SECTION «ECONOMIC SCIENCES»

CREATIVE ECONOMY IN THE SYSTEM OF REGIONAL INNOVATION DEVELOPMENT: THEORETICAL AND STRATEGIC FOUNDATIONS

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Abstract. The chapter examines the theoretical, methodological, and strategic foundations of creative economy development within the regional context. The relevance of the study is determined by the transformation of contemporary models of regional development under the influence of the knowledge economy, digitalization, innovation, and the growing importance of human capital. Under these conditions, the competitiveness and resilience of regions increasingly depend on their ability to mobilize available resources, generate and implement new ideas, develop entrepreneurship, and transform intangible assets into economic and social value. The purpose of the chapter is to substantiate the theoretical and methodological foundations and strategic directions for the development of the creative economy as a factor of regional innovation and socio-economic development.

The study systematizes theoretical approaches to understanding the creative economy and its regional dimension, clarifies the relationship between creative potential, creative industries, and the creative economy, identifies the role of human, intellectual, cultural, entrepreneurial, and institutional resources, and examines the mechanisms through which their interaction affects regional development. Particular attention is paid to the distinction between the creative potential of a territory and the effectiveness of its utilization. The methodology is based on systemic, institutional,

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spatial, structural-functional, and strategic approaches, as well as on the methods of analysis and synthesis, comparison, theoretical generalization, systematization, and conceptual modelling.

The scientific contribution of the chapter consists in substantiating a systemic approach to the creative economy as the capacity of a territory to transform its human, intellectual, and cultural potential into economic and social value through entrepreneurship, innovation, digitalization, creative industries, cultural resources, and institutional interaction. The chapter demonstrates that the availability of creative resources does not automatically generate corresponding development outcomes. Their realization depends on the quality of the regional institutional environment, infrastructure, entrepreneurial ecosystem, professional networks, access to finance, digital opportunities, and external markets. On this basis, a conceptual model of the transformation of regional creative potential into development outcomes is proposed, and strategic directions for strengthening the creative economy are systematized with due consideration of territorial differentiation. For Ukraine, the proposed approach is particularly relevant under conditions of war, structural transformation, and regional recovery, as it emphasizes the restoration and productive utilization of human capital, support for entrepreneurship and innovation, digital transformation, preservation and economic activation of cultural resources, and integration of regions into national and international networks.

INTRODUCTION

Contemporary regional economic systems are undergoing substantial structural transformations associated with the increasing importance of knowledge, creativity, innovation, digital technologies, and intangible assets. Traditional sources of territorial competitiveness based primarily on material resources, physical infrastructure, and economies of scale are increasingly complemented by human and intellectual capital, the ability to generate and implement new ideas, and the capacity to create products and services with a high knowledge and creativity component. These changes determine the growing importance of the creative economy within contemporary approaches to regional development.

The concept of the creative economy has attracted considerable scholarly and policy attention; however, its interpretation remains multidimensional.

It is frequently associated with creative industries, while its actual scope is broader and encompasses processes of generating, transforming, commercializing, disseminating, and using creative and intellectual resources. The creative economy therefore intersects with entrepreneurship, innovation, education, culture, digitalization, employment, intellectual property, and regional policy.

The regional dimension of the creative economy is particularly important because creative resources are unevenly distributed across territories, while the institutional and infrastructural conditions for their utilization differ substantially. The presence of universities, cultural institutions, creative enterprises, skilled professionals, or digital infrastructure does not automatically ensure corresponding economic outcomes. The effectiveness of these resources depends on the quality of interaction among regional actors, access to finance and markets, entrepreneurial opportunities, institutional support, and the capacity of a territory to retain and attract human capital.

For this reason, the analysis of the creative economy requires a distinction between the creative potential of a territory and the effectiveness of its utilization. Creative potential reflects the resources and capacities that can be mobilized for creative and innovative activity, whereas effectiveness reflects the extent to which these resources are transformed into economic, social, and cultural outcomes. This distinction makes it possible to move beyond a purely sectoral understanding of the creative economy and to consider it as a systemic characteristic of territorial development.

The issue is particularly relevant for Ukraine. War, demographic changes, internal displacement, destruction of infrastructure, changes in employment patterns, and regional economic disparities have significantly altered the conditions of territorial development. In the recovery period, regional policy must address not only the physical reconstruction of infrastructure but also the restoration of human capital, entrepreneurial activity, professional networks, innovation capacity, and cultural environments. Under these circumstances, the creative economy can become one of the mechanisms of structural modernization and economic diversification, provided that appropriate conditions are created for the realization of regional creative potential.

The author's approach is based on understanding the creative economy not merely as a set of creative industries but as a systemic capacity of a territory to transform human, intellectual, and cultural potential into new economic and social value. Creative industries constitute an important structural component of this system, but the broader creative economy also includes the institutional, entrepreneurial, technological, educational, cultural, and network conditions under which creative resources are realized.

The purpose of the chapter is to substantiate the theoretical foundations and strategic directions of creative economy development within the regional context, identify the mechanisms through which the creative economy influences innovation and socio-economic development, and determine the key priorities for its development under contemporary conditions in Ukraine. The object of the study is the process of creative economy development within the regional context. The subject comprises theoretical provisions, mechanisms, and strategic approaches to the development of the creative economy as a component of regional innovation and socio-economic development. The methodological basis of the study consists of systemic, institutional, spatial, structural-functional, and strategic approaches, supplemented by the methods of analysis and synthesis, comparison, theoretical generalization, systematization, and conceptual modelling.

The chapter is structured according to the logic of the research. The first section examines the conceptual foundations of the creative economy and clarifies its regional dimension. The second section focuses on the mechanisms through which the creative economy influences innovation and socio-economic development. The third section substantiates strategic directions for the development of the creative economy with consideration of territorial differentiation and the contemporary challenges facing Ukraine.

1. Conceptual Foundations of the Creative Economy

Structural transformations of contemporary economies are accompanied by a gradual change in the sources of economic growth and territorial competitiveness. Whereas the industrial model was predominantly based on physical capital, natural resources, economies of scale, and standardized production, contemporary development increasingly depends on knowledge, information, human capital, intellectual assets, innovation, and

creativity. Under these conditions, creativity acquires the characteristics of an economic resource capable of influencing entrepreneurial activity, innovation processes, employment structures, and the competitiveness of territories.

The emergence of the creative economy concept can be regarded as a logical continuation of the development of theoretical approaches to the knowledge economy, post-industrial society, innovation, human capital, and intangible assets. The essential transformation consists not simply in increasing the amount of knowledge available to economic actors but in their ability to combine knowledge, technology, cultural resources, experience, and creative competencies in order to generate new value.

The concept of the creative economy has no single universally accepted definition. This is explained by its interdisciplinary character, the rapid development of digital technologies, changes in the structure of creative activity, and the increasing integration of creativity into traditional economic sectors. UNCTAD considers the creative economy as an evolving concept based on the interaction of human creativity and ideas, intellectual property, knowledge, and technology. Its scope includes a broad range of creative goods and services and reflects the increasing role of creative industries in economic activity and international trade [1].

At the same time, the creative economy cannot be reduced to creative industries. Creative industries represent economic activities in which creativity, cultural content, knowledge, and intellectual property play a particularly significant role in value creation. The creative economy has a broader meaning because it encompasses the environment and processes through which creative resources are generated, accumulated, transformed, commercialized, and reproduced.

This distinction is important for regional analysis. Identifying the creative economy exclusively with the number of creative enterprises may underestimate its actual contribution to territorial development. Creative practices and competencies can influence manufacturing, tourism, education, healthcare, trade, services, public administration, and other activities. Design, digital technologies, marketing, cultural content, new organizational solutions, and creative approaches to problem-solving can increase the competitiveness of sectors that are not formally classified as creative industries.

Ukrainian research also emphasizes the transformation of economic relations associated with the growing role of knowledge, information, innovation, and creativity. H. M. Samiilenko examines the theoretical foundations and specific features of the functioning of the creative economy under conditions of the emergence of a new economy, thereby emphasizing the systemic transformation of economic activity associated with the growing importance of creative resources [2]. From a methodological perspective, it is therefore necessary to distinguish among the concepts of creativity, creative activity, creative industries, creative potential, and creative economy.

Creativity refers to the ability to generate original and potentially useful ideas. Creative activity represents the practical application of this ability. Creative industries are types of economic activity in which creativity, cultural content, knowledge, and intellectual property constitute important factors of value creation. Creative potential reflects the aggregate resources and capacities available to a territory for generating and implementing creative solutions. The creative economy, in turn, encompasses the broader economic, social, cultural, technological, and institutional system within which this potential is formed, realized, and reproduced.

This distinction is particularly relevant at the regional level. A region possesses creative potential when it has a combination of human, intellectual, cultural, technological, entrepreneurial, institutional, and infrastructural resources that can be mobilized for the creation of economic and social value. However, the existence of such resources does not necessarily mean that the region has a highly developed creative economy. Between potential and actual outcomes lies a set of transformation mechanisms, including entrepreneurship, innovation, digitalization, access to finance, institutional support, professional networks, and market integration.

The regional dimension of the creative economy is therefore determined by the capacity of a territorial system to create conditions for the productive utilization of creative resources. Regions are not passive spatial environments. They provide the institutional and infrastructural context in which human capital is accumulated, knowledge is disseminated, entrepreneurial networks are formed, innovation is implemented, and cultural resources are transformed into products, services, and social value.

Spatial differentiation is particularly significant because human capital, educational and research institutions, cultural resources, infrastructure, and entrepreneurial networks are unevenly distributed. Territories also differ in institutional capacity, access to finance, digital connectivity, market opportunities, and their ability to retain or attract skilled people. Consequently, similar levels of creative potential may result in significantly different development outcomes. T. V. Posnova and M. M. Telishchuk emphasize the regional dimension of creative economy development in Ukraine and identify the importance of territorial differences and contemporary challenges to its recovery [3]. This supports the need for a spatially differentiated approach to regional creative economy policy.

Human capital is one of the fundamental prerequisites for creative development. Knowledge, professional competencies, creative abilities, critical thinking, communication skills, adaptability, and the ability to work with new technologies determine the capacity of a territory to generate and implement new ideas. T. V. Posnova emphasizes the role of creative human capital as a factor in innovative economic development, highlighting the importance of knowledge and knowledge-intensive technologies [4].

However, human capital cannot be treated as an automatically productive resource. Its economic contribution depends on the opportunities available for professional, entrepreneurial, and innovative realization. A region may have a substantial educational and intellectual potential but fail to convert it into economic value because of limited employment opportunities, insufficient entrepreneurial infrastructure, weak interaction between education and business, inadequate access to finance, or underdeveloped innovation networks. Education therefore performs a function that extends beyond conventional workforce training. Within the creative economy, educational institutions should contribute to the development of creative thinking, interdisciplinary competencies, digital skills, entrepreneurial abilities, and continuous learning. Research institutions and universities should also participate in knowledge generation, technology transfer, start-up development, and the formation of professional networks.

Investment in human capital is particularly important because human capital constitutes both a resource and a mechanism for the development of the creative economy. Research by S. Londar, A. Lytvynchuk, N. Versal, T. Posnova, and H. Tereshchenko demonstrates the relationship between

investment in human capital, education, innovation, and the formation of the creative economy [6].

Creative industries represent an important structural component of the creative economy. Their distinguishing feature is the combination of economic and symbolic value. Design, architecture, fashion, music, publishing, audiovisual production, advertising, programming, digital content, computer games, and other activities use creativity and intellectual property as important sources of value creation.

However, creative industries should not be considered synonymous with the creative economy. V. P. Ilchuk and I. V. Sadchykova emphasize the role of creative industries in the development and modernization of the real sector of the economy [8]. This supports the broader interpretation proposed in this chapter: creative industries form the structural core of the creative economy, while creative practices and resources can diffuse throughout the regional economic system.

Digitalization significantly expands the possibilities for creative activity. Digital platforms reduce some spatial barriers, facilitate access to external markets, enable remote and project-based employment, and create new forms of production and consumption. Programming, digital design, online media, digital art, video production, computer games, and other activities have become important components of the contemporary creative economy.

At the same time, digitalization does not eliminate regional disparities. Its economic effects depend on digital infrastructure, competencies, access to finance, entrepreneurial capabilities, and institutional support. Digital transformation should therefore be understood not merely as a technological process but as a component of regional modernization.

Entrepreneurship provides another essential mechanism for transforming creative potential into economic outcomes. A creative idea becomes economically significant when mechanisms exist for its implementation, commercialization, and market entry. Creative entrepreneurship often relies on intangible assets, including knowledge, intellectual property, design, brands, professional reputation, and digital content. It can therefore contribute to diversification, self-employment, small-business development, and the emergence of new business models.

The entrepreneurial function is closely linked to innovation. Creativity and innovation are related but not identical. Creativity is associated

primarily with the generation of new ideas, whereas innovation involves the practical implementation of new solutions and the achievement of economic or social effects. Creative potential therefore creates prerequisites for innovation, while entrepreneurial and institutional mechanisms determine whether these opportunities are realized. Culture and local identity represent another specific component of regional creative potential. Cultural heritage, traditions, crafts, architecture, artistic practices, and territorial symbols can provide the basis for new products and services, tourism development, territorial branding, and entrepreneurial initiatives. At the same time, cultural resources possess intrinsic social value and should not be reduced solely to their commercial potential.

An ecosystem approach makes it possible to integrate these components. A regional creative ecosystem includes enterprises, universities, research institutions, cultural organizations, public authorities, local communities, financial institutions, innovation centers, creative spaces, and individual creative professionals. Its effectiveness depends not simply on the number of actors but on the quality of relationships among them.

Institutional conditions determine the rules and mechanisms through which these actors interact. Intellectual property protection, entrepreneurial regulation, access to finance, public support programmes, innovation policy, education policy, and mechanisms of public-private cooperation all influence the ability of a region to transform creative potential into actual outcomes.

The principal components of the regional creative economy and their contribution to territorial development are summarized in Table 1.

The systematization presented in Table 1 demonstrates that the creative economy should be understood as an interconnected system rather than a collection of isolated sectors. Individual resources acquire economic significance through their interaction within an appropriate institutional and organizational environment. On this basis, the creative potential of a region can be defined as the aggregate of human, intellectual, cultural, entrepreneurial, technological, institutional, and infrastructural capacities that can be mobilized to create economic and social value.

Table 1

Main Components of the Creative Economy within the Regional Context

Component	Main content	Contribution to regional development	Key transformation mechanism
Human capital	Knowledge, competencies, creative abilities, professional and digital skills	Formation of the human-resource and creative capacity of a territory	Education, professional development, talent retention
Creative industries	Economic activities based on creativity, cultural content, and intellectual property	Creation of products, services, employment, and income	Commercialization of creative outputs
Entrepre-neurship	Commercialization of ideas and development of new business models	Economic diversification and increased business activity	Start-ups, SMEs, self-employment
Innovation	Generation and implementation of new products, services, technologies, and organizational solutions	Increased productivity and competitiveness	Interaction between knowledge and business
Digitalization	Digital technologies, platforms, and communication tools	Expanded markets and new forms of employment and cooperation	Digital transformation and market access
Cultural resources	Heritage, traditions, crafts, local identity, artistic practices	Territorial attractiveness, identity, and cultural-economic development	Cultural production and creative entrepreneurship
Institutional environment	Rules, organizations, public support, coordination mechanisms	Creation of conditions for the realization of creative potential	Governance and institutional coordination
Infrastructure	Educational, innovation, cultural, digital, and entrepreneurial facilities	Support for the functioning of the creative ecosystem	Access to resources and networks
Network interaction	Cooperation among business, education, research, culture, government, and communities	Knowledge circulation and joint project development	Partnerships and collaborative innovation

The creative economy of a region, in contrast, represents a system of economic, social, cultural, technological, and institutional relations through which this potential is transformed into products, services, innovations, employment, entrepreneurial activity, cultural value, and other development outcomes. This distinction leads to another important proposition: creative potential and creative economy performance are not equivalent. Potential reflects available opportunities, while performance reflects the extent to which those opportunities are realized. A region may possess considerable creative potential while demonstrating relatively modest creative economy outcomes if institutional, entrepreneurial, financial, infrastructural, or market conditions are unfavorable.

Accordingly, the assessment of the creative economy should combine three dimensions:

– resource dimension – the creative, human, intellectual, cultural, and infrastructural resources available to the region;

– enabling-environment dimension – the institutional, entrepreneurial, financial, digital, and network conditions for their utilization;

– performance dimension – the economic, innovation, employment, cultural, and social outcomes generated through the utilization of these resources.

This approach also has implications for measurement. Traditional indicators such as the number of creative enterprises, employment, turnover, or exports provide important information but do not fully capture the quality of institutional interaction, the strength of professional networks, innovation capacity, or the ability of a region to convert creative potential into sustainable development outcomes. UNCTAD's recent work also emphasizes the importance of developing appropriate statistical approaches to measuring the creative economy and its components [1].

Within the framework of this study, the creative economy is therefore defined as a system of economic, social, cultural, technological, and institutional relations through which the human, intellectual, and cultural potential of a territory is realized through creative industries, entrepreneurship, innovation, digital technologies, cultural resources, and network interaction and transformed into economic and social value.

This definition constitutes the central conceptual proposition of the chapter. It extends a narrow sectoral interpretation of the creative

economy and places the process of transforming territorial potential into actual outcomes at the center of analysis. For Ukraine, this approach is particularly important under conditions of war and recovery. Regional recovery requires not only physical reconstruction but also restoration of human capital, entrepreneurial activity, professional networks, cultural environments, and institutional capacity. Since the initial conditions of Ukrainian regions differ substantially, the development of their creative economies should be based on territorial characteristics rather than a uniform policy model.

Thus, the creative economy can be regarded as a systemic characteristic of a region's capacity to transform human, intellectual, and cultural resources into economic and social value. Its effectiveness depends on the interaction of resources, institutions, entrepreneurship, innovation, digitalization, culture, infrastructure, and networks. This conceptual framework provides the basis for analyzing the role of the creative economy in regional innovation and socio-economic development.

2. The Creative Economy as a Factor in the Innovation and Socio-Economic Development of Regions

The increasing role of knowledge, creativity, and intangible assets changes the mechanisms through which regional economies develop. The creative economy contributes to this transformation by creating conditions for the generation of new ideas, the emergence of entrepreneurial initiatives, the development of new products and services, and the formation of new employment opportunities. Its regional effect should not, however, be measured solely by the size of creative industries. The broader issue concerns the ability of a territory to transform creative potential into actual economic and social outcomes. This transformation occurs through several interconnected mechanisms: human capital development, entrepreneurship, innovation, digitalization, cultural production, employment creation, and network interaction.

The first mechanism is the development and utilization of human capital. Creative economic activity requires not only specialized knowledge but also critical thinking, adaptability, communication skills, digital competencies, and the ability to work across disciplinary boundaries. These characteristics increase the capacity of a region to generate and implement new solutions.

However, the existence of human capital does not automatically lead to regional development. Its contribution depends on the availability of employment opportunities, entrepreneurial opportunities, innovation projects, professional networks, and institutional mechanisms that allow people to apply their competencies locally. Consequently, the retention and attraction of skilled people becomes a strategic regional policy issue.

The second mechanism is the interaction between education, research, and business. Universities and research institutions generate and disseminate knowledge, while businesses provide opportunities for its commercialization and application. Public institutions can facilitate this interaction by supporting partnerships, innovation infrastructure, technology transfer, entrepreneurial education, and collaborative projects.

The effectiveness of such interaction depends on trust, professional networks, institutional incentives, and the capacity of regional actors to engage in long-term cooperation. Where these mechanisms are weak, knowledge and creative potential may remain underutilized. Entrepreneurship represents the third mechanism. Creative entrepreneurship transforms ideas, knowledge, design, intellectual property, and cultural resources into marketable products and services. It can contribute to economic diversification, self-employment, the development of small and medium-sized enterprises, and the emergence of new business models.

Research by S. Y. Lee, R. Florida, and Z. Acs demonstrates the relevance of creativity to regional entrepreneurial dynamics and new firm formation [7]. The regional entrepreneurial environment therefore constitutes an important intermediary between creative potential and economic outcomes.

The fourth mechanism is innovation. Creativity provides new ideas, while innovation involves their implementation. The creative economy can therefore contribute to regional innovation by generating new products, services, organizational solutions, technologies, business models, and forms of interaction. This relationship is particularly important in regions seeking to modernize traditional economic sectors. Creative capabilities can complement manufacturing, agriculture, tourism, trade, education, and services by introducing design, digital solutions, new marketing approaches, branding, and organizational innovations.

Digitalization represents the fifth mechanism. Digital technologies expand opportunities for production, communication, marketing, remote

work, and international cooperation. For small firms and individual creative professionals, digital platforms can reduce dependence on local demand and provide access to external markets. However, digitalization may also reproduce regional inequalities if territories differ substantially in digital infrastructure, competencies, financial resources, and institutional capacity. Digital development should therefore be integrated into broader regional policy rather than treated as an isolated technological objective.

The sixth mechanism concerns employment. The development of design, programming, media, digital services, architecture, advertising, cultural production, and other creative activities creates new forms of employment and professional self-realization. Freelancing, remote work, self-employment, and project-based employment can be particularly important for territories with limited traditional employment opportunities.

The seventh mechanism involves cultural resources. Cultural heritage, traditions, crafts, local architecture, artistic practices, and territorial identity can generate new economic activities while simultaneously strengthening social cohesion and territorial attractiveness. Their contribution is therefore both economic and socio-cultural.

These mechanisms are mutually reinforcing. Human capital provides the resource base, education and research generate knowledge, entrepreneurship creates opportunities for commercialization, innovation transforms ideas into practical solutions, digitalization expands the scale of interaction, cultural resources provide distinctive content, and institutions coordinate the process.

This interaction can be represented through the following conceptual model.

The model emphasizes that creative potential is not a direct development outcome. Its contribution is mediated by the enabling environment and the mechanisms through which resources are transformed into practical results. This distinction is central to understanding differences among regions. Two territories may have comparable educational resources or cultural assets but achieve different outcomes because of differences in entrepreneurship, infrastructure, access to finance, institutional capacity, or network interaction.

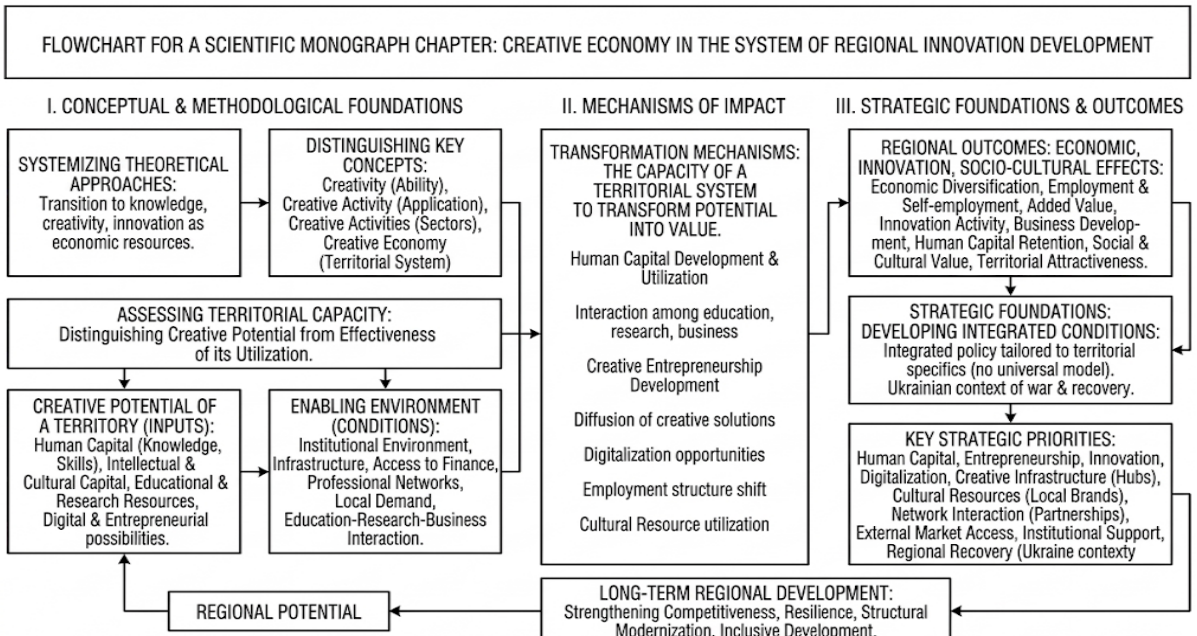


Figure 1. Conceptual Model of the Transformation of Regional Creative Potential into Innovation and Socio-Economic Development

Source: developed by the author

The economic outcomes of the creative economy include value creation, business formation, employment, diversification, innovation, and competitiveness. Social outcomes include professional self-realization, community participation, social interaction, territorial identity, and the attractiveness of the living environment.

The creative economy therefore contributes to regional development through both direct and indirect channels. Direct effects arise from creative enterprises, employment, production, and exports. Indirect effects result from knowledge spillovers, innovation, human capital accumulation, tourism, territorial branding, business modernization, and network formation.

The relationship between creative activity and human capital is also important. Evidence from European regions indicates that cultural and creative production can positively influence regional human capital, suggesting that creative activity may contribute not only to the utilization of existing competencies but also to the formation of new human capital [10].

This reinforces the idea that the creative economy should be viewed as a dynamic process. Its effects can accumulate over time as education, professional networks, entrepreneurial experience, cultural activity, and innovation capacity reinforce one another.

The regional context is especially important because the creative economy develops through place-specific interactions. Creative professionals, enterprises, universities, cultural organizations, public institutions, and communities are embedded in particular territorial environments. These environments influence opportunities for cooperation, learning, experimentation, and market access.

For Ukraine, the territorial dimension is further complicated by war and recovery. Regions differ in the scale of infrastructure damage, demographic change, displacement of human capital, economic disruption, and investment opportunities. Consequently, the role of the creative economy cannot be identical across all regions.

For some territories, creative development may be associated with the restoration of cultural and tourism activities. For others, it may focus on digital services, creative entrepreneurship, university-based innovation, or the modernization of traditional industries. The appropriate strategy therefore depends on the combination of resources and institutional capacities available within a particular territory.

The creative economy can consequently be considered an internal mechanism of regional transformation. Its effectiveness depends on whether the region can establish connections between human capital, knowledge, entrepreneurship, innovation, digital technologies, culture, and institutions. This leads to a key strategic implication: regional creative economy policy should focus not only on increasing the number of creative enterprises but also on improving the environment in which creative potential is realized.

3. Strategic Foundations for the Development of the Creative Economy within the Regional Context

The creative economy becomes a significant factor of regional development when creative, intellectual, and cultural resources are systematically transformed into economic and social outcomes. Strategic policy should therefore move beyond the support of individual creative industries and focus on the formation of an enabling environment. Such an environment should combine human capital, education, entrepreneurship, innovation, digitalization, infrastructure, cultural resources, financial instruments, institutional capacity, and professional networks. The strategic objective is not simply to increase the volume of creative activity but to strengthen the capacity of territories to generate, retain, and productively utilize creative resources.

Human capital constitutes the primary resource of the creative economy. The regional capacity to generate new ideas and implement innovative solutions depends on the quality of education, professional competencies, creativity, digital skills, and the adaptability of the population.

Research by E. Marrocu and R. Paci demonstrates the relevance of creativity to regional development dynamics and highlights the importance of creative resources within regional economic systems [5]. Research by S. Londar, A. Lytvynchuk, N. Versal, T. Posnova, and H. Tereshchenko similarly demonstrates the importance of investment in human capital for the formation of the creative economy [6]. Strategic policy should therefore focus on:

– developing creative, digital, entrepreneurial, and interdisciplinary competencies;

– strengthening cooperation between universities, research institutions, and businesses;

– expanding lifelong learning opportunities;
– supporting professional development and retraining;
– creating conditions for the retention of skilled professionals;
– developing mechanisms for attracting creative professionals and entrepreneurs;
– supporting student entrepreneurship and innovation initiatives.

The retention of human capital is particularly important for Ukraine. Demographic change, migration, internal displacement, and labor-market transformations create a risk of losing human resources that are essential for regional recovery. Therefore, regional recovery strategies should consider employment, entrepreneurship, education, cultural activity, and quality of the living environment as interconnected factors influencing human-capital retention.

Entrepreneurship constitutes the mechanism through which creative ideas acquire economic value. Creative enterprises often operate on a small scale and depend heavily on intangible assets, intellectual property, professional reputation, design, and digital platforms. Regional policy should therefore provide a combination of entrepreneurial education, advisory and mentoring services, grant and competitive funding mechanisms, incubation and acceleration programmes, networking opportunities, access to digital platforms, intellectual property support, and opportunities for entering external markets. The objective should not be limited to increasing the number of newly registered enterprises; more important is the development of sustainable businesses capable of generating income, employment, innovation, and long-term value. Creativity can also contribute to the modernization of non-creative sectors. The integration of design, digital technologies, branding, marketing, and creative management into manufacturing, tourism, agriculture, trade, education, and services can increase their competitiveness.

The innovation dimension should be integrated into regional creative economy strategies. Creative ideas can become a source of innovation when appropriate mechanisms for experimentation, commercialization, and knowledge transfer exist. Regional innovation policy should promote cooperation between universities and businesses, technology and knowledge transfer, start-up development, research commercialization, interdisciplinary projects, innovation laboratories and hubs, and public-

private partnerships. The objective is to create a continuous pathway from knowledge generation to experimentation, commercialization, and market diffusion.

Digitalization creates opportunities for overcoming some traditional spatial constraints. Creative professionals can serve external markets, cooperate internationally, and participate in distributed production networks without being physically located near consumers. Regional digital strategies should combine digital infrastructure, digital competencies, access to online platforms, support for digital entrepreneurship, cybersecurity and intellectual property protection, and international digital cooperation. Digitalization should nevertheless be understood as an enabling mechanism rather than an independent development goal. Without human capital, entrepreneurship, institutional capacity, and access to finance, digital infrastructure alone cannot guarantee the development of the creative economy.

Creative industries should remain an important target of regional policy because they provide a visible institutional and entrepreneurial base for the creative economy. At the same time, support should extend beyond isolated creative sectors. Creative infrastructure may include creative hubs, coworking spaces, innovation centers, cultural centers, laboratories, incubators and accelerators, university-based creative spaces, and digital production facilities. Their effectiveness should be assessed by the services and networks they provide rather than simply by their physical existence. Infrastructure should facilitate access to knowledge, finance, partners, technologies, and markets.

Culture provides regions with distinctive resources that cannot easily be replicated elsewhere. Local heritage, crafts, architecture, traditions, artistic practices, and territorial symbols can support creative entrepreneurship, tourism, branding, and the development of new cultural products. At the same time, strategic policy should maintain a balance between economic utilization and cultural preservation. Cultural resources should strengthen local identity and social cohesion rather than be treated exclusively as commercial assets. Research by F. Berti Mecocci, A. Maghssudipour, and M. Bellandi demonstrates a positive relationship between cultural and creative production and regional human capital, based on evidence from 283 European NUTS 2 regions [10]. This provides additional grounds for

integrating cultural and creative development into broader regional human-capital strategies.

The development of a regional creative ecosystem requires effective interaction among businesses, universities, research institutions, cultural organizations, local authorities, civil society, financial institutions, innovation organizations, and creative professionals. An ecosystem is therefore not equivalent to a collection of organizations or facilities; its defining characteristic is the quality of interaction among participants.

V. V. Lisitsa, O. M. Mykhailenko, and I. V. Yurko emphasize the relevance of an ecosystem approach to the development and support of creative industries at the regional level [9]. Building on this approach, regional policy should strengthen not only individual institutions but also the connections among them through mechanisms for joint projects, knowledge exchange, professional networking, co-financing, public-private partnerships, and collaborative innovation.

Access to finance is a persistent challenge for creative enterprises because intangible assets may be difficult to evaluate using traditional lending criteria. Creative businesses may therefore require alternative financial mechanisms, including grants, competitive project funding, seed financing, innovation vouchers, acceleration programmes, public-private investment, international donor programmes, and crowdfunding. Financial instruments should be linked to advisory and entrepreneurial support so that funding contributes to sustainable business development rather than isolated project implementation.

The relatively small scale of local markets may limit opportunities for creative enterprises. Digital technologies create opportunities to overcome these limitations through international service provision, online platforms, remote work, and participation in international professional networks. Regional strategies should promote international market knowledge, export competencies, digital marketing, intellectual property protection, participation in international creative networks, cooperation with foreign partners, and integration into global value chains. The expansion of external markets can increase the resilience of regional creative businesses and reduce their dependence on local demand.

One of the most important principles of strategic development is territorial differentiation. Regions differ in their human capital, industrial

structure, cultural resources, digital capacity, infrastructure, entrepreneurial environment, and institutional strength. Consequently, a uniform regional creative economy policy is unlikely to be equally effective everywhere. Instead, strategies should be based on specific combinations of available resources:

– university and research-oriented regions may prioritize innovation, knowledge transfer, start-ups, and digital services;

– culturally rich regions may emphasize cultural industries, tourism, crafts, and territorial branding;

– regions with strong entrepreneurial networks may focus on creative SMEs and external markets;

– regions with strong traditional industries may integrate design, digital technologies, branding, and creative solutions into existing production systems.

This approach allows creativity to become a mechanism of modernization rather than a substitute for traditional economic activity.

The development of the creative economy should be integrated into regional recovery policy in Ukraine. Recovery involves not only the reconstruction of physical assets but also the restoration of human capital, entrepreneurial networks, cultural institutions, and innovation capacity. Regional creative economy policy can contribute to recovery through support for displaced and returning professionals, restoration of creative and cultural infrastructure, support for small and micro-enterprises, development of digital and remote employment, creation of entrepreneurial and innovation hubs, activation of cultural heritage, integration into international networks, and development of export-oriented creative services. The relevance of a differentiated approach is reinforced by research on the regional development of Ukraine's creative economy, which demonstrates that territorial conditions significantly influence its development prospects [3].

The concentration of creative activity in large cities can intensify territorial disparities. Smaller towns and rural communities may nevertheless possess substantial cultural, human, and entrepreneurial resources. An inclusive strategy should create mechanisms enabling smaller territories to participate in creative networks. Digital technologies can reduce barriers associated with geographic distance, while support for local cultural initiatives, community-based entrepreneurship, crafts, tourism, digital

services, and local creative hubs can contribute to more balanced spatial development.

Table 2

Strategic Directions for the Development of the Creative Economy within the Regional Context

Strategic direction	Main policy instruments	Expected effect	Core monitoring dimension
Human capital	Education, retraining, creative and digital skills	Stronger creative and professional capacity	Human-capital indicators
Strategic direction	Main policy instruments	Expected effect	Core monitoring dimension
Entrepre-neurship	Grants, mentoring, incubation, acceleration	Growth of creative SMEs and self-employment	Business dynamics
Innovation	University-business cooperation, technology transfer, start-up support	New products, services, and business models	Innovation indicators
Digitalization	Infrastructure, platforms, digital skills	Broader market access and new employment forms	Digital-capacity indicators
Creative industries	Sector-specific support, intellectual property protection	Growth of creative production	Creative-industry indicators
Creative infrastructure	Hubs, coworking spaces, laboratories, cultural centers	Stronger ecosystem interaction	Network and infrastructure indicators
Cultural resources	Heritage, crafts, local brands, cultural products	Territorial identity and attractiveness	Cultural-economic indicators
Network interaction	Partnerships, clusters, collaborative projects	Knowledge circulation and joint innovation	Partnership indicators
External markets	Export support, international networks, digital marketing	Internationalization and resilience	Export indicators
Recovery	Support for people, business, infrastructure, culture	Structural renewal and resilience	Recovery indicators
Institutional support	Regional strategies, coordination, monitoring	Policy coherence and continuity	Institutional indicators
Inclusion	Support for small towns, rural communities, local initiatives	More balanced territorial development	Spatial-distribution indicators

Source: developed by the author

Strategic management requires an appropriate monitoring framework. The development of the creative economy should not be assessed solely through the number of enterprises or employees. A regional monitoring system should combine indicators of creative potential (educational attainment, competencies, research capacity, cultural resources, digital infrastructure), enabling environment (access to finance, institutional support, infrastructure, networks), performance (business dynamics, employment, value added, innovation, exports), and broader outcomes (human capital retention, territorial attractiveness, diversification, resilience, social value). This approach corresponds to the conceptual distinction between potential, enabling conditions, and actual performance.

The strategic directions presented in Table 2 should be implemented as an integrated system. Human-capital development without employment and entrepreneurial opportunities may encourage migration; infrastructure without active users may remain underutilized; digitalization without competencies may have limited effects; and financial support without institutional and advisory mechanisms may not generate sustainable business development. Therefore, the strategic focus should shift from isolated interventions toward the development of an integrated regional environment.

The temporal dimension must also be considered. Investments in education, human capital, infrastructure, networks, and institutional capacity often produce delayed effects that become visible only after competencies, partnerships, enterprises, and innovation projects have had sufficient time to develop. Consequently, regional creative economy strategies should combine short-term instruments, such as grants and business support, with long-term measures aimed at education, infrastructure, institutional development, and human-capital retention. The proposed strategic framework follows a clear logical sequence:

Territorial resources → Enabling environment → Creative potential realization → Economic and social outcomes → Regional resilience and competitiveness

The main strategic objective is not simply to increase the number of creative activities but to strengthen the capacity of regions to convert their own creative potential into sustainable development outcomes. For Ukraine, this approach is particularly relevant because regional

recovery requires structural modernization rather than simple restoration of the pre-war economic configuration. The creative economy can contribute to this process by mobilizing human capital, supporting entrepreneurship, strengthening innovation capacity, expanding external market access, and activating cultural resources.

CONCLUSIONS

The study provides grounds for considering the creative economy as a systemic component of contemporary regional innovation and socio-economic development rather than merely as a collection of creative industries. Its fundamental characteristic is the capacity of a territory to transform human, intellectual, and cultural resources into new economic and social value.

The chapter substantiates a distinction between creative potential and the effectiveness of its utilization. Creative potential represents the resources and capacities available to a territory, while effectiveness reflects the extent to which these resources are transformed into actual development outcomes. This distinction is important because the availability of skilled people, cultural resources, intellectual assets, entrepreneurial initiatives, or digital infrastructure does not automatically produce corresponding economic effects. Their contribution depends on institutional conditions, infrastructure, access to finance, entrepreneurship, innovation, digital opportunities, professional networks, and market access.

A systemic definition of the regional creative economy is proposed as a system of economic, social, cultural, technological, and institutional relations through which the human, intellectual, and cultural potential of a territory is realized through creative industries, entrepreneurship, innovation, digitalization, cultural resources, and network interaction and transformed into economic and social value.

The conceptual model developed in the chapter demonstrates that creative potential generates development outcomes through an enabling environment and a set of realization mechanisms. The model includes five interconnected stages: territorial creative potential, enabling environment, mechanisms of realization, regional outcomes, and long-term regional development. This approach emphasizes that the creative economy should

be assessed not only through resource availability but also through the quality of transformation processes and the outcomes they generate.

The analysis demonstrates that the creative economy influences regional development through several interconnected mechanisms. Human capital provides the resource base for creative activity; education and research generate and disseminate knowledge; entrepreneurship transforms ideas into market products and services; innovation creates new technological and organizational solutions; digitalization expands opportunities for cooperation and access to external markets; cultural resources contribute to territorial identity and attractiveness; and institutions coordinate interaction among regional actors.

The strategic foundations proposed in the chapter are based on an integrated approach combining human-capital development, creative entrepreneurship, innovation, digital transformation, creative infrastructure, cultural resources, financial support, network interaction, external market integration, institutional development, and inclusive territorial policy.

A key strategic principle is territorial differentiation. Regions possess different combinations of human, intellectual, cultural, entrepreneurial, infrastructural, and institutional resources. Consequently, creative economy strategies should be adapted to the specific conditions and development trajectories of individual territories rather than reproduce a single universal model. For Ukraine, the creative economy can become an important component of regional recovery and structural modernization. Its potential extends beyond the creation of creative-sector employment and income. It includes the restoration and retention of human capital, support for entrepreneurship, development of innovation capacity, activation of cultural resources, expansion of digital employment, integration into international professional networks, and strengthening of territorial resilience.

The practical significance of the proposed approach lies in its applicability to regional development strategies, programmes supporting entrepreneurship and innovation, digital transformation policies, cultural development programmes, human-capital strategies, and recovery initiatives. The distinction between potential, enabling conditions, and performance can also serve as a basis for developing regional monitoring systems.Overall, the creative economy should be understood as a territorial capacity for transforming creativity, knowledge, culture, and human

potential into sustainable economic and social value. Its development requires a shift from fragmented support for individual creative activities toward the formation of an integrated regional ecosystem in which people, knowledge, entrepreneurship, innovation, digital technologies, culture, infrastructure, and institutions reinforce one another. Such an approach creates the conditions for strengthening regional competitiveness, resilience, diversification, and long-term innovation development.

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