CREATIVE INDUSTRIES AS A MECHANISM OF CREATIVE ECONOMY AND STRATEGIC COMMUNICATIONS*

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Abstract. In a period of crisis – namely, a pandemic and martial law – the economy is transforming into a system where the main driving forces are the exchange of knowledge, its mutual evaluation, where creativity and creative industries play a significant role, which ultimately form the creative economy, which economist and sociologist Richard Florida called “the new economic era of the 21st century”. The purpose of the scientific work is to analyze the tools of Ukrainian creative industries that contribute to the production of a new cultural product or service, have a semantic load, are a resource for strategic communications and increase the potential of the creative economy in martial law (on the examples of successful Ukrainian cases of creative industries in the crisis period). The methodology of the study is based on a combination of systemic and value-based approaches, as well as discourse analysis, which together contribute to the disclosure of structural relationships in the ecosystem of the creative economy (in particular, social capital, entrepreneurial culture, state and international support, innovation potential, reputational capital of Ukraine in the world), their correlations with the peculiarities of national political and economic development and global trends, in particular in times of crisis, such as pandemic and wartime. The scientific work traces the genesis of the formation of a conceptual understanding of the creative economy and creative industries in the Ukrainian dimension, which contains legislative (Order of the Cabinet of Ministers of Ukraine No. 265-r “On Approval of Economic Activities Related to Creative Industries”, the Law of Ukraine “On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on State Support of Culture, Small Business and Creative Industries in Connection with the Implementation of Measures Aimed at Preventing the Occurrence and Spread of Coronavirus Disease (COVID-19)”, etc.), terminology (the meaning of the concepts of "creative product", "creative industries", "project", "institutional support grant", etc. was clarified), social and institutional (creation of the Public Union "Center for the Development of the Creative Economy", the National Bureau of the EU program "Creative Europe" in Ukraine, the Startup Fund, the Ukrainian Cultural Foundation (UCF), etc. Special attention in the scientific work is paid to the anonymous online survey of the UCF together with the Ministry of Culture and Information Policy of Ukraine of creative entrepreneurs and creative professionals, which was conducted among UCF 2020–2022 applicants on the state of culture and creative industries during the war (June 2022) in order to form a recovery and strengthening plan. The analysis of successful Ukrainian cases of creative industries allowed to outline the tools for the development of the creative economy in the crisis period: monetization of hobbies, innovative entrepreneurship, business clustering (in particular, the idea of a cluster of creative industries), brand collaboration, craft production, creation of cultural products such as books, grant/fund support and others, on the terms of donation to support the humanitarian and military needs of Ukrainian society. And the recently created podcast “Frontline of Creative Industries” about the success stories of representatives of this industry, who with their projects resist Russian aggression and support the economy and the institution of national identification of Ukraine, opens up prospects for further analysis of such tools as crowdfunding, revitalization, development of creative clusters of Ukrainian business.

Key words: creative economy, creative industries, strategic communications, cultural product, intellectual capital, wartime.

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1. Introduction

In connection with the introduction of martial law in Ukraine in accordance with the Presidential Decree No. 64/2022 of 24.02.2022 due to the military aggression of the Russian Federation against Ukraine, the economy of Ukraine faced the risks of developing a humanitarian and economic crisis, as the press service of the Ministry of Finance of Ukraine reports that "for eight months of this year, the state budget was executed with a deficit of 416.9 billion UAH, in particular, the general fund - 418.1 billion UAH against the planned deficit of 864.2 billion UAH for this period." (Zharykova, 2022) It is obvious that today, when the war is in full swing and Ukraine's economy has already suffered large-scale losses from Russian armed aggression in the sectors of GDP, logistics, exports/imports, inflation, investments, banking sector, business activity, huge losses in metallurgy, fuel and energy, agriculture, migration and human capital (Biz. censor.net, 2022), the state of the economy and the ideas of the anti-crisis plan should be analyzed constantly, because business continues to work and support the economic background, Western partners support and agree to participate in the implementation of Ukraine's recovery. Thus, in the context of anti-crisis measures in April, President Zelenskiy stressed the need for creativity to restore the economy: "The economy is also the front on which we fight for our freedom, for our state and for our people, so we need to find ways to constantly adapt to the existing circumstances. Now we need to be as creative and bold as possible in solving economic issues." (Koval, 2022) Therefore, there is a growing demand for the possibility of using creative potential to create innovations, the need for intellectual capital, structural capital (consumer capital and organizational capital), the demand for knowledge, which, in turn, is reflected in the scientific terminology of the economic sphere, in particular, along with the definition of "creative economy" the terms "knowledge economy", "innovation economy" are used. This fact is connected with the development of high-tech sectors of goods and services, wide availability of information and communication technologies and higher education in the second half of the 20th century. Thus, the creative economy, the knowledge economy and the innovation economy are components of each other, and each of them is part of the concept of the new economy, which can be interpreted as a high-tech economy that requires business entities to constantly innovate in the context of globalization." (Ushkarenko, 2018)

2. Concepts of creative economy and industries in the context of pandemic and war: Ukrainian dimension

In general, the concept of creative economy was first formed in the 1960s. "In 2001 John Hawkins, a member of the United Nations Creative Economy Advisory Council, a British writer and media manager, for the first time used this term in his book "The Creative Economy: How People Make Money from Ideas', where he defined the creative economy as "the creation of value from ideas." (Creativeeconomy.center, 2022)

But before the challenges of the "wartime economy", people felt the challenges of the "pandemic era economy". Two years ago, COVID-19 as an economic crisis of natural origin greatly affected the recreational sphere of life, the life of the cultural industries. This fact prompted the Verkhovna Rada on April 22, 2020 to register the draft Law No. 3379 "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on State Support of Culture, Small Business and Creative Industries in Connection with the Implementation of Measures Aimed at Preventing the Occurrence and Spread of Coronavirus Disease (COVID-19)" (Volos, 2020). This law proposed to introduce the concept of a grant, regulate the procedure for its taxation, temporarily exempt creative industries and cultural institutions from paying VAT on services, income tax and personal income tax (personal income), which would increase the amount of liquid capital. Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on State Support of Culture, Small Business and Creative Industries in Connection with the Implementation of Measures Aimed at Preventing the Occurrence and Spread of Coronavirus Disease (COVID-19)" (Bulletin of the Verkhovna Rada (BVR), 2020, No. 43, Article 371) the meaning of the following concepts was clarified accordingly:

"creative industries – types of economic activity aimed at creating added value and jobs through cultural (artistic) and/or creative expression" (Zakon.rada.gov.ua, 2020); "creative product – goods and services that have high added value and are created/provided as a result of cultural (artistic) and/or creative expression" (Zakon.rada.gov.ua, 2020). Providing institutional support was identified as one of the tasks of the Ukrainian Cultural Foundation among others; it is also emphasized the need to support and develop projects in the fields of culture and arts, creative industries and cultural (domestic) tourism, to provide grants of institutional support to legal entities of all forms of ownership to ensure competitiveness and job creation in the conditions of restrictions on economic activity imposed by law caused by an emergency or state of emergency, or the
implementation of administrative and (or) health measures (quarantine); providing grants to support and develop projects in the fields of culture and arts, creative industries and cultural and educational (domestic) tourism (Zakon.rada.gov.ua, 2020). According to this law, the project should be understood as "the activities of individuals and legal entities aimed at creating a certain cultural product, cultural good or cultural service (their combination); product or service (their combination) from cultural (domestic) tourism; a product or service (their combination) from the main economic activity in the types of creative industries approved by the Cabinet of Ministers of Ukraine, or institutional support of legal entities, ... to achieve clearly defined goals within a certain estimate (budget) and the implementation of which requires actions within the agreed time frame provided by the contract concluded with the Ukrainian Cultural Foundation" (Zakon.rada.gov.ua, 2020), and the term "institutional support grant" means "the provision of financial resources on a gratuitous and irrevocable basis to legal entities of all forms of ownership in the field of culture, cultural (domestic) tourism and those persons whose main activity belongs to the types of economic activity related to the creative industries..." (Zakon.rada.gov.ua, 2020) The law adjusts the work of the National Council on Television and Radio Broadcasting, state support for cinematography in Ukraine, for example, in the form of temporary state subventions for the development of film projects, state support for book publishing in Ukraine, etc.

And in wartime, this sphere, the sphere of creative industries, is able, in addition to commercial benefits, to generate intellectual capital as a resource of strategic communications, such as archetypal roots, national identification meanings, national cultural values, historical myths and is able to scale them on the civilizational map of the world. As noted in the study of the creative economy of Ukraine and international experience, conducted in 2021 by the NGO GoLocal together with the think tank CMD Ukraine and the Center for the Development of the Creative Economy, it is "the DNA of the creative economy is the ability to generate intellectual capital with high profitability potential, create jobs and exports, while promoting social inclusion, cultural diversity and human development." (Rivchenko, 2022) This study has proved the strong potential for the development of the creative economy in Ukraine, in particular, a noticeable dynamics has been recorded since 2016, when the creative sphere began to rapidly increase its weight in most key macroeconomic indicators, when the added value created by the creative industries of Ukraine increased by 32.7% and, according to analysts' forecasts, tends to increase. According to the head of the NGO GoLOCAL Ihor Komend, "state business support programs, such as Diia City, 5-7-9 loans, Startup Fund, support from donor and international organizations, specific projects in the regions, such as Creative Economy Centers, create a unique ecosystem for youth development, smart earnings and, as a result, for the development of the regions." (Rivchenko, 2022) Therefore, the national genesis took place in accordance with global markers, where international organizations, creative hubs, society (consumers and creators of creative products), the state (active state and regional policy can be traced in the UK, China, South Korea, the Netherlands and other countries that are leaders in this issue), business (especially in the context of cooperation between small, medium and large enterprises), public organizations, local governments, educational and research institutions are identified as key stakeholders of the creative economy (Creativeeconomycenter, 2022).

The indicators in Figure 1 suggest a more precise definition of the term "creative economy" as "a set of economic activities based on knowledge, creativity, intelligence, technology and innovation, with a high potential for profitability and job creation, and including creative industries and other creative economic activities (research, education, fashion, tourism, services, creative products, etc.)." (Creativeeconomycenter, 2022) The measurable structuring of the creative economy by the Center for Creative Economy Development is presented in Figure 2.

The National Bureau of the EU program "Creative Europe" in Ukraine distinguishes the following 12 sectors of cultural and creative industries: performing arts (theater, dance, ballet, opera and musical performances); visual arts (painting, sculpture, graphics, printing, photography); crafts (textiles, ceramics, wood, metal, glass, graphics); cultural heritage (tangible and intangible heritage, cultural heritage sites; archaeology, museums, libraries, archives); audiovisual sector (films and videos); interactive software/IT/training programs; computer and video game development; music (live and reproduced); 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); mass media, advertising (television, radio, newspapers) (Prostirua, 2022).

From June 1 to 13, the Ukrainian Cultural Foundation (UCF) together with the Ministry of Culture and Information Policy of Ukraine conducted an anonymous online survey among creative entrepreneurs and creative professionals – applicants for the Ukrainian Cultural Foundation 2020–2022 on the state of culture and creative industries during the war in order to form a plan for the restoration and
strengthening of the sphere, to engage partners and donors, taking into account that the outflow of human capital, along with the reorientation of funding to the Armed Forces of Ukraine, reduced demand and other factors may disrupt the positive dynamics shown in Figure 1 (UCF.in.ua, 2022). The survey revealed that the incomes of employees and their employment decreased along with the demand for cultural services and products; one third of the participants recorded a decrease in sales of products and services by more than 90% compared to last year; but the vast majority of enterprises and institutions continued to pay taxes in full, by reducing the volume of work and sending employees on unpaid leave. There was a lack of awareness among industry professionals about receiving state support, while at the same time, according to 61% of respondents, the restoration and development of the creative industries in the postwar period is possible through project grants. Interestingly, 92% of respondents, being abroad, do not stop “donating” to the Armed Forces of Ukraine, participate in various events and actions in support of Ukraine from abroad. And the collection of open responses highlighted the following markers: transparent competition for senior positions, restructuring of the management vertical

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**Figure 1. The main producers of added value of the sector of creative economy in Ukraine.**

The growth of the creative economy in Ukraine from 2013 to 2019

*Source: (Rivchachenko, 2022)*

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**Figure 2. Dimension of creative economy**

*Source: Creativeeconomy.center (2022)*
of the industry, international educational trainings and exchange programs for artists and managers of the creative sector; co-production and cooperation in international projects; emphasis on cultural factors in state international policy; state support strategy, minimization of document circulation.

3. Successful Ukrainian cases of creative industries as tools for the development of creative economy in the crisis period

Examples of successful cases of creative industries in the crisis period provide an opportunity to try to identify tools that contribute to the production of a new cultural product or service, carry a semantic load and increase the potential of the creative economy in wartime.

Among the first tools is the monetization of hobbies, because thousands of Ukrainians today are trying to develop small business ideas to enable them to make a systematic "donation" to help the Armed Forces, to implement volunteer initiatives: creation of jewelry, including patriotic themes, sale of clothing, including patriotic prints, sale of cosmetics, designer toys, repair of electronics, etc. For example, Hanna Horlenko, a Methodist teacher, honored with "Excellence in Education of Ukraine", with the help of the Armed Forces brigade, makes jewelry from beads for sale. In particular, the Career Hub community on its Telegram channel (https://t.me/careerhub) within the framework of the marathon of useful tips #BceByæXkpaiæ created a helpful infographic (https://careerhub.in.ua/wp-content/uploads/2022/05/self-employment-1.pdf) about monetizing a hobby with tips on where to start, how to find one's niche, what one needs to know before starting one's own business (Yagodka, 2022). Experts name the top five of the most popular niches for self-employment: cooking/confectionery; floristry; artistic creativity, painting on objects, walls, showcases, decoupage; making candles, jewelry, perfume, soap, tableware, leather goods or cosplay costumes.

Among the tools for the development of the creative economy in the conditions of war is innovative entrepreneurship in the creative sector, or creative entrepreneurship is "a social technical and economic process that promotes the creation of best-in-class goods, services or technologies through the commercial use of innovation" (Bukatseli, 2018), which is often based on creative production, is very mobile, based on project activities. So, for example, Daria Shapovalova (founder and creative director of "Mercedes-Benz Kiev Fashion Days") and Natalia Modenova, Ukrainian experts in the modern world of fashion, created in 2020 the project "DressX" – an online platform for selling digital clothes – "clothing models that designers develop according to the same patterns as traditional ones, but with the help of 3D technologies and computer programs. Such digital versions of things are used to fill the profile on Instagram or on online gaming platforms." (Nikishova, 2022) The mission of the project is as follows: "The new approach should solve the problem of overproduction and overconsumption, returning purchases. According to Barclays Bank, about 9% of clothes are bought for photos and then returned, and this is with a market volume of $1.3 trillion per year." (Bukatseli, 2018) The creators were able to prove to investors the need for people to get closer to the usual realities limited by quarantine restrictions during the pandemic, in particular, online fashions that the computer technology industry should respond to in clothing – thus, the project received $2 million in venture capital investment from Alpha Edison and Artemis Fund, which was aimed at creating a mobile application and launching an NFT marketplace for clothing. The idea of selling a billion digital fashion items outlines the prospect of creating new jobs – virtual clothing designers, product promoters around the world. "Now the popularity of the project makes it possible to raise funds for the defense of Ukraine in the context of Russian armed aggression. In the digital store "Support Ukraine" appeared a collection of clothes, all proceeds from the sale of which the co-founders transfer to the Armed Forces of Ukraine." (Nikishova, 2022)

In addition to personalized examples, it is appropriate to mention regional cases, in particular, the clustering of business, the idea of a cluster of creative industries in the context of the development strategy of the Carpathian region under martial law, which was presented by the head of the Agency for Regional Development of Ivano-Frankivsk region, member of the board of the Ivano-Frankivsk Business Association Viktor Vintoniak.

In an interview with the "Firtka" news agency, he emphasized the prospects for the development of creative industries in their region, where there are no powerful industrial capabilities, and this industry can provide almost the greatest added value (Darmograi, 2022). As an example, he cited the English model, where the contribution of creative industries in 2019 amounted to one hundred and eleven billion pounds, and emphasized the legislative basis for understanding creative initiatives in Ukraine: Resolution of the Cabinet of Ministers of Ukraine No. 501 of May 19, 2021 established the Creative Economy Development Council, which includes the head of the expert group on creative industries of the Directorate of Book Publishing, Creative Industries and Tourism of the Ministry of Culture and Information Policy of Ukraine. Thus, among the diversity of creative industries,
V. Vintoniak noted the breakthrough of Ukrainian film production since 2015 as the most meaningful, qualitative, value-forming and, according to him, “Galician film production as a film industry can unite at least fifteen professions from the list of creative industries,” (Darmograi, 2022) since Ivano-Frankivsk region has been a popular location for filmmakers since S. Parajanov’s "Shadows of Forgotten Ancestors" was filmed in 1964. V. Vintoniak states that Hungarians, that have positive experience in the creative industries of film production with more than 30% of gross national income, are ready to help in creating pavilions for the production of audiovisual products. Norwegian, Italian and Indian experts see the potential of a creative industries hub in the region with a focus on film production.

There are cases when a cultural product is not only a mechanism for obtaining reputational, image and semantic capital, but becomes a tool for conveying a true picture of the world, in particular, the project created by the Ukrainian studio Starni Games – the online game Ukraine War Stories, where players are offered to survive the occupation, save their relatives and leave for a safe place from Bucha, Gostomel and Mariupol in three "visual novels". These "novels" are based on real events, with real photos. One of the creators of this game experienced this occupation in Bucha firsthand. It is planned that the game will be released in October 2022 in free access. "We will not get anything from this project. Our goal is to tell the world audience about the experience of the people of Ukraine," the developers say (Barsukova, 2022).

The mechanism of brand collaboration today is also extremely effective and successful in the context of the creative economy. Namely, the collaboration of fashion and sports, for example, the Ukrainian sustainable brand from designer Andre Tan RDNT. "And despite the realities, RDNT continues to give light and broadcast national messages about independence, individuality, freedom of expression and lust for life. In the first spring drop... the main codes of the young brand are transmitted, which include environmental friendliness, manufacturability, relevance. The author's water print on clothes symbolizes life, because water is an integral part of our life and water polo." (Cases.media, 2022) The proceeds from the sale of T-shirts of this collaboration will be directed to the charity platform dobro.ua to help children who are being treated in medical institutions of Ukraine during the war.

Another example of a successful case is regional craft production: "support for local producers and craftsmen, promotion of quality goods made from natural raw materials, integration of villages into creative industries, modernization of Ukrainian cultural heritage – these are the tasks of the "This is Craft" trading platform created in Nova Kakhovka for producers and craftsmen from Ukraine, who even during the full-scale war continued their work online, evacuating to Uman, where they opened their first offline store (Boychenko, 2022). Having started a business at the height of the pandemic, a team of two activists working at the Regional Development Agency of the Tavria Union of Amalgamated Hromadas set out to create an online platform for entrepreneurs and craftsmen. Cooperation with 52 producers allowed to organize a creative service instead of a store. Tasting evenings were organized in cooperation with a local promoter of movie nights with the introduction of gift sets in wooden boxes with a variety of food and drinks. They allowed to expand the customer base from individuals to businesses and local authorities. The team invests 50% of the marketplace's profits in its own charity fund "This is Craft", which takes care of several programs:
1) "Revolving fund" provides entrepreneurs with returnable money for them to scale up their activities, then people return funds;
2) "Permanent competition of creators" is a micro-grant competition that can be spent on an expert's consulting from or creating a test model (for example, we made details for a necklace and author's packaging for massage bags made of healing herbs);
3) "Centavrida" is a program that appeared during the full-scale war to provide funds for the production of a minimum amount of copies of children's books that would present the South of Ukraine, Tavria as an interesting legendary region of Ukraine. Eventually, when this territory was occupied, the team strategically reoriented the business to volunteering, and as a result of the evacuation, the relocation and arrangement of the offline store was carried out with the support of the Ukrainian Venture Social Fund. Today their strategic idea, according to the co-founder of "This is Craft" Victoria Kulakova, is to create an all-Ukrainian network of "This is Craft" stores with local and all-Ukrainian gastro and regular souvenirs, which will work on the basis of a franchise, when the team is responsible for brand promotion, creation of a single marketplace, product placement on the website and its marketing, and local partner entrepreneurs saturate regional "This is Craft" stores with high-quality local products.

4. Conclusions
Comparing the performance of the creative industries with the same pandemic first quarter of 2021, when the "contact" sectors suffered the greatest losses, while others continued to grow, the Ministry of Culture and Information Policy of Ukraine, together with representatives of the World
Bank, showed not just a drop in economic activity, but also its closure: "The total number of taxpayers decreased by 60% and the amount of declared income in the creative industries decreased by 41% in the first quarter of 2022 compared to the first quarter of 2021." (Tax Revenues, 2022) which is common to all sectors in the creative industries.

"Russia's war of aggression is destroying Ukraine's creative economy. Many objects of cultural and industrial infrastructure have been destroyed or seriously damaged by missile strikes. Supply and demand chains are disrupted by the fighting. Creative professionals are leaving the country – the problem of brain drain is becoming especially acute for professionals are leaving the country – the problem of brain drain is becoming especially acute for preschoolers." (Tax Revenues, 2022) However, the formation of a successful Ukrainian creative economy sector in the conditions of a promising creative environment and in the conditions of crisis socio-economic conditions, in particular during the war, requires, as the considered successful cases have shown, the used of certain tools: monetization of hobbies, innovative business (in particular, the idea of a cluster of creative industries), brand collaboration, craft production, creation of cultural products such as books, grant/equity support and other activities that involve donations to support humanitarian and military needs of Ukrainian society. In the conditions of war, creative industries as an environment of economic activity are considered as a segment of the social economy that generates and promotes intellectual, value, semantic capital, which reveals its potential in the context of strategic communications. The podcast "Frontline of Creative Industries" has been recently created to collect stories of how representatives of this field oppose Russian aggression and support Ukraine and each other.

A more detailed consideration of such tools as crowdfunding, including the use of Patreon, the creation of merch, revitalization, the so-called "Second Chance – from Industrial Use to Creative Impulse", and creative clusters of Ukrainian business may also be promising.

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