

ROLE OF CREATIVE INDUSTRIES IN LITHUANIAN ECONOMY DEVELOPMENT

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Abstract

This article analyses the influence of creative industries on the development of Lithuanian economy in current situation. The significance of creative industries lies in the fact that creative economy stimulates economic diversification, revenues, trade and innovations. Many researches examine that the more the country is developed, the better creative industries are developed. Moreover, they are regarded as country's strategies to recover and develop the social economy. Globalization and integration have a significant influence on the importance of creative industries in the world economy. Analysis shows that integration into the European Union has an impact on Lithuania's economy and creative industries development. However, studies analyzing such alterations are lacking. Therefore, the relevant problem is to evaluate the role of creative sector in Lithuanian economy development in current situation.

The objective of this paper is to analyze the role of creative industries in development of Lithuania economy in current situation.

The type of the article: *Research report.*

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JEL Classification: *F1, F63; O11; Y10.*

1. Introduction

Creative industries are one of the most significant and rising sectors in the world economy. Various studies suggest that the creative industries developed better in the most developed countries. However, with development of international exchanges, the developing countries also realize the significance of the creative industries. Today, many countries have invested material and human resources to study the importance of creative sector in growth of country's economy.

The problem. Globalization and economic integration processes had impact on the development of Lithuanian creative sector and its role in country's economy. The world financial and economic crisis had an influence on the alterations of creative industries development. However, research studying such alterations is lacking. For this reason the relevant problem arises – to evaluate the role of creative industries in Lithuanian economy development in current situation.

The aim of the research is to examine the role of creative industries in the development of Lithuanian economy in current situation.

As to study the role of creative industries in Lithuanian economy development two methods are adopted. Firstly, we are analyzing the role of creative industries in world economy. Secondly, we are studying the changes in development of Lithuanian creative industries in current situation.

The significance of creative industries in the development of country's economy has been the subject of many studies. The research about the creative industries showed that the creative industries are playing an important role in the development of economy because they can create more job positions than other industries. Studies show that from the economic outlook the creative industries grew faster than other sectors of the economy in many countries (Snieska &

Normantiene, 2012).

The concept of “creative industries” has developed rapidly over the past decade as a potential focus for economic development in certain parts of the world. The most widely cited definition for the creative industries comes from the UK Government Department for Culture, Media and Sport (DCMS) (Snieska & Normantiene, 2011). The concept evolves differently in Europe, Asia, Australia, New Zealand, and North America (Flew, 2012). Although creative industries are widespread, there have been going on numerous discussions in scientific literature. David Throsby brought culture back to the debates about creative industries. In his view, cultural products and services involve the creativity of their production as including certain level of intellectual property (Throsby, 2001). According to John Hartley and Jason Potts, creative industries involve culture and technologies (Hartley, Potts, 2013). Edna Duisenberg noticed that the concept of creative economy evolved to a holistic and multidisciplinary approach. In her opinion, creative industries involve the interface between economy, culture and technology, concentrated on the predominance of products and services in connection with creative content, cultural value, and market objectives (Duisenberg, 2008).

Creative industries promote human development while promoting economic growth. The core capital of creative industries is individual creativity. Individual talent and skills can become new highlights of economic growth in modern economic development (Wuwei, 2013).

The studies of the concept of creative industries showed that over the past decade it was developed in few ways. At first, the concept was used as a mean to take note to the importance of creativity in the present economic life, referring that sustainable development process is affected by the economic and cultural development. Secondly, scientists examined the importance of cultural resources and creative capital, as it leads separate countries to create jobs and ensure economic growth. Thirdly, creative industries promote cultural diversity, social integration and human development (Snieska & Normantiene, 2012).

2. Method

The changes of creative industries development and their role in the development of Lithuanian economy is examined by a method of comparative analysis of the economic and statistical indicators of creative industries, obtained from the European Competitiveness Report; Creative Economy Report and Statistics Lithuania. The research examines the case of Lithuania and some countries of the EU. The accent was made on the existing situation compared before and after economic crisis.

The process of the study included to approaches. At first, we are analyzing the significance of creative industries in world economy. Secondly, we are studying the role of Lithuanian creative sector in the development of country’s economy.

Discussion was achieved by ways of a systematic analysis of the scientific literature and statistical data about creative industries. Therefore, the study has been constituted on the analysis of the theoretical survey of the concept of creative industries, results of effects of data analysed and the discussion.

3. Results

This study uses comparative analysis to the effect that creative industries have the impact on Lithuanian economy development. Today the creative industries have large growth potential and are one of the most dynamic sectors in the EU, performing the main role in creating new jobs and development of country’s economy.

Research shows that the creative sector in the EU accounted for 3.0% of total employment and 3.3% of gross domestic product (GDP) in 2008. Although employment growth was uneven across subsectors, overall employment in the creative industries increased by an average of 3.5 % a year in 2000–2007, compared to 1 % a year for the EU economy as a whole (European Competitiveness Report, 2011). The role of Lithuanian creative sector in development of country’s

economy we analyzed using countries of the EU with the largest share of creative industries in analyzed indicators (Table 1).

Results presented in Table 1 reveal that the part of creative industries in GDP and employment in the creative economy increased in 2003-2010. Research shows that disparity in the quantity of the employment part of creative sector between examined countries depend on their different structure. For example, bigger part of audiovisual and computer software sector activities were characterized to the United Kingdom and Denmark. However, the largest part of employees is massed in this sector of creative industries, because advertising is the most susceptible to changes in the economic cycle (European Competitiveness Report, 2011). Analysis shows that several elements have influence on the growth of the creative industries in the examined countries. Research shows that many factors explain the development of creative industries in the EU. But the main factors of creative industries growth are: innovation, information, communication technologies, talent and skills (Snieska& Normantiene, 2012).

Data of Table 2 indicate contribution of creative industries to employment, in producing value added and revenues.

Results presented in Table 2 reveal that enterprises of creative industries in Lithuanian GDP grew from 5.2 % in 2007 to 5.3 % in 2011. The rise of enterprises in the creative industries was 8.3 % in 2007-2011 and number of employees in this sector grew 7 %.

Table 1. The share of main indicators of creative industries to the EU member states national economies

Country	The share of creative industries in national GDP, %		The share of employees of creative industries in total employment, %	
	Year		Year	
	2004	2010	2004	2010
Germany	2.4	2.6	3.0	3.1
Spain	2.5	6.8	2.3	2.8
Italy	2.3	9.1	2.4	2.6
United Kingdom	5.8	6.4	3.4	5.1
France	3.4	4.3	2.1	2.3
Denmark	3.1	5.4	11.2	12.1
Finland	3.1	3.3	2.5	3.4
Netherlands	2.7	3.4	3.1	3.4
The EU average	2.6	2.8	2.5	2.9

Source: Creative Economy Report, 2010; Creative Industries Economic Estimates, 2011, European Competitiveness Report, 2011, Snieska& Normantiene, 2012.

These results show that creative industries play an important role in Lithuanian economy.

Table 2. The main indicators of Lithuanian creative industries in 2007-2011

Indicators	Year				
	2007	2008	2009	2010	2011
Number of enterprises in creative industries (CI)	6149	6655	6456	6542	6659
The annual growth rate of enterprises in CI, %	-	8.2	-3.0	1.3	1.8
The share of CI in total number of enterprises	8.0	8.4	7.1	7.8	7.9
Number of employees in CI	61297	63241	62293	63061	66087
The annual growth rate of employees in CI, %	-	3.2	-1.5	1,2	4.7
Total income of CI, million LTL	5420.8	6787.3	6504.7	6651.0	6804.1
The annual growth rate of total income in CI, %	-	25.2	-4.2	2.2	2.3
The share of CI in national GDP, %	5.2	5.5	5.0	5.2	5.3

Source: Author's calculation, Lithuanian creative and cultural industries 2008; Business statistics, 2012; Statistical Yearbook of Lithuania, 2013; Snieska& Normantiene, 2012.

Research shows that the world economic crisis had the impact on the creative industries development. Data of Table 2 show that the number of enterprises, employees and the total income decrease in 2009 compared with 2008. There are several reasons why the economic crisis has affected the creative industries more than other sectors of Lithuanian economy. But the main reason was that in Lithuania fell consumer spending. It has the most influence on those industries that sold a large part of their production to final demand (for example, audiovisual sector). This situation was affected other sectors of country's economy.

Research shows that there are the several ways for the development of Lithuanian creative industries. One of the main ways is implementation of the Lithuanian National Programme for Cultural and Creative industries. According to this programme it is necessary to use the EU structural funds for financing creative industries development. The second way for implementation the EU structural funds is creation of arts incubator network. These measures will help to support the development of creative industries.

4. Discussion

This study examines the importance of creative industries in the development of Lithuanian economy. The world economic crisis has an influence on the changes of creative industries development. Analysis shows that it has impact on the development of Lithuanian economy. However, studies analyzing such alterations are lacking. Therefore, this is relevant question to evaluate the role of creative industries in the growth of country's economy in current situation.

It was found that the role of creative industries in the growth of country's economy has been the subject of many researches.

The studies of the concept of creative industries showed that over the past decade it was developed in some ways. Firstly, the concept was used as a mean to take note to the importance of creativity in the present economic life, referring that sustainable development process is affected by the economic and cultural development. Secondly, scientists examined the importance of cultural resources and creative capital, as it leads separate countries to create jobs and ensure economic growth. Thirdly, creative industries promote cultural diversity, social integration and human development.

The changes of creative industries development and their significance in the growth of Lithuanian economy were examined using a method of comparative analysis of the economic and statistical indicators of creative industries. The development of Lithuanian creative industries was evaluated using countries of the EU with the largest share of creative industries in total employment and GDP. Research demonstrates that the share of creative industries in the total employment in 2003-2010 grew in the United Kingdom and Denmark, but the share of creative industries in GDP was the largest in Italy and Spain. Analysis shows that disparity in the quantity of the employment part of creative sector between examined countries depend on their different structure.

In this study was determined that creative industries are an important and constantly increasing sector in Lithuanian economy. We examined that increase of employment, enterprises, total income was characteristic for creative sector in 2007-2011. Research shows that integration into the European Union has an impact on Lithuania's economy and creative industries development because increased the share of creative industries in Lithuanian GDP.

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