

9.2 Pest analysis of the creative industries development in Ukraine

In today's globalized world, countries focus on the development of a knowledge economy, where creativity, innovation, and intellectual potential are the main factors of growth. Ukraine has significant creative potential, which is manifested in the fields of culture, art, IT, design, architecture, media, advertising, and other industries. However, to effectively use this potential, modern approaches to shaping public policy, creating a favorable environment for the development of creative business, and integrating Ukraine into global creative markets are necessary. Research on this topic will identify opportunities and obstacles to the formation of a creative economy, assess its contribution to the national economy, and propose strategic directions for development that will help increase Ukraine's competitiveness in the international arena.

Scientists Bezuhla L. and Lazakovych I. [177] in their article characterize the main branches of creative industries, which are united by a common emphasis on creativity, innovation, and the use of intellectual property. Scientists establish that creative industries and creative economy interact, creating a synergistic effect that promotes economic growth, cultural development and innovation. Researchers analyze the main differences in the directions of development of creative industries and creative economy. Scientists also identify specific challenges facing the creative industries of Ukraine in wartime, as well as what prospects can be used to overcome these challenges and ensure the development of industries.

Opanaschuk P. [178] highlights the features of cooperation between Ukraine and the EU in the field of development of cultural and creative industries, analyzes the essential characteristics of cultural and creative industries as a unique sector of the economy, which arose as a result of the spread of mass communication technologies in combination with globalization processes. The scientist focuses on the importance of the development of cultural and creative industries as a tool for economic, cultural and

social transformations in society, as well as a mechanism for consolidating the domestic humanitarian space in the context of Ukraine's European integration.

Hamova I. [179] analyzes the global innovation index and the regional location of innovatively powerful blocs of the world. Based on the results obtained, the scientist analyzes the strengths / weaknesses and prospects of the creative industry of Ukraine from 2020 to 2022. The scientist reveals a strong regression correlation between the innovative activity of Ukraine and the development of the creative industry. The researcher also finds that the costs of scientific research and development by type of work increased by 52%.

Another group of scientists, in particular Dulska I. [180], Kulyniak I. [181] and others, pay significant attention to the digitalization of the creative industry of Ukraine. In the context of a significant reduction in material, human and production resources as a result of armed aggression against Ukraine, CI industries have significant potential to restore its accelerated development during the war and in the post-war period, where the source of added value, income and jobs are the results of individual creativity, skills and talent through cultural (artistic) and/or creative expression.

Creative industries are a list of economic activities that have the potential to create added value and jobs through cultural (artistic) and/or creative expression, and their products and services are the result of individual creativity, skills and talent. The Ministry of Culture of Ukraine has had a Creative Industries Development Sector since 2017, and a Creative Industries Directorate since 2018.

The National Office of the EU Creative Europe Programme in Ukraine, in the announcement of a series of webinars dedicated to the competitions of the new EU Creative Europe Programme 2021-2027, identifies the following 12 sectors of cultural and creative industries [182]:

- Performing arts (theatre, dance, ballet, opera and musical performances).
- Visual arts (painting, sculpture, drawing, printing, photography).
- Crafts (textiles, ceramics, wood, metal, glass, graphics).
- Cultural heritage (tangible and intangible heritage, heritage sites, archaeology, museums, libraries, archives).

- Audio-visual sector (films and videos).
- Interactive software/IT/educational programs.
- Computer and video game development.
- Music (live and recorded).
- Design and fashion (clothing manufacturers and others specializing in the fashion industry and interior design).
- Literature and publishing (books, magazines, periodicals).
- Architecture (construction and landscape architecture).
- Broadcasting media, advertising (television, radio, newspapers).

The Law of Ukraine “On Culture” [183] offers the following definition: “Creative industries are types of economic activity aimed at creating added value and jobs through cultural (artistic) and/or creative expression”. The basic types of economic activity that belong to the creative industries are defined by the Resolution of the Cabinet of Ministers of Ukraine “On Approval of Types of Economic Activity that Belong to the Creative Industries” [184]. They include 34 types of economic activity.

At the request of and in cooperation with the Ministry of Culture and Information Policy of Ukraine, with the support of the USAID “Competitive Economy of Ukraine” program, the Kyiv School of Economics prepared a study on the economic impact of the creative industries. The report presents a general economic overview of the creative industries for 2019 [185]. Based on the results of this study, we can conclude that the creative industries in Ukraine make a significant contribution to the economy, generating 3.94% of added value in 2019. This demonstrates their importance both for creating economic value and for providing jobs. Employment in the creative industries accounts for 3.6% of the total number of employed persons, which underlines their role in the labor market. Every hryvnia of investment in the creative industries contributes to an increase in total GDP by 1.9-2.2 UAH. This indicates a high multiplier effect, which underlines the importance of investments in these sectors for stimulating overall economic growth.

According to a study by the Center for the Development of the Creative Economy for 2021, Ukraine has a significant share of the creative economy (7% of GDP), but its

potential is even higher (over 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 gross profit of enterprises by UAH 92.7 billion. In 2022, Ukraine's creative industries found themselves in a state of crisis due to the start of a full-scale war and its consequences for all sectors of the national economy. In 2022, Ukraine exported creative services worth USD 3,766 million and imported USD 724 million, thus, the positive balance amounted to USD 3,042 million. According to the State Statistics Service of Ukraine, the share of exports of creative services in total exports of services was 41.1% (in 2021 – 30.1%). 3 shares of creative services are 41.1%, 40.5% are telecommunications services, computer and information services, 0.4% – royalties, and 0.2% – cultural and recreational services. That is, almost all exports in creative industries come from the IT sector, which provides computer services [186].

The largest creative sectors are IT, advertising, marketing and PR, the audiovisual sector, architecture and publishing. This indicates that these areas are key for the development of creative entrepreneurship in Ukraine and require further support and development. The share of added value of creative industries in Ukraine is comparable to the share of creative industries in the German economy. This indicates the competitiveness of Ukrainian creative sectors at the international level [187].

The export of creative goods and services is an important aspect of the development of creative entrepreneurship. In 2019, the export of creative services amounted to \$5.4 billion, which is a significant indicator and indicates the competitiveness of Ukrainian creative services in international markets. Computer services are the leader among exported creative services, which emphasizes the importance of the IT sector [185].

Given the above data, the development of creative entrepreneurship in Ukraine has great potential for further growth. Supporting investments in key creative sectors, developing infrastructure and reducing barriers to export operations can contribute to increasing the economic impact of creative industries.

Overall, creative industries in Ukraine demonstrate significant economic potential and play an important role in the development of the country. Further support and strategic development of these sectors can bring significant economic and social benefits.

Creative industries are an important element of the modern economy, contributing to innovation, job creation and the growth of the country's cultural capital. In Ukraine, the development of this sector faces both numerous opportunities and challenges. To assess the impact of external factors on the creative industries, a PEST analysis was conducted, which allows systematizing the main political, economic, social and technological factors affecting the development of this area. Table 1 below reflects the key aspects of the analysis.

Table 1

PEST analysis of the creative industries development in Ukraine

Factors		Description
Political	State support	adoption of strategies and laws for the development of the creative economy.
	European integration	adaptation to international standards and practices.
	Military conflict	impact on the investment climate and development of regions.
	Regulatory obstacles	imperfection of legislation and bureaucracy.
Economical	Investment climate	low level of investment due to economic instability.
	Growth of the IT sector	stimulation of related industries, such as design and digital content.
	Export of services	significant potential of creative industries in foreign trade.
	Funding	limited state support and low level of venture investment.
Social	Creative potential of the population	high level of education and availability of talented artists.
	Demand for cultural products	growing interest of society in creative products.

Continuation of table 1

	Talent migration	outflow of young professionals abroad due to better working conditions.
	Growth of digital culture	active participation of youth in the creation and consumption of digital content.
Technological	Development of digital technologies	use of VR, AR, AI in creative industries.
	Infrastructure	insufficient number of innovation hubs and platforms to support startups.
	Internet coverage	high level of Internet access contributes to the development of online industries.
	Innovation	startups in the fields of IT, game development and animation, but the need for better cooperation between education, business and science remains relevant.

Source: compiled by the author

Ukraine's creative industries have the potential for development, but its realization depends on addressing political, economic, social and technological challenges. The development of creative industries in Ukraine has significant potential, but its realization depends on addressing a number of problems, including political stability, improving economic conditions and supporting technological development. Integration into global markets, increasing investment attractiveness and supporting creative potential can become key drivers of growth. Creative industries develop the country's cultural potential, contributing to the preservation of national identity and the popularization of Ukrainian culture at the international level.

To stimulate the development of creative industries in Ukraine, it is important to take into account various influencing factors, such as political, economic, social and technological. Analysis of these aspects allows us to identify key problems and find effective ways to solve them. Below are recommendations aimed at creating favorable conditions for the development of the creative economy, increasing its competitiveness

and integration into the global market. Table 2 contains specific proposals for each of the analyzed factors.

Table 2

Recommendations for the development of creative industries in Ukraine

Factors		Recommendations
Political	State support	– Development of a national strategy for the development of creative industries. – Creation of preferential conditions for enterprises in creative industries.
	European integration	– Harmonization of legislation with European standards. – Attracting international grants and programs to support creative businesses.
	Military conflict	– Development of support programs for creative businesses in affected regions. – Ensuring the uninterrupted operation of critical infrastructure for creative businesses.
	Regulatory obstacles	– Simplification of licensing and registration procedures. – Improvement of tax legislation to stimulate entrepreneurship in the creative sector.
Economical	Investment climate	– Creation of state co-financing programs for creative startups. – Improving the transparency and accessibility of investment processes.
	Growth of the IT sector	– Expanding cooperation between IT companies and creative industries to create innovative products. – Implementing educational programs with a focus on digital creative skills.
	Export of services	– Supporting creative companies in entering international markets through marketing and government promotion programs.

Continuation of table 2

		– Reducing customs barriers for the export of creative products.
	Funding	– Attracting venture capital and creating specialized funds for investing in creative startups. – Expanding grant programs for young entrepreneurs in the creative industries.
Social	Creative potential of the population	– Stimulating the development of creative hubs and coworking spaces for young people. – Organizing competitions, festivals and exhibitions to promote creative activities.
	Demand for cultural products	– Conducting information campaigns to popularize Ukrainian cultural products. – Stimulating the creation of regional cultural projects that take into account local specifics.
	Talent migration	– Ensuring decent working conditions and incentives for young professionals in the creative sector. – Creating programs to return and attract talents working abroad.
	Growth of digital culture	– Supporting educational initiatives to promote digital professions in creative industries. – Creating digital platforms to promote creative products.
Technological	Development of digital technologies	– Investing in research and development of VR, AR, AI technologies for their integration into the creative economy. – Holding international conferences and exhibitions to exchange experience in the field of technology.
	Infrastructure	– Development of innovation parks, laboratories and creative hubs in the regions. – Support for regional infrastructure development projects for creative industries.

Continuation of table 2

	Internet coverage	– Providing quality access to the Internet in rural areas to support remote creative activities. – Supporting programs to develop online platforms for the sale and promotion of creative services.
	Innovation	– Encouraging partnerships between business, academic institutions and creative industries to develop innovative products. – Introducing state grants for the implementation of innovations in the creative industries.

Source: compiled by the author

The recommendations presented in the Table 2 indicate the need for a comprehensive approach to the development of creative industries in Ukraine. For the effective realization of their potential, coordinated interaction between the state, business, educational institutions and public organizations is required. Particular attention should be paid to improving the regulatory environment, increasing investment attractiveness, developing digital technologies and preserving the creative potential of the population. The implementation of these recommendations will contribute to increasing the competitiveness of Ukrainian creative industries both at the national and international levels.

The development of the creative industry in Ukraine is a key factor in economic growth, as it creates new jobs and helps attract investment. This sphere forms a positive image of the country in the international arena, supporting cultural identity and innovation. The integration of creative industries into various sectors of the economy contributes to sustainable development and increased competitiveness of Ukraine. Strategic support for this sector will allow Ukraine to adapt to modern economic trends focused on knowledge, innovation, and human potential.