation of full access to information about the objects and subjects of the creative economy and a wide range of consulting services for creative activities.
Social and environmental orientation	The tools of regional innovation policy should be based on the priority of increasing living standards and environmental safety.

Source: created by author.

(b) Recognition at the governmental level of the priority of creative economy development as one of the current areas of economic, innovation, and social policy. This requires the adoption of a number of documents on the state policy level in the field of creative economy.
(c) Creating an appropriate level of regulatory framework for the functioning of the creative economy.
(d) Support of competitive innovative projects aimed at mastering cultural competencies by the population to increase the quality of "human capital."
(e) Ensuring the economic self-sufficiency of the cultural sphere, which has been financed on a residual basis for long time. Budget support should be provided in accordance with the large-scale tasks that the cultural sphere is called upon to perform.
(f) Development of the state and public institutions that promote the implementation of innovative cultural activities through the elimination of administrative barriers and the implementation of cultural policy on the basis of broad public participation. Public institutions should be a source of innovation, and not a brake on it.
(g) Development and implementation of relevant innovations in the form of statistical reporting on the development of creative economy (Creative Industries [2019]).

The development of the institutional framework of the creative economy in the EU takes place through the implementation of certain steps shown in Table 5.

Table 5. Development of institution basement for the creative economy

Direction of integration	Practical measures for implementation
Creative economy as an element of regional development strategies	Several EU regions direct their structural and aggregate funds to CCIs, especially for asset planning, resource mobilization, strategic partnerships and clusters, and infrastructure and service improvements.
Taking creative economy into account in urban policy, through the European Capitals of Culture initiative	New creative hubs, platforms where professionals can create, meet, collaborate, and showcase their work, are catalyzing the revitalization of cities, giving new functions to abandoned industrial areas or unoccupied buildings.
Integration of creative economy into cultural strategy	The cultural strategy of Europe calls for a combination of European cooperation and culture with stakeholders in innovation, tourism, and urban planning.
Inclusion of creative economy in innovation and research programs	The potential of creative economy to promote innovation processes is recognized as a result of the influence of non-technological factors such as creativity, design, branding, and new organizational processes.

Source: created by author.

The creative economy can become an important component of the future recovery and economic specialization of Ukraine. The following tools will be useful for irrevocable financial support of startups in the creative economy through the Ukrainian Startup Fund, development of a network of creative hubs, and cheaper loans for subjects of the creative economy.

6 Conclusions

The creative economy as a new innovative trend in the world economic development plays a specific role in the recovery of the global economy. Creative economy allows to generate profit, create new jobs and new industries, significantly increase the output of traditional products, modernize industrial processes, accelerate the restructuring of production, develop new markets and create "soft" infrastructures for cultural tourism, improve industrial infrastructure and investment environment, revive urban areas that have fallen into disrepair, increase competition and give impetus to innovative development, and ensure trade growth.

And although Ukraine is not yet the leader in terms of the share of the creative economy in the world, it has great potential for leadership and development of the creative economy. Due to the fact that creativity has a direct impact on the increase of added value and taking into account the current state of Ukraine, one of the ways of optimal investment in the creative economy may be the following: development and protection of creative talent thanks to the development of the system of educational institutions and education in general (creative abilities are a stable indicator, and Ukraine has many highly educated and capable personnel); stimulation of startups and creative business in general by improving the state of the labor market, creating a favorable environment for doing business, introducing benefits, etc.

Models of the creative economy evolve under the influence of trends in the development of the world economy. The formation of national models of the creative economy should take into account the digitization of all social processes as well as the development of human creative potential as the highest priority.

Studies of the potential of the creative economy in various countries of the world prove that developed economies have higher potential opportunities to ensure the dynamics of the creative sector. Developing countries should determine the priorities and directions of the support policy. A comparative analysis of the creativity indices of Eastern European countries allows us to determine the directions of lagging behind in the development of the creative economy. Statistical analysis of the dynamics of the creative economy in Ukraine before the war and the state of modern use of creative potential allows for determining priorities for adapting development strategies. The modification of the development policy for the creative economy in Ukraine involves taking into account the requirements of sustainable development, correcting the use of creative potential and the possibilities of its efficient leveraging for reconstruction purposes.

With the growth of creative economies in the world, the importance of the innovative development of Ukraine and using the potential of the creative economy to rebuild the economy of Ukraine is growing. In addition, our further work will focus on studying the need for institutional change to benefit the development of the creative economy.

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