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CULTURAL AND CREATIVE INDUSTRIES: ECONOMIC BENEFITS AND PERSPECTIVES

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Abstract

This paper explores the importance of the cultural and creative sectors through the lens of the tourism industry. Namely, cultural tourism and cultural heritage have enormous potential and are a driving force above all for local but also national economic growth and development. Creative and cultural industries are the carriers of innovation, and innovation increases productivity, which is a basic prerequisite for good economic well-being. In this paper, the authors test the impact and application of digitization in the cultural sector, as well as an analysis of where they are moving and in which segments the countries of the Western Balkans are investing when it comes to the cultural sector, cultural and creative industries.

Keywords: *culture, tourism, creative industries, innovation, productivity, economic growth.*

1. Introduction

The importance of the cultural and creative industries is gaining more and more importance for the economy, especially because of the sustainable development as a result. Culture is the driving force in every society, and this implies the possibility of strengthening the relationship between the public and private sectors, the citizens also, where together should build a moving collective vision of an economy. Bearing in mind that when we talk about cultural and creative industries we mean on different sectors and activities related to the production, reproduction, promotion, distribution, commercialization of goods, services and activities of cultural, artistic or heritage-related origin, at the same time we are confirming their economic and social character as the importance for an economy (Raufast et. al., 2015).

In this way, the strong connection between creative and cultural industries and tourism is confirmed. Practically, that connection lies in cultural tourism. Until recently, cultural tourism was based mainly on the material. Recent research shows that over 50% of the respondents about their opinion for the influence of cultural heritage and tourism, stated that history and culture strongly influence their choice of holiday destination. Cultural tourism and cultural heritage play a key role for building the economy and their impact create an upward trend.

Also, the fact that cultural tourism and cultural heritage tend to attract high-return tourists should not be overlooked. More precisely, those are tourists who want to take a "mental souvenir" or a memory, which will strengthen their connection with the destination, and the promotion of such an experience will result within increase in tourist demand.

That's why the cultural and creative industries provide a roadmap, but also show a transition from an economy based on material goods, to an economy based of services where the focus is on the experience of visitors, cultural tourism, as well as the need for constant reshaping of innovative tourism products (Costa, 2001). Consequently, cultural and creative industries bring strong changes, creative and innovative activities, and thus a powerful potential for economy development.

2. Cultural and creative industries: cultural tourism and cultural heritage

The synergy between cultural tourism and cultural heritage provides a strong beam on the destination that should provide a unique and personalized journey by accentuating its cultural

characteristics (McKercher, 2020). That's the reason why cultural heritage is often part of the strategies for building the image of a tourist destination. However, more recent visions in terms of cultural and creative industries go so far as to see this as a strong potential for attracting new residents and investors. Hence the economic, social and cultural impact of the cultural and creative industries for a country is confirmed.

When we analyze the economic, social and cultural impact, we are actually think on direct and indirect benefits from it. Namely, the fact that creative and cultural industries through cultural tourism and cultural heritage bring money into the economy, create jobs, support micro, small and medium businesses, promote the protection of local landmarks, actually they contribute to the economic growth of the local economy through events and attractions, manifestations, festivals, and thus the local community is strengthened (Law, 2002).

As a result of the above, there is a room space for promotion of local traditions, culture, maintenance and revival of skills related to traditional crafts that are potential for visitors to leave and return again due to the attraction of cultural arts, history, amenities that support tourism services. As a result, innovation and creativity will increasingly be the key for diversification and competitiveness of the destinations. In fact, a review of the literature about the role of the cultural organizations clearly underlines the fact that innovation is directly related to productivity. In order to have increased productivity, innovations are needed. They are a key component for development challenges, reducing the unemployment rate, increasing incomes, efficient allocation of resources, as well as more efficient use of the labor. When the good parameters will overcome the bad parameters, it implies well-being in the economy, as improving people's living standards. This is one of the important reasons why developed countries are increasingly investing in cultural and creative industries. Simplified, they are seen as a catalyst for rapid changes, innovative businesses, increasing productivity by intensifying innovative activities and projects, with the ultimate goal of strengthening the economy.

3. The importance of cultural and creative industries for the economy

The alignment of the cultural and creative industries with the tourism sector is continuously increasing. From a sustainable development perspective, all cultural tourism activities and projects should therefore be embedded in the local economic, social and cultural context if they are likely to have a positive impact on the local community and its social and economic well-being.

The positive economic effects of tourism and cultural heritage from a local perspective include accommodation facilities, tourist services, cultural heritage as a tourist attraction with the degree of its permission for visitors (Hughes, 1999). The goal is to create an unforgettable experience in the subconscious of tourists that will encourage repeat visits, initiating an improvement of the tourist offer and income for the local community and/or the specific destination.

Cultural and creative sectors require additional care in the context of international agreements and international trade in cultural and creative products, as the final consumption of cultural and creative products (UNCTAD, 2022). Through various strategies and concepts coming from international institutions, cultural and creative strategies occupy exceptional priority positions because they produce „spill-overs“ in the economy. Because they are drivers of innovation, and innovation initiates productivity growth, the cultural and creative sectors are a source of economic growth through tourism and other sectors.

Of course, such economic effects initiate social benefits such as health and well-being of citizens, social inclusion, improvement of local social capital. At this moment in developing and less developed countries, the cultural and creative sectors are still fragile, and in order to use their potential, efforts are needed because it is an industry that faces long-term challenges (Peris-Ortiz, 2019). De facto, the conclusion is imposed that culture has an important role in encouraging and improving economic and social parameters.

As it is mentioned in this paper, the cultural and creative sectors and industries are also part of the Green Agenda, so, they have a visible influence in the green transition. The impact of digitization and digital tools also offers a lot of opportunities for the cultural and creative industries. Namely, one of the most significant benefits of cultural heritage in capital improvement is its ability to attract tourism. Tourists are attracted to places with unique cultural heritage, such as historical landmarks, museums

and art galleries. Therefore, it is crucial to preserve and protect cultural heritage when planning and implementing capital projects. Of course, cultural heritage institutions play an important role here in the direction of preservation and providing access to cultural heritage materials, and the digitization of these collections has become an essential task in fulfilling this function. It is therefore necessary to engage the tools and practices of digitization in order to capture, preserve and disseminate visual culture for cultural heritage.

Therefore, in order to exploit the potential of the cultural and creative sectors and industries, the application of digitization is needed, giving an overview of the managerial, technical and financial issues related to the digitization of cultural heritage materials. This gives us the right to state that cultural engagement supports the supply and demand of services from the cultural and creative sectors and industries, which is in line with economic and social benefits.

4. Contribution of project implementation in the cultural and creative industries: effects and valorization

During the last decades, the importance of the cultural and creative industries has increased more and more emphasizing the term "sustainability".

The analysis shows that most of the projects should be kept with ideas that, by the very realization, increase the share of the creative and cultural sectors and their impact on the local population, first of all, and then on the visitors. This type of projects are usually aimed at creating a tangible impact to support the valorization and promotion of cultural heritage and cultural tourism, as well as the living culture of the residents in the areas targeted by the projects (García-Hernández, 2017). The local community evaluates them as positive precisely because of their contribution to coping. If we take into account the Action Plan of the Green Agenda for the countries of the Western Balkans, it is clear that creative activities should support the relationship between sustainable development, preservation of cultural heritage, cultural tourism and green economy, which de facto follow human well-being.

A variety of innovative activities covered by various strategies enable the reduction of the total resources extracted from the environment and the waste that human activities create at the same time. Namely, the importance for the implementation of the Action Plan of the Green Agenda is precisely stated. Namely, in the section dealing with how to increase competitiveness through industrial development, the following are covered: building industrial alliances, supporting micro, small and medium enterprises, regional development of creative industries and sustainable development of tourism. In this way, cultural tourism and cultural heritage through their landmarks and activities to increase their potential from the aspect of an economy, are factors through which the local cultural and historical characteristics that define the local communities and/or the image of the destination are displayed.

This will enable the support of sustainability as one of the five pillars of the European Framework for Action on Cultural Heritage and the relevance to achieving the ambitious goals of the European Green Deal.

The contribution of implementing projects directly related to cultural tourism and cultural heritage is inevitable for two reasons. First, the participation and mobilization of citizens and local communities in solving local problems is strengthened on the one hand, and eco-friendly and socio-economic development that will generate green job opportunities for young people and women is supported on the other.

From an economic point of view, local knowledge, skills, maintained and adapted over time, are a source of income and decent work through crafts, tourism and cultural productions, thus preserving traditional production systems, preserving the eco-system, maintaining biological diversity, and social cohesion is promoted through local social practices of dialogue.

The implementation of projects and the implementation of activities in the field of cultural and creative industries, for a small and open economy like Macedonia, is particularly important for the improvement, preservation and protection of locations and landmarks, practicing modern construction infrastructure, conservation and restoration works, installing modern equipment, etc. . thus encouraging technological know-how and creating new job opportunities and tackling unemployment. Also, by

promoting and interlinking the value and role of culture and tourism, the competitiveness of destinations increases and the affirmation of our archaeological-historical sites and natural monuments, which have the role of attractors with exceptional potential for increasing the number of visitors, increases (Landry, 2000).

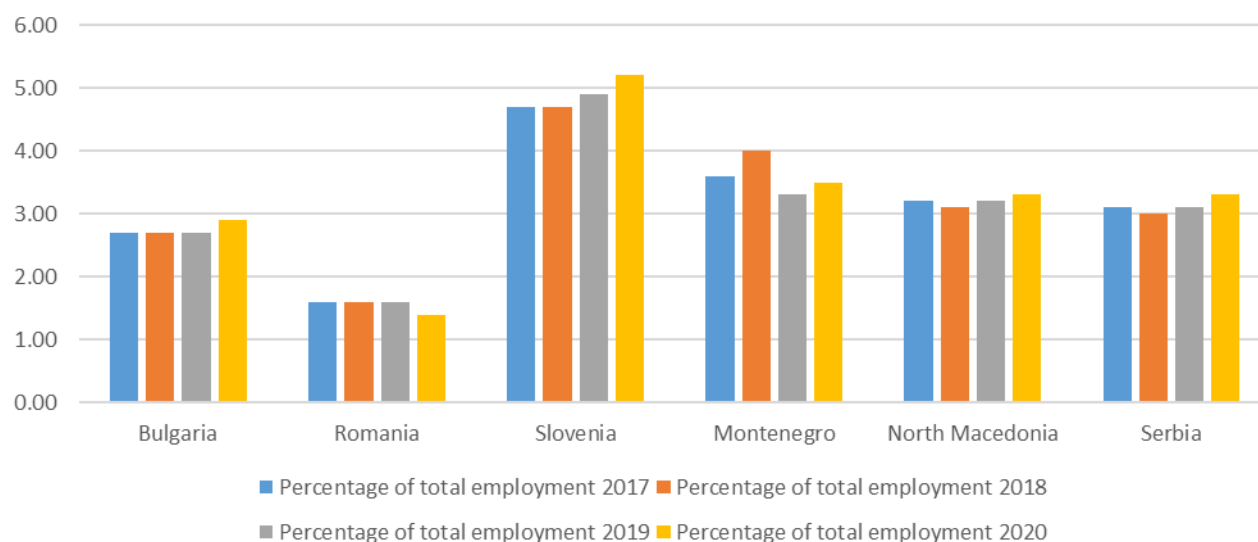
In this direction, creative tourism should not be forgotten. Creative tourism is extremely important for us because of the adaptability to different types of destinations and the possibility of diversifying the offer (Jelinčić & Žuvela, 2012). Creative tourism, for which Macedonia has a huge potential, will enable optimization of existing creative resources and connection with cultural and creative industries, strengthening of local communities, cultural enrichment between the local population and tourists. These are just a few of the many well-argued possibilities that the cultural and creative industries strengthen the economy.

5. Research

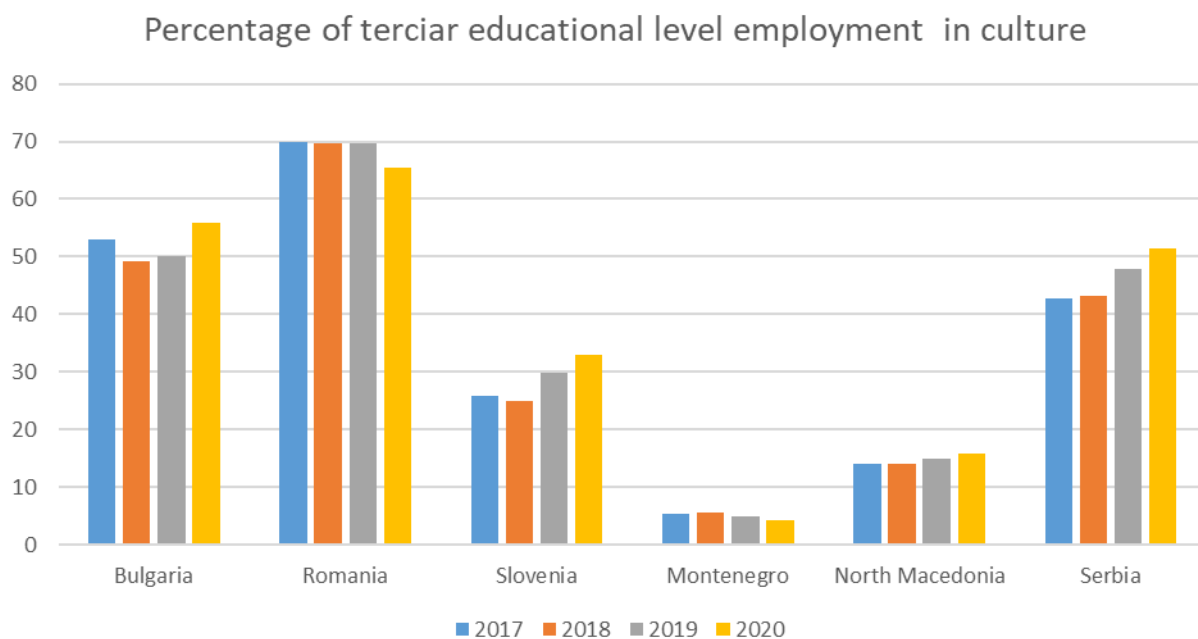
Taking into account the significance of the implementing ICT technologies throughout all industries, methodological framework in this research is based on indicators which emphasize the impact of Internet on cultural sector. Therefore, according to last available data exploration authors analyzed overall average performances of the selected indicators for several Western Balkan countries:

- Percentage of total employment in culture (X1)
- Percentage of terciar educational level employment in culture (X2)
- Internet purchases- good and services of culture (X3)
- Export of culture goods in % of total export (X4)
- Percentage of individuals using cloud services for cultural content (X5)
- HICP (Harmonized index of consumer prices) (X6)

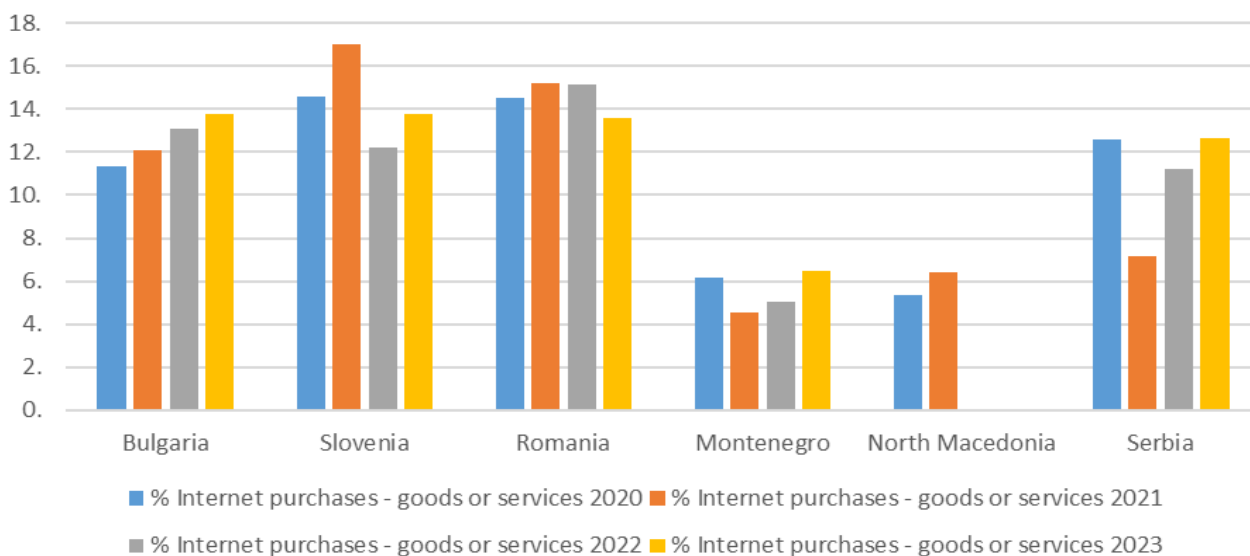
In addition the chart below is depicting the significant hence of the employment in culture sector especially in Slovenia in 2020. For example, North Macedonia has also raised the percentage of employees in the aforementioned sector.



On the other hand, Romania has the highest percentage of the tertiary education level employees in this sector and it can be concluded that this country wants to invest in education especially in education for its cultural heritage.



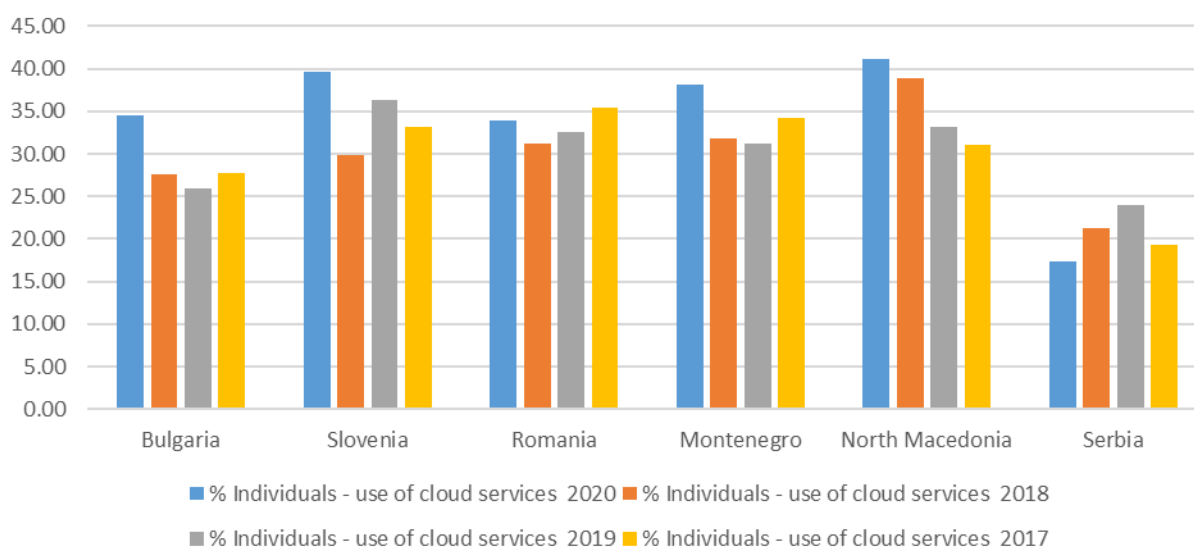
Considering the contribution of culture industry in e-commerce activities the highest values of this indicator has Slovenia as leader in cultural goods and services in recent years.



Very interesting fact about cultural activities which increased export of cultural goods is that the highest score in this area underlined Montenegro in 2019., but the north Macedonia has very low values.



Utilizing cloud services for cultural activities for analyzed period of time are not satisfying in Serbia.



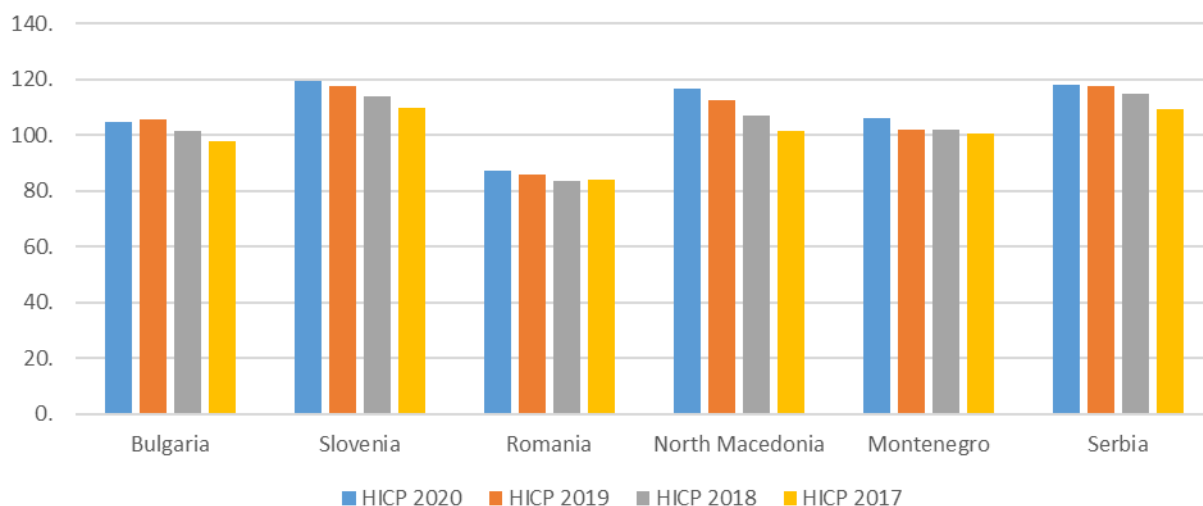
Harmonised Indices of Consumer Prices (HICP) are computed by Member States according to uniform methodology of the European Union. The basis of calculation of HICP for Poland is:

- an observation of changes in prices of representatives of consumer goods and services;
- the weight system based on the structure of individual consumption expenditure in the households sector with national accounts statistics from two years ago.

The grouping of consumer goods and services has been based on the Classification of Individual Consumption by Purpose (in Poland COICOP/HICP until 2013 and ECOICOP from 2014). Harmonized Index of Consumer Prices is calculated in line with the Laspeyres's formula.

In accordance with inflation criterion included in the Maastricht Treaty, HICP is a base for the price stability assessment. In Poland this index has been computed since 1997. In accordance with the EU regulations, the retrospective data in the scope of HICP may undergo a change as a result of verification connected with the methodology modification. Harmonized index of consumer prices has the lowest

values in Romania which means that the prices of cultural goods have not changed dramatically for this period of time.



The correlation coefficient measures the strength and direction of the linear relationship between two variables. Positive values indicate a positive correlation (as one variable increases, the other tends to increase). Negative values indicate a negative correlation (as one variable increases, the other tends to decrease). Values close to 1 or -1 indicate a strong correlation, while values close to 0 suggest a weak correlation. The significance level (p-value) indicates whether the correlation is statistically significant. A p-value less than 0.05 (typically denoted by *) suggests a significant correlation.

Interpretation:

- X1 and X3 have a strong positive correlation (0.771), which is statistically significant.
- X1 and X2 have a strong negative correlation (-0.725), but it's not statistically significant.
- X3 and X4 have a strong positive correlation (0.863*), which is statistically significant.
- X4 and X5 have a strong negative correlation (-0.618), but it's not statistically significant

		Correlations					
		X1	X2	X3	X4	X5	X6
X1	Pearson Correlation	1	-,725	,771	,596	-,316	,340
	Sig. (2-tailed)		,103	,073	,212	,542	,510
	Sum of Squares and Cross-products	,291	-,009	,039	,001	-,018	4,598
	Covariance	,058	-,002	,008	,000	-,004	,920
	N	6	6	6	6	6	6
X2	Pearson Correlation	-,725	1	-,260	,000	-,080	-,645
	Sig. (2-tailed)	,103		,618	1,000	,881	,167
	Sum of Squares and Cross-products	-,009	,001	-,001	,000	,000	-,373
	Covariance	-,002	,000	,000	,000	,000	-,075
	N	6	6	6	6	6	6
X3	Pearson Correlation	,771	-,260	1	,863*	-,244	-,169
	Sig. (2-tailed)	,073	,618		,027	,641	,750
	Sum of Squares and Cross-products	,039	-,001	,009	,000	-,002	-,398
	Covariance	,008	,000	,002	,000	,000	-,080
	N	6	6	6	6	6	6
X4	Pearson Correlation	,596	,000	,863*	1	-,618	-,183
	Sig. (2-tailed)	,212	1,000	,027		,191	,728
	Sum of Squares and Cross-products	,001	,000	,000	,000	,000	-,013
	Covariance	,000	,000	,000	,000	,000	-,003
	N	6	6	6	6	6	6
X5	Pearson Correlation	-,316	-,080	-,244	-,618	1	-,345
	Sig. (2-tailed)	,542	,881	,641	,191		,503
	Sum of Squares and Cross-products	-,018	,000	-,002	,000	,012	-,940
	Covariance	-,004	,000	,000	,000	,002	-,188
	N	6	6	6	6	6	6
X6	Pearson Correlation	,340	-,645	-,169	-,183	-,345	1
	Sig. (2-tailed)	,510	,167	,750	,728	,503	
	Sum of Squares and Cross-products	4,598	-,373	-,398	-,013	-,940	628,833
	Covariance	,920	-,075	-,080	-,003	-,188	125,767
	N	6	6	6	6	6	6

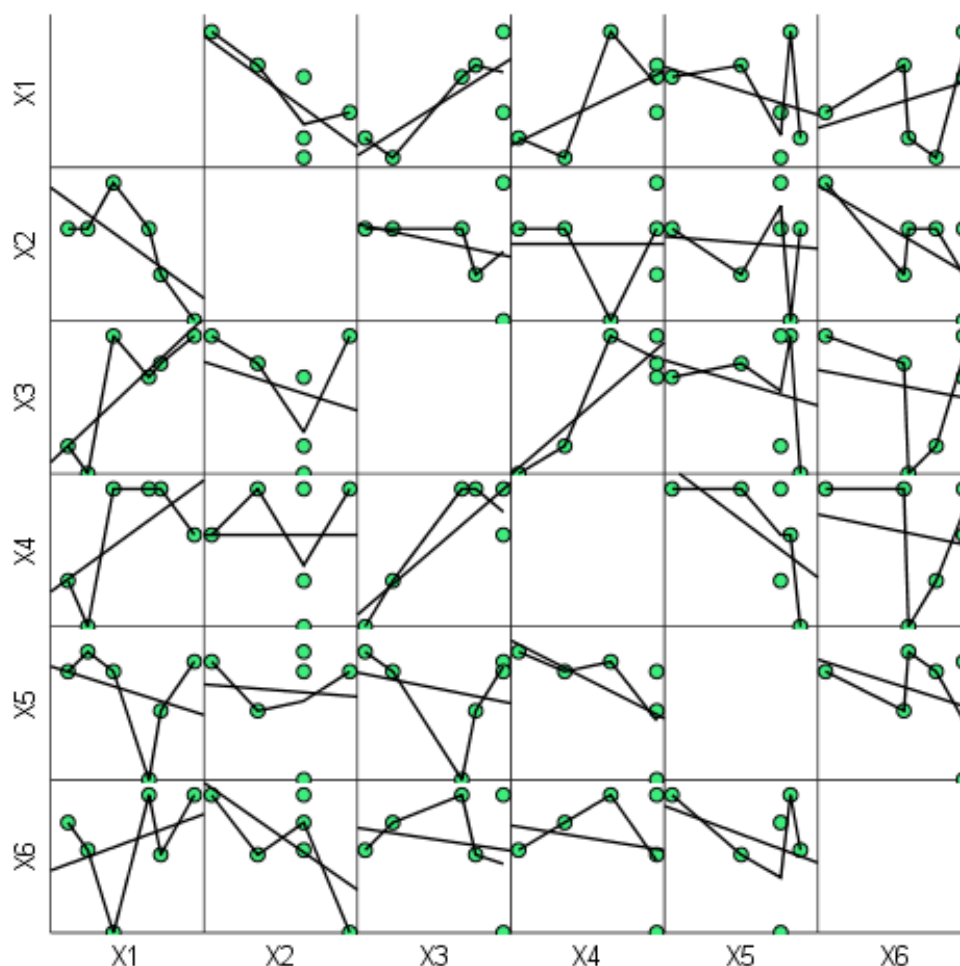
*. Correlation is significant at the 0.05 level (2-tailed).

Scatter plot chart has been created according to results in correlation matrix. Here are some key points to consider:

- The isocline (the diagonal line) represents the points where the differences between paired data would be zero.
 - Points above the isocline indicate positive differences, while points below it indicate negative differences.
 - The further points are from the isocline, the more “different” the pairs of data are.
- 2. **Interpretation:**
 - Look at the dispersion of points around the isocline:
 - If points cluster closely around the line, it suggests consistent differences.
 - If points are widely scattered, it indicates variability in the differences.
 - Consider the overall pattern:
 - Curved patterns may indicate nonlinear relationships.
 - Linear patterns suggest a consistent change in differences.
- 3. **Outliers:**
 - Identify any points far from the isocline.
 - Outliers could represent extreme differences or measurement errors.

4. Strength of Relationship:

- The scatter plot helps assess the strength of the relationship between paired variables.
- Strong relationships result in tightly clustered points.



Authors conducting paired t- test for indicators, and the key elements of this analysis are following:

1. **Paired Differences:** These are the differences between the paired data points (e.g., $X1 - X2$, $X1 - X3$, etc.).
2. **Mean:** The average of the paired differences.
3. **Standard Deviation:** A measure of how spread out the differences are from the mean.
4. **Standard Error Mean:** The standard deviation divided by the square root of the sample size.
5. **95% Confidence Interval of the Difference:** This interval provides a range within which we are 95% confident the true population difference lies.
6. **t-value:** The t-statistic, which measures how far the sample mean differs from the hypothesized population mean.
7. **Degrees of Freedom (df):** The number of pairs minus 1 (in your case, 5 pairs, so $df = 5$).

8. **Significance (Sig.):** Indicates whether the differences are statistically significant. A small p-value (typically < 0.05) suggests significant differences.

Significant difference between analyzed indicators indicating that all indicators have the specific impact on culture heritage. Here's a summary of the findings for each pair:

- Pair 1 (X1 - X2): Significant difference (p = 0.022).
- Pair 2 (X1 - X3): Significant difference (p = 0.023).
- Pair 3 (X1 - X4): Significant difference (p = 0.015).
- Pair 4 (X1 - X5): Not significant (p = 0.355).
- Pair 5 (X1 - X6): Highly significant (p < 0.001).
- Pair 6 (X2 - X3): Significant difference (p = 0.033).
- Pair 7 (X2 - X4): Significant difference (p = 0.002).
- Pair 8 (X2 - X5): Highly significant (p < 0.001).
- Pair 9 (X2 - X6): Highly significant (p < 0.001).
- Pair 10 (X3 - X4): Significant difference (p = 0.005).
- Pair 11 (X3 - X5): Significant difference (p = 0.002).
- Pair 12 (X3 - X6): Highly significant (p < 0.001).
- Pair 13 (X4 - X5): Highly significant (p < 0.001).
- Pair 14 (X4 - X6): Highly significant (p < 0.001).
- Pair 15 (X5 - X6): Highly significant (p < 0.001).

		Paired Samples Test							
		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	X1 - X2	,33167	,24887	,10160	,07049	,59284	3,264	5	,022
Pair 2	X1 - X3	,27667	,21049	,08593	,05577	,49756	3,220	5	,023
Pair 3	X1 - X4	,356333	,240529	,098196	,103913	,608753	3,629	5	,015
Pair 4	X1 - X5	,10833	,26072	,10644	-,16528	,38195	1,018	5	,355
Pair 5	X1 - X6	-104,47500	11,13488	4,54580	-116,16034	-92,78966	-22,983	5	,000
Pair 6	X2 - X3	-,05500	,04593	,01875	-,10321	-,00679	-2,933	5	,033
Pair 7	X2 - X4	,024667	,010405	,004248	,013747	,035586	5,807	5	,002
Pair 8	X2 - X5	-,22333	,05046	,02060	-,27629	-,17037	-10,840	5	,000
Pair 9	X2 - X6	-104,80667	11,22123	4,58105	-116,58263	-93,03070	-22,878	5	,000
Pair 10	X3 - X4	,079667	,041064	,016764	,036572	,122761	4,752	5	,005
Pair 11	X3 - X5	-,16833	,07167	,02926	-,24355	-,09312	-5,753	5	,002
Pair 12	X3 - X6	-104,75167	11,22175	4,58126	-116,52818	-92,97516	-22,865	5	,000
Pair 13	X4 - X5	-,248000	,049372	,020156	-,299813	-,196187	-12,304	5	,000
Pair 14	X4 - X6	-104,831333	11,214806	4,578425	-116,600550	-93,062116	-22,897	5	,000

Pair 15	X5 - X6	-104,58333	11,23143	4,58521	-116,37000	-92,79667	-22,809	5	,000
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6. Conclusion

The importance of the cultural and creative industries is gaining more and more importance for the economy, especially because of the sustainable development as a result. Culture is the driving force in every society, and this implies the possibility of strengthening the relationship between the public and private sectors, the citizens who together should build a moving collective vision of an economy. The alignment of the cultural and creative industries with the tourism sector is continuously increasing. From a sustainable development perspective, all cultural tourism activities and projects should therefore be embedded in the local economic, social and cultural context if they are to have a positive impact on the local community and its social and economic well-being.

Through various strategies and concepts coming from international institutions, cultural and creative strategies occupy exceptional priority positions because they produce translations in the economy. Because they are drivers of innovation, and innovation initiates productivity growth, the cultural and creative sectors are a source of economic growth through tourism and other sectors.

Based on the results and exploiting the potential arising from the cultural and creative industries, institutional support is needed as well as the building of appropriate strategic documents that imply exceptional efforts and long-term challenges. These are efforts related to institutional capacities across the economies of the Western Balkans to achieve economic, social and environmental benefits from the cultural and creative sectors and industries, providing technical assistance, conducting analytical work and raising community awareness for direct involvement and contribution. The analysis confirmed the need for relevant policies, proposing possible solutions and constructive mechanisms for promotion of the cultural and creative sectors and industries. In return, the expectations are a contribution to economic growth and development, well-being, social cohesion, sustainable local development, innovation and productivity, which enables the integration of culture with the goals of economic and social policy, as the goals of sustainable development, in general.

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