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DEVELOPMENT OF THE CREATIVE ECONOMY AS A FACTOR OF SUSTAINABLE ECONOMIC GROWTH

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Abstract. *In the context of digitalization and structural transformation of the global economy, the creative economy is becoming a key factor in sustainable economic growth and increased competitiveness of national economies. This article examines the essence of the creative economy, its key characteristics, and its role in shaping innovative potential. It also analyzes international approaches to developing creative industries, as well as their impact on employment, added value, and exports. Particular attention is paid to the institutional conditions and mechanisms of state support for the creative economy. The conclusion is substantiated that the development of creative industries contributes to economic diversification and the emergence of a knowledge economy.*

Keywords: *creative economy, creative industries, knowledge economy, innovation, human capital, sustainable development, digital economy.*

INTRODUCTION

The current stage of global economic development is marked by profound structural changes associated with the transition from industrial and post-industrial models toward a knowledge-based economy. In this new economic paradigm, traditional factors of production such as land, labor, and physical capital are gradually уступают leading positions to intangible assets, including knowledge, creativity, innovation, and human capital. Economic growth and competitiveness are increasingly determined by the ability of societies and enterprises to generate, accumulate, and effectively apply intellectual and creative resources. As a result, the creative economy emerges as one of the most dynamic and strategically important components of modern economic systems.

Within these conditions, the creative economy, grounded in the productive use of human capital, cultural heritage, and innovative ideas, acquires particular significance. Unlike traditional sectors, where value creation is primarily based on material resources and standardized processes, creative economic activities rely on originality, talent, and the capacity to transform ideas into marketable products and services. This shift reflects broader global trends, including digitalization, globalization of cultural exchange, and the growing role of information and communication technologies, which significantly expand the scale and impact of creative outputs.

The concept of the «creative economy» encompasses a wide range of economic activities in which creative labor serves as the principal factor of production, and the final result is the creation of intellectual property, cultural goods, and services with high added value. Creative industries include design, architecture, media, film and audiovisual production, music, advertising, software development, digital content creation, and other fields closely linked to innovation and advanced technologies. These industries not only generate economic value but also stimulate technological progress, support the diffusion of digital solutions, and contribute to the diversification of national economies.

The relevance of studying the creative economy is further reinforced by its multidimensional impact on socio-economic development. Beyond contributing to gross domestic product growth, creative industries play an important role in job creation, especially for young people and highly skilled professionals, and in the development of small and medium-sized enterprises. Moreover, the creative economy fosters entrepreneurship, encourages cultural diversity, and enhances the attractiveness and livability of cities and regions. Through the production of culturally meaningful and innovative goods and services, it also contributes to improving the overall quality of life and strengthening social cohesion.

In this context, the analysis of the theoretical foundations and practical mechanisms of creative economy development is of significant scientific and practical interest. Understanding the factors that stimulate creative activity, the institutional conditions necessary for its growth, and the economic effects generated by creative industries is essential for formulating effective development strategies and public policies. Such analysis allows for the identification of best practices in supporting creative sectors and provides a basis for integrating creative economy principles into broader national and regional development agendas in the knowledge-based economy.

THEORETICAL ASPECT OF RESEARCH

The creative economy is a rapidly growing sector of the global economy. And, especially relevant, 2021 was declared the International Year of the Creative Economy for Sustainable Development by the UN General Assembly. The creative economy, known in some countries as the “orange economy,” is dynamic in terms of job creation and export development, as it is not tied to material resources¹. The following characteristics of the knowledge economy can be identified:

- creativity occupies a leading role;
- a large volume of knowledge requiring constant “replenishment”;
- the introduction of new technologies.

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¹ Creative industries boost economies and development, shows UN Report. Available at: <http://www.unesco.org/new/en/media-services/in-focus-articles/creative-industries-boost-economies-anddevelopment-shows-un-report/>

- the introduction of new technologies.

In the knowledge economy, ideas are of the greatest value, namely the ability to apply and utilize them in culture, science, and business. This type of economy is more typical for developed countries.

According to K. Oakley and J. Ward, the creative economy attracts and retains highly skilled personnel, becoming a source of innovative development². At the same time, S. Moreton emphasized the role of universities, viewing them as platforms for intellectual and creative enrichment that are directly involved in the dissemination of creative economy ideas in practice³. Cerisola & Panzera demonstrated how cultural and creative cities act as catalysts for regional economic efficiency, emphasizing the importance of contextual factors in amplifying cultural vibrancy and fostering the creative economy. Their findings highlight the necessity of tailored strategies to harness creativity for economic growth, especially in regions with diverse socio-economic dynamics.

In a similar vein, Audretsch and Belitski's research examined the relationship between entrepreneurial ecosystems and the creative class, proposing a typology for regional economic development⁴. Their research revealed that regions with vibrant creative ecosystems exhibited stronger economic performance, driven by the synergy between entrepreneurship and cultural industries. Mellander & Florida further emphasizes the central role of human capital and the creative class in regional development⁵. Their research shows how concentrations of skills and talent can stimulate innovation and competitiveness, and provides a roadmap for harnessing creativity to achieve sustainable economic growth. Boggs claims that the creative economy sector, including the sector's jobs, is not easily measured⁶. However, factual data illustrate that the creative economy's added value in the GDP of developed economies has increased during the last years, while the cultural and creative industries (CCI) are gaining a dynamic impetus by fostering economic growth and creating jobs⁷. More specifically, the CCI, in 2015, produced an added value of EUR 558 billion to the EU's GDP (4.4% of total EU GDP), while it contributed 3.8% of the total EU workforce (8.3 million full-time equivalent jobs)⁸. The increase in the number of creative industries and the number of persons employed in them illustrates the

² Oakley K., Ward J. Creative Economy, Critical Perspectives // Cultural Trends. 2018. No. 27 (5). P. 311–312.

³ Moreton S. Contributing to the creative economy imaginary: universities and the creative sector // Journal of Cultural Trends. 2021. No. 27 (5). P. 327–338.

⁴ Audretsch D. B., & Belitski M. Towards an entrepreneurial ecosystem typology for regional economic development: The role of creative class and entrepreneurship. Regional Studies, 55(4), 735–756, 2021.

⁵ Mellander, C., & Florida R. The rise of skills: Human capital, the creative class, and regional development. Handbook of regional science, 2021, 707–719.

⁶ Boggs, J. Cultural industries and the creative economy–Vague but useful concepts. Geogr. Compass 2009, 3, 1483–1498.

⁷ EY Consulting. Rebuilding Europe the Cultural and Creative Economy before and after the COVID-19 Crisis; EY: London, UK, 2021.

⁸ Van Antwerpen J.; Fesel B.; Kaltenbach L. The Cultural and Creative Industries in Europe: Entrepreneurial Assets and Capacities Need More Support. 2015. Available online: https://ecbnetwork.eu/wp-content/uploads/2015/07/ECBN_manifesto-20151.pdf

importance of the creative economy sector⁹.

METHODOLOGICAL ASPECT OF RESEARCH

The methodological foundation of the study is comprised of general scientific methods for understanding socioeconomic processes, including analysis and synthesis, induction and deduction, and a systems approach. The comparative method was used to analyze international experience in the development of creative industries in countries with different levels of economic development. The research used structural-functional analysis to identify the role of the creative economy in the structure of the national economy. The comparative method was used to analyze international experience in the development of creative industries in countries with different levels of economic development. The economic-logical approach made it possible to identify the relationship between the development of the creative economy, innovative activity and sustainable economic growth. The research base included scientific publications by domestic and foreign authors, analytical reports from international organizations, and statistical data in the creative industries.

FOREIGN EXPERIENCE OF RESEARCH

Global experience shows that the creative economy is one of the key drivers of sustainable economic growth and innovative development in many countries. Creative industries encompass a wide range of sectors, from art and design to media, digital technologies and cultural tourism, and make a significant contribution to GDP, employment and exports¹⁰.

In the United States, the “Creative Class”¹¹ concept demonstrates that the concentration of highly skilled professionals in creative industries contributes to the growth of innovation and the increased competitiveness of cities and regions. An analysis of urban ecosystems has shown that creative industries directly influence the development of startups, innovation clusters, and the investment attractiveness of territories.

In Europe, national and regional programs supporting creative industries play an important role. For example, EU countries actively use grants, tax incentives, and creative hub initiatives to promote the development of small and medium-sized businesses in the arts, design, and digital content sectors¹². Such measures will help expand employment in the creative sectors and increase the export of cultural products.

In Asia and Oceania, the growth of the creative economy is accompanied by digitalization and global integration. South Korea is actively investing in the music, film, and gaming industries, allowing the country to develop cultural exports and an international brand¹³. Australia is demonstrating a high rate of growth in creative start-

⁹ Dronyuk I.; Moiseienko I.; Gregus J. Analysis of Creative Industries Activities in European Union Countries. *Procedia Comput. Sci.* 2019, 160, 479–484.

¹⁰ UNCTAD. *Creative Economy Outlook*, Geneva: United Nations, 2022.

¹¹ Florida R. *The Rise of the Creative Class*, New York: Basic Books, 2014.

¹² OECD. *Culture and Local Development: Maximising the Impact*, Paris: OECD Publishing, 2020.

¹³ UNCTAD. *Creative Economy Outlook*, Geneva: United Nations, 2022.

ups and is implementing educational and entrepreneurial programs to prepare professionals for today's labor markets.

International practice shows that the most successful strategies for developing the creative economy include:

1. Integrating educational programs with the needs of creative industries;
2. Creating infrastructure for startups, creative clusters, and hubs;
3. Government support through grants, subsidies, and tax incentives;
4. Actively utilize digital technologies and the platform economy to scale creative content;
5. Monitor and evaluate the economic impact of creative industries through GDP, employment, and export statistics¹⁴.

Analysis of global results demonstrates that the creative economy is a universal instrument for stimulating innovation activity, enhancing competitiveness, and ensuring sustainable economic growth, as evidenced by statistical data on GDP contribution, employment, and the export potential of creative industries in both developed and developing countries. Global experience shows that creative industries make a significant contribution to GDP, employment, and exports. In countries such as the US and UK, the creative sector is actively supported through the development of creative clusters, tax incentives, and government grants¹⁵. According to UNCTAD, the export of creative goods and services is showing steady growth, and the creative economy is becoming an important source of foreign exchange earnings for developed and developing countries¹⁶. UNESCO emphasizes that investment in creative industries contributes not only to economic growth, but also to social development, cultural diversity and the sustainability of cities¹⁷.

The creative industry is at the center of new economic development policies and strategies. Creative networks are actively growing, particularly in London, Berlin, and Barcelona. In particular, the former is home to over 386,000 creative entrepreneurs, generating revenue of approximately £19 billion. This means the UK capital accounts for 16 percent of the country's economy. Creative industries such as advertising, architecture, IT and publishing account for 16.3 per cent of total jobs in London, according to GLA Economics.

China's creative industry relies primarily on private sector investment and is oriented toward global markets, similar to the creative sectors of Europe.

In Kazakhstan, the Concept for the Development of Creative Industries for 2021–2025 was adopted in November 2021. Within its framework, relevant amendments were introduced to the Law on Culture and the Entrepreneurial Code. These measures created favorable conditions for supporting individuals and companies operating in fields such as arts, design, and IT.

¹⁴ Howkins J. The Creative Economy: How People Make Money from Ideas, London: Penguin, 2001.

¹⁵ OECD. Culture and Local Development: Maximising the Impact. Paris: OECD Publishing, 2020.

¹⁶ UNCTAD. Creative Economy Outlook. Geneva: United Nations, 2022.

¹⁷ UNESCO. ReShaping Policies for Creativity. Paris: UNESCO, 2022.

In April 2022, Kyrgyzstan established a special Council under the President to address issues related to the creative industries. In August of the same year, the Law "On the Creative Industries Park" was adopted, providing a special tax regime and incentives. The establishment of the Council contributes to better coordination of support measures for the creative industries and to addressing the challenges faced by entrepreneurs.

Under the conditions of the socio-economic development of Uzbekistan, there is a growing need to expand employment opportunities, foster talents with creative abilities, and promote creative entrepreneurial activity. This constitutes one of the priorities for expanding educational programs aimed at developing creative entrepreneurial skills from the school level onward, including efforts to elevate the creative industries to a higher stage of development. In addition to crowdfunding and fundraising methods used in financing the creative industries, state support for creative professionals and the establishment of an effective financial infrastructure are among the key priorities in the diversification of Uzbekistan's economic sectors.

Overall, the development of the creative economy in Uzbekistan has begun. For example, IT parks and technoparks have been established in most cities of the republic, serving as platforms for unlocking the talents of young people. As a result, startups are increasingly being launched and gaining popularity among the younger generation, which is an encouraging trend.

ANALYSIS AND RESULTS OF RESEARCH

In recent years, the creative economy has become one of the most important factors in sustainable economic growth and innovative development worldwide. The article analyzes the state of development of creative economy projects in Uzbekistan, existing problems, infrastructural and institutional shortcomings, as well as promising approaches based on international experience. Within the creative economy, projects in areas such as design, IT, art, culture, advertising, media, cinema, fashion, and digital content are seen as new growth areas in Uzbekistan's economic structure.

An analysis of international experience shows that countries that actively invest in the development of creative industries demonstrate higher rates of innovative development and economic diversification. State policy aimed at supporting small and medium-sized businesses, protecting intellectual property and developing educational infrastructure plays a significant role in this. It has been established that the creative economy contributes to the formation of sustainable urban ecosystems, the development of cultural tourism, and the increase in the investment attractiveness of regions. The research findings show that the creative economy makes a significant contribution to gross domestic product and employment in a number of developed and developing countries. The growth of digital technologies and the platform economy is expanding opportunities for the commercialization of creative ideas and accelerating the entry of creative products into global markets.

In our country, the creative industry is given special importance, including in the fields of culture and art. It is noteworthy that a legal framework has now been

established for its development. The Decree of the Head of State "On measures for the innovative development of the sphere of culture and art in the Republic of Uzbekistan" dated August 26, 2018, and the Decree of the President "On approval of the Strategy for Innovative Development of the Republic of Uzbekistan for 2022-2026" dated July 6, 2022, defined priority tasks for the development of the creative economy.

In particular:

Support for start-up initiatives by forming a network of innovation infrastructure entities, as well as organizing large-scale production (capital creation);

Increasing the share of innovative organizations by improving institutional mechanisms for state support of innovation;

Ensuring accelerated socio-economic growth in regions by increasing the innovative activity of small businesses;

stimulating demand for innovation by providing a comprehensive system for creating new types of products and innovative technologies - from the idea to the end consumer;

further development of human capital in the management of innovation activities through the development of skills in creativity, innovative entrepreneurship and rationalization at all stages of education;

utilizing cutting-edge international experience in museum management and marketing;

effective use of innovative ideas and technologies in the broader study and promotion of culture;

creation of national brands in the field of culture and art, an integrated approach to their entry into global tourism markets;

conducting modern marketing research aimed at attracting and developing foreign investment in the film industry.

The Law "On Creative Economy" has entered into force in Uzbekistan¹⁸. On 3 October, President Shavkat Mirziyoyev signed a document that formalizes the key concepts of the creative economy and defines the directions of state support for entities operating in the creative industries. The draft law was developed by the Uzbekistan Culture and Arts Development Foundation with the participation of the Agency for Strategic Reforms. The work was carried out in implementation of the President's instructions issued following the expanded meeting of the Republican Council for Spirituality and Enlightenment held on 22 December 2023.

In June 2024, a working group was established to develop the legal framework for the future law. It comprised 17 experts representing ten ministries and agencies. Representatives of the Chamber of Commerce and Industry were involved in the lawmaking process. Meetings were held with stakeholders from the creative industries, and the experience of 11 countries among them the United Kingdom, Indonesia, South Korea, Russia, and Kazakhstan was examined. The share of the creative economy in the GDP of these countries ranges from 2.7% to 7%.

¹⁸ Закон Республики Узбекистан «О креативной экономике» от 03.10.2024 г. № ЗРУ-970.

The working group also focused on the national IT Park. Between 2020 and 2023, exports of IT services from Uzbekistan increased from USD 16 million to USD 344 million, while the share of the IT sector in GDP rose from 1.99% to 3.5%.

In Uzbekistan, the creative industries encompass crafts, fashion and design, music, cinema, architecture, publishing, IT services, and the creation of digital content. The country's rich cultural heritage provides a solid foundation for the development of creative products with high value added, particularly in the areas of cultural tourism and handicrafts.

Institutional support for the creative industries has been strengthened through reforms in the education sector, promotion of startup development, and the formation of innovative ecosystems. Special attention has been paid to improving access to finance, enhancing the protection of intellectual property rights, and fostering cooperation between creative professionals and commercial entities.

CONCLUSION

The research found that the creative economy is an important factor in sustainable economic growth and structural modernization. The leverage of creative and intellectual potential contributes to the creation of products with high added value, the development of innovation and increased competitiveness of the national economy. The development of creative industries requires a comprehensive approach, including improving the institutional environment, supporting entrepreneurship, developing human capital, and integrating digital technologies. In the long term, the creative economy forms the basis of the knowledge economy and contributes to sustainable socio-economic development.

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