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**THE IMPACT OF CREATIVE ECONOMY
ON THE SOCIO-ECONOMIC DEVELOPMENT OF CITIES,
REGIONS, AND COUNTRIES**

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Abstract

The author investigates the role of creative economy in the socio-economic development of cities, regions and countries. The ability of creative economy to penetrate other spheres of public life flexibly and thereby form a favorable environment for the development of entrepreneurship and creative innovations is determined. Attention is focused on the role of creative economy as a component of the policy of smart specialization of regions. The phenomenon of clustering creative industries as a significant factor in the economic growth of local and national economies and their social development is studied.

Keywords: creative economy, local and regional economy, creative innovations, smart regional economy, economic growth.

1 Introduction

The creative economy is an evolving concept. It is based on creative assets that can potentially contribute to economic growth and development (job creation and export earnings), including social integration, cultural diversity and human development. Today, creative economy is one of the most dynamic sectors of the world economy, providing developing countries with new

opportunities for fast penetration into new, fast-growing sectors of the world economy. In addition, creative industries are rapidly developing in a modern economy where the economic center of large cities is shifting from manufacturing to creative industries, which determines the development vector of local economies. The flexibility and inclusiveness of creative economy ensures its role as one of the key drivers of achieving sustainable development goals and increasing its importance in the national and global economy. The regional specialization of cluster formations in creative economy determines the development potential of cities and regions and has a significant impact on their competitiveness. Therefore, research into the impact of creative economy on the socio-economic development of cities, regions, and countries is timely and relevant in the context of the dynamic development of social relations.

Overview

The key feature of creative economy, as one of the new forms of post-industrial society, is its ability to comprehensively combine creative thinking and creativity, transformed into innovative ideas and products, together with culture, digital technologies and other spheres of public life. Due to this, creative economy has an impact on the formation of a new type of market relations aimed at improving the quality of life of the population in cities and regions, as well as countries in general.

Unlike other traditional economic systems, creative economy has a commercial and cultural component, and is characterized by a close connection between culture, art, economy, business, society, innovation, science and its ability to penetrate other spheres of public life flexibly. This determines its high adaptability to digital transformations, and therefore the ability to scale, develop and promote more stable and sustainable development of cities, regions and global society in general.

The development of creative industries is associated with regional specialization, which determines their significant impact on the competitiveness of the local and regional economy through the formation of creative clusters.

Creative clusters are part of the ecosystem of Creative and Cultural Industries and are aimed, first, at the development of local and regional economies through the effective involvement and use of creativity and imagination. Enterprises that form creative clusters can be entities of various sectors of the economy, in particular representatives of business, science, art, culture, education, healthcare, entertainment and leisure. However, being in the structure of the cluster, they organizationally interact (cooperate) with each other, developing a new creative product, which is innovative in nature

and forms the potential for added value; they ensure regional identity, development of local and regional talents and values [1].

One of the largest regions in the world in terms of scale and diversity of creative clusters is Europe. To achieve the necessary transformations in the field of sustainable development, this region links the progress of economic development with the policy of smart specialization – S3. The concept of smart specialization of regions is aimed at their rapid economic growth based on the analysis of the existing potential of the territories, their strengths and weaknesses, available assets and resources, which is further manifested in the development of strategies for research and innovative growth. This approach makes it possible to identify unique opportunities for the development and growth of regions, to determine their regional priorities to attract investments in the formed knowledge clusters in their territories. In addition, the use of the smart specialization approach involves the formation of a favorable environment for interaction and cooperation between different parties of innovation ecosystems interested in combining efforts for innovative progress, based on entrepreneurial discoveries at the local, regional, national and international levels. The concentration of enterprises in individual sectors of the regional economy, which provide high added value to the region, is organizationally reflected in the formation of cluster associations in a certain specialization.

To increase the competitiveness of the European economy within the framework of the EU Industrial Strategy, the European Cluster Cooperation Platform (ECCP) was established in 2015. Together with the European Observatory on Clusters and Industrial Change (OECIC) and the European Resource Efficiency Knowledge Centre (EREK), it positions itself as a platform created to unite industrial clusters and strengthen the European economy through cooperation.

To implement the EU Industrial Strategy, 30 Euro clusters were launched on September 1, 2022 as networks of cross-sectoral, interdisciplinary and trans-European strategic initiatives of industry clusters and other economic actors aimed at strengthening the sustainability of Europe's economic development. The creation of these first Euro clusters received €42 million under the Single Market Program, involving more than 170 partners from 23 different countries (22 of which are EU Member States) and covering all 14 industrial ecosystems. Among the 30 Euro clusters, 9 operate in the Creative and Cultural Industries ecosystem. The most global of these were CREATHRIV-EU and FRIEND CCI [2].

Among the 24 smart specializations in Europe, creative industries occupy a prominent place. Among the EU countries, five of them have identified creative industries as smart specializations in their national innovation development strategies; these are Bulgaria, Poland, Denmark, Slovenia and Portugal. At the regional level, 47 out of 276 regions have identified creative industries as their regional specializations, with the largest number in Italy, where 11 out of 21 regions have noted the development of this specialization. The most active areas in development are fashion, design, textile industry, art, cultural heritage, television, music production [3].

Due to the development of creative industries in local economies, a favorable environment is formed for the social development of territories. It is achieved by increasing the level of self-employment in creative business, greater social cohesion of the population in local communities, more active interaction of representatives of the urban community with local authorities contributing to the effective solution of social and economic problems of their development.

Therefore, the development of the creative sector as part of regional and local economies, the creation of cluster formations in creative industries is a powerful tool and means of ensuring the development of the local and regional economy. It takes into account their specialization, where, under the terms of cooperation, a favorable environment is provided not only for the development of the resource potential of territories, but also human capital as the main resource for the development of the creative economy.

Conclusion

Creative economy is a center of entrepreneurial activity, where ideas are transformed into cultural and creative goods and services, and the association of various entities into creative clusters ensures that local economies effectively use the available resource potential and their innovative development. Cluster associations become centers of innovation in the creative sectors of the economy, a place of concentration of talented creative people who, by developing the interconnections of value chains, introduce progressive innovations in the field of supply and technology ecosystems that are most important for them. They contribute to the transition to the digital economy, entering international markets and expanding access to global supply chains and value creation. They are a source of development and training of high-quality human capital and attracting talent. Having the potential to generate positive changes in society, creative industries are transformed into a source of effective development of local economies and ensure the improvement of the well-being of their population.

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