

CREATIVE INDUSTRIES AS A DRIVER OF INNOVATIONS AND COMPETITIVENESS – GLOBAL AND NATIONAL OVERVIEW

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Abstract: *The COVID-19 pandemic hit creative industries severely - more than 10 million people engaged in creative industries globally lost their jobs during the first pandemic year. However, the impact across the industries varied significantly. The IT sector benefited while in-person events and attractions suffered both from travel restrictions and social distancing measures. The pandemic has led to a surge in online activity while, at the same time, accelerating the process of digital transformation. From 2016 to 2021, the number of hours watched on Netflix per minute increased 7.4 times, whereas Facebook logins per minute almost doubled, as did Google searches and YouTube views. A new trend also emerged – the digital transformation of production, distribution and access to creative content. To respond to the inflated demand for goods and services with creative content, music, museums, film and performing arts have been offered online, while festivals created hybrid alternatives for the world to enjoy the culture. Considering the importance of creative industries in today's globalized environment as a driving force of innovation and transformation, the paper aims to provide deeper insights into the current state and perspectives of the sector with a focus on its digital transformation. To obtain the paper's objective, the standard desk research method and secondary data analysis have been performed. The analysis has been conducted on three levels – global, regional and national. Bearing in mind the sector's role and potential, especially in the emerging market context, the conclusions and recommendations obtained in this paper are primarily intended for the policymakers and expert public in the Republic of Serbia.*

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INTRODUCTION

The creative economy is an evolving concept which emerged from the interplay between creativity and ideas, on the one hand, and knowledge, technology and intellectual property, on the other (UNCTAD, n.d.). According to (UNESCO, 2021), creativity is considered to be "the industry of tomorrow" which is why at the 74th United Nations General Assembly, by Resolution A/RES/74/198, the year 2021 was declared the International year of the creative economy for sustainable development.

At the center stage of the creative economy are the creative industries. As a generally low-impact environmental sector, creative industries are a critical driver for job creation, income generation and exports (Economist, 2021) regardless of a country's economic development level. Besides their economic footprint and contribution to employment, creative industries spur innovation and social transformation unleashing the creative potential of talented individuals. Furthermore, if well-nurtured, creative industries are a driving force of the digital economy and the nation's inclusive growth and development.

Prior to the COVID-19 pandemic outburst, creative industries generated revenue of 2,250 billion USD and exports of more than 250 billion USD globally (UNESCO, 2021) accounting for 3 per cent of global GDP and employing more professionals aged 15-29 than any other sector (Economist, 2021). According to G20 Insights (2021), pre-pandemic the creative economy was projected to reach a global valuation of 985 billion USD by 2023, while the share of the creative industries in global GDP generation was estimated to reach 10% prior to 2030. However, due to their heavy reliance on venues and shared experiences, creative industries were among the sectors most heavily affected by the COVID-19-influenced crisis. It is estimated that during the first pandemic year, more than 10 million people engaged in the sector globally lost their jobs (UNESCO, 2022). Contrary to the global trends, the sector of creative industries in Serbia recorded growth even during the COVID-19 pandemic, although at a regressive rate.

Considering the role and importance of creative industries in today's globalized environment, the paper aims to provide deeper insights into the current state and perspectives of the sector with a focus on its digital transformation and innovative

aspects. To obtain the paper's objective, the standard desk research method and secondary data analysis have been performed on global, regional and national levels.

The paper is organized as follows. After the introductory remarks, in Section 2 a comprehensive review of relevant literature has been presented. Section 3 describes the state and future prospects of creative industries globally and regionally, while Section 4 is completely devoted to the analysis of creative industries in the context of the Republic of Serbia. Section 5 concludes the paper.

DEFINING THE CREATIVE INDUSTRIES AND THEIR TAXONOMY

The term "creative industries" is a new-fashioned category in academic and policy discourse (Cunningham, 2022) and was first used in the Australian report *Creative Nation* (Government of Australia, 1994). Since then, creative industries have been defined in different ways and contexts, with no single systematic definition generally accepted at the global level. Broadly speaking, creative industries include "industries based on individual creativity, skills and talents that have the potential to increase employment and create value through the creation and exploitation of intellectual property" (DCMS, 2001).

UNCTAD, 2008, p. 4 defines creative industries as "cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs". European Parliament (2016) describes creative industries as "those industries that are based on cultural values, cultural diversity, individual and/or collective creativity, skills and talent with the potential to generate innovation, wealth and jobs through the creation of social and economic value, in particular from intellectual property".

Finally, in the *Interreg Central Europe Report* (Weber & Duarte, 2020, p. 10) the cultural and creative industries include "cultural and creative enterprises that are predominantly profit-oriented and are engaged in the creation, production, distribution and/or media dissemination of cultural/creative goods and services. The unifying core of any cultural and creative economic activity is the creative act of artistic, literary, cultural, musical, architectural or creative content, works, products, productions or services".

At the core of the concept are, therefore, creativity, a connection with culture, commerce and intellectual property rights (primarily copyright).

Similar to differences in the definition, different classifications of the sector have also emerged over time with no clear conclusion as to which of the existing classifications is superior to the others. Differences in the approach to the scope of creative industries at the national level depend mainly on the needs and scope defined within local policy evaluations and development initiatives. In accordance with the standards used in existing research studies of the creative industries in Serbia, the analysis in this paper relies on a method in which narrow and broad approaches/conceptions to defining the creative industries are differentiated.

In that regard, a narrow approach to defining the creative industries is based on the methodology issued by the British Department for Digital, Culture, Media and Sport (DCMS, 2016) and includes 9 groups of creative industries as presented in Table 1. When analyzing the creative industries DCMS uses a measurement that rests on its original definition (DCMS, 2001) but is based on the 'creative intensity' of a subsector (e.g. more than 30 per cent of a workforce must be engaged in so-called 'creative occupations'), as well as other relevant criteria.

Table 1. Scope of the creative industries by a narrow definition

Advertising and marketing	Public relations and communication activities
	Advertising agencies
	Media representation
Architecture	Architectural activities
Crafts	Manufacturing of jewelry and related articles
Design	Specialized design activities
	Motion picture, video and television production
Film, TV, radio and photography	Motion picture, video post-production
	Motion picture, video distribution
	Motion picture projection activities
	Radio broadcasting
	Television programming and broadcasting activities
	Photographic activities
	Publishing of computer games
IT, software and computer services	Other software publishing
	Computer programming activities
	Computer consultancy activities
	Book publishing
Publishing	Publishing of directories and mailing lists
	Publishing of newspapers
	Publishing of journals and periodicals
	Other publishing activities

Museums, galleries and libraries	Translation and interpretation activities Library and archive activities Museum activities Sound recording and music publishing activities Cultural education
Music, performing and visual arts	Performing arts Support activities to performing arts Artistic creation Operation of arts facilities

Source: DCMS, 2001, p. 22

On the other hand, the broad approach is based on the methodology adopted from the report "The economic contribution of the creative industries to EU GDP and employment" (TERA Consultants, 2014). The scope of creative industries according to this approach is summarized in Table 2.

Table 2. Scope of the creative industries by a broad definition

Printing of newspapers
Other printing
Pre-press and pre-media services
Binding and related services
Reproduction of recorded media
Retail sales on computers, peripheral units and software in specialized stores
Retail sales of telecommunications equipment in specialized stores
Book publishing
Publishing of directories and mailing lists
Publishing of newspapers
Publishing of journals and periodicals
Other publishing activities
Publishing of computer games
Other software publishing
Motion picture, video and television program production activities
Motion picture, video and television program post-production activities
Motion picture, video and television program distribution activities
Motion picture projection activities
Sound recording and music publishing activities
Radio broadcasting
Television programming and broadcasting activities
Wired telecommunications activities
Wireless telecommunications activities
Satellite telecommunications activities

Other telecommunications activities
Computer programming activities
Computer consultancy activities
Other information technologies and computer service activities
Data processing, hosting and related activities
Web portals
News agency activities
Other information service activities n.e.c
Architectural activities
Engineering activities and related technical consultancy, technical testing and analysis
Advertising agencies
Media representation
Market research and public opinion polling
Specialized design activities
Photographic activities
Translation and interpretation activities
Performing arts
Support activities to performing arts
Artistic creation
Operation of arts facilities
Library and archive activities
Museum activities
Operation of historical sites and buildings and similar visitor attractions
Repair of computers and peripheral equipment

Source: Analysis of the impact of the creative industries sector on the economy of the Republic of Serbia (2021), (TERA Consultants, 2014, p. 19)

The impact of creative industries in the national context is twofold (Mikić, 2016). Creative industries contribute directly to GDP and employment growth while, at the same time, boosting exports. Furthermore, through spillover effects which go beyond the market mechanism (e.g. knowledge transfer across all sectors of the economy, income and employment growth in other sectors, improvement of the country's attractiveness and overall business climate), creative industries have an indirect impact on the overall economic growth and development of a country. However, creative industries are more than just a sector with high-quality economic prospects. They are the embodiment of imagination, innovation and creativity outspreading core social and cultural values on the global stage.

According to the European Agenda for Culture (European Union, 2012), creative industries are in a critical position to foster smart, sustainable and inclusive growth,

prosperity and well-being. Governments worldwide recognize creative industries as critical drivers of structural economic and social transformation. This vibrant sector employs a sheer number of women and young adults contributing in that way to social inclusion, gender equality and sustainable human development which is especially important for developing countries. In a recent study, Palanivel (2019) emphasized the dominance of the female workforce in producing craft products in developing countries (e.g. baskets and mats in Rwanda and Uganda and carpets in Turkey and South Asia) and the contribution of the sector to gender equality. Besides, creative industries act as a "magnet" that helps drive growth in other important sectors such as tourism. In that regard, the creative economy is a part of the economy that tells us stories (Leinn Arts, 2022), and storytelling is a compelling co-creative behavior in tourism (Pera, 2017). Finally, creative industries empower individuals to take ownership of their own success, stimulating innovations as a critical source of competitive advantage (Lazarević-Moravčević & Lazić, 2022) and the proliferation of ideas (Palanivel, 2019).

Considering their importance, creative industries have captured the attention of several international institutions, i.e. UNESCO (a mainstream UN entity for culture), UNCTAD, UNDP, ILO and WIPO, while WB, IMF, OECD and EU are also active players in the sector. Further growth of the creative economy has been supported through the Universal Declaration on Cultural Diversity (2001) and the Convention for the Protection and Promotion of the Diversity of Cultural Expressions (2005).

CREATIVE INDUSTRIES – GLOBAL AND REGIONAL TRENDS AND PERSPECTIVES

During the last couple of decades, creative industries have been one of the fastest-growing sectors globally. Prior to the COVID-19 pandemic, the pace of growth of creative industries was exceeding the overall growth in many countries. Pre pandemic, the creative economy contributed 3 per cent to the global GDP, generated 2,250 billion USD annually and employed more persons aged 18-25 than any other sector (UNESCO, 2021). However, the sector share in total GDP and employment seemed to be particularly high in capital regions and cities (OECD, 2021), indicating a certain concentration of the sector and potentially uneven micro-regional (within the country) development.

In Europe, creative industries accounted for 4.4 per cent of the EU's GDP, 12 million full-time jobs and 509 billion EUR in gross value added (European Commission, 2019). According to official statistics (OECD, 2021), during 2011-2019 employment in creative industries in the EU-27 cumulatively increased by more than 11 per cent compared to a

5.8 per cent rise in total employment. In the same observed period, the growth rate of household final consumption on recreation and culture in G20 countries outpaced the growth rate of total household consumption (20 per cent compared to 10 per cent), while the share of household expenditures on recreation and culture ranged from 4.2% (South Africa) to 11.2% (UK).

Considering the Western Balkans, the situation is a little less clear due to the absence of internationally comparable statistics on individual countries' levels (as a consequence of different sector definitions and taxonomies in use). Moreover, for some Western Balkan countries data on sectoral performance is not publicly available. Nevertheless, in the Common Regional Market Action Plan 2021-2024, launched in November 2020 at the Sofia Summit held by the leaders of the Western Balkans, creative industries were recognized as one of the critical sectors and drivers of the region's growth and competitiveness. This is in line with UNESCO's initiative designed to reinforce inter-governmental dialogues and international/regional cooperation on culture emphasizing its strategic role in achieving the 2030 Agenda for Sustainable Development.

Due to their heavy reliance on venues and shared experiences, cultural and creative industries were one of the sectors most severely affected by the COVID-19 pandemic (Table 3) along with tourism and hospitality and the retail trade sector (Lazarević-Moravčević & Lazić, 2021; Lazić & Bradić-Martinović, 2020). The health crisis affected livelihoods and artists' mobility causing huge repercussions for the value chain of suppliers and service providers.

Table 3. Cultural and creative industries during the COVID-19, 2020

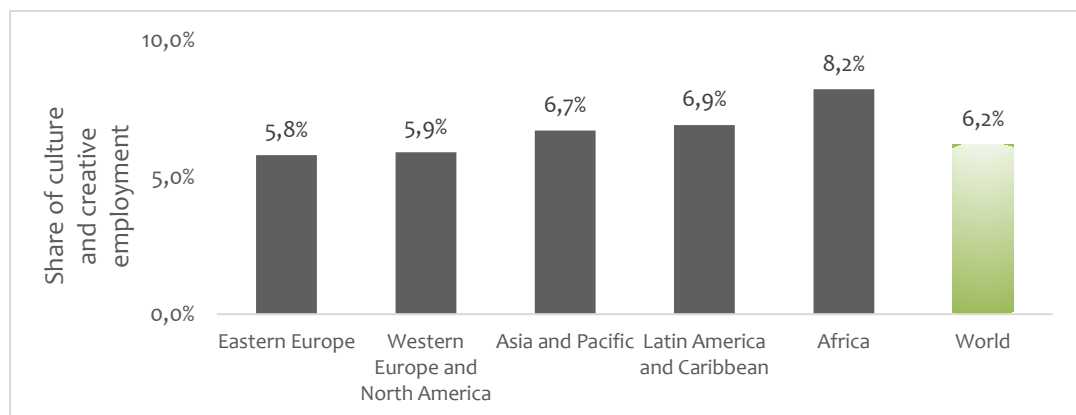
Indicator	Value
Share of global GDP contributed by cultural and creative industries (in %)	3.1
Share of global employment contributed by cultural and creative industries (in %)	6.2
Loss of gross value added (GVA) due to COVID-19 (in billion USD)	750
Number of jobs lost due to COVID-19 (in millions)	10

Source: Statista, 2022

Considering that cultural and creative workers are usually self-employed, work part-time or lack permanent employment, during the crisis many freelance and part-time workers

found themselves overlooked by conventional social safety nets. The share of employment in cultural and creative industries in total employment in 2020 (the first pandemic year) is presented in Figure 1.

Figure 1. Share of culture and creative employment as a percentage of total employment, 2020



Source: Statista, 2022b

Nevertheless, the impact across the industries varied significantly. IT sector, for example, experienced positive effects while libraries, museums, the arts and entertainment industries were the most damaged (Khlystova et al., 2022). The International Council of Museums estimated that around 13 per cent of museums worldwide may never reopen (UNCTAD, 2021).

The COVID-19 crisis also exacerbated pre-existing trends, in particular, digitalization which has been a game changer for creative industries for a while. From 2016 to 2021, the number of hours watched on Netflix per minute increased 7.4 times, whereas Facebook logins per minute almost doubled, as did Google searches and YouTube views (UNCTAD, 2021). The pandemic has led to a surge in online activity while, at the same time, accelerating the process of digital transformation (Lazić et al., 2021). More than ever before, people spent their time online, using digital technology to stay connected (Lazić et al., 2022).

During the first pandemic year, streaming services experienced an unprecedented rise. Only in 2020 Q1, Netflix SVoD service recorded a 23 per cent rise in revenues while Spotify recorded a 31 per cent rise in new subscribers (UNESCO, n.d.). In 2020, online video

subscriptions recorded a 26 per cent annual rise reaching the level of 1.1 billion USD globally (UNCTAD, 2021). Moreover, digitalization implies that many creative products and services are no longer limited by "tyrannical location", and that cultural and creative workers enjoy the possibility to reach audiences all around the globe. Accordingly, to respond to the inflated demand for goods and services with creative content, music, museums, film and performing arts have been offered online (ASEAN, 2021), while festivals created hybrid alternatives for the world to enjoy culture (UNESCO, n.d.).

New ways of using digital technologies also emerged. Emerging technologies, such as artificial intelligence (AI) have been an integral part of our digital interaction with music and visual arts for a while now. Moreover, with the increased usage of augmented reality (AR), virtual reality (VR) and 3D gaming, digital reality is becoming even more realistic, while carefully designed 3D elements and motion graphics are bringing to light a completely new level of virtual interactivity (Depositphotos, 2022). It is becoming clear that advanced digital solutions are pushing the sector into a new phase of innovation and artistry.

Nevertheless, one should be aware that further digitalization of creative industries may worsen existing inequalities and the digital divide. Social distancing and lockdown measures have revealed the fact that a lack of internet access may damage the right of individuals to participate in cultural life. For instance, in Africa, only five per cent of museums created online content for their audiences in response to the measures imposed to suppress the crisis' adverse effects (UNESCO, 2021). Challenges are even more pronounced in the case of the female workforce in the digital creative industries since they usually lack access to training programs and professional networks (UNESCO, n.d.).

Finally, the COVID-19 pandemic emphasized the contribution of creative industries to collective well-being. Like a child's security blanket, creative products and services provided solace for the world's population craving connectivity and closeness during tough times caused by the pandemic.

CREATIVE INDUSTRIES IN THE REPUBLIC OF SERBIA

In the last couple of decades, growth of real income, demographic changes and accelerated digitalization have spurred the switch in consumer behavior and the way of spending leisure time, which resulted in rising demand for goods and services with

creative, cultural and artistic content (Faculty of Economics, 2021). Authors Kovačević et al. (2020) and Mikić et al. (2020) both agreed that creative industries represent an important segment of the Serbian economy as the engine of technological progress and long-term development.

According to the latest available data (Faculty of Economics, 2021), during the period 2014-2020, creative industries in Serbia were characterized by continuous growth and expansion in terms of key economic indicators.

In the observed five-year period, the size of the sector in terms of the number of registered economic entities (broad definition) rose cumulatively by 62 per cent to 73,367 in 2020. The indicators were slightly different in the case of a narrow definition of the sector where the total number of registered business entities recorded a level of 47,727 in 2020, which is a cumulative growth of 80.6 per cent compared to 2014, or 12.6 per cent on average per year. Although at a regressive rate, creative industries in Serbia recorded growth even during the COVID-19 pandemic.

The number of registered business entities during the period 2014-2020 according to the broad and narrow definitions of creative industries is presented in Table 4.

Table 4. The number of registered business entities in Serbia according to the broad and narrow definitions of the creative industries

	Private enterprises	Entrepreneurs	Public enterprises	Total	Annual growth
Broad definition					
2014	14,489	30,576	107	45,172	/
2015	15,427	34,523	133	50,083	10.9%
2016	16,402	39,911	107	56,420	12.7%
2017	17,432	45,422	103	62,957	11.6%
2018	18,452	52,249	91	70,792	12.4%
2019 & 2020	18,044	55,260	63	73,367	3.6%
Narrow definition					
2014	7,923	18,422	80	26,425	/
2015	8,484	21,302	83	29,869	13.0%
2016	9,064	25,314	60	34,438	15.3%
2017	9,709	29,407	56	39,172	13.7%
2018	10,368	34,718	50	45,136	15.2%
2019 & 2020	10,214	37,482	31	47,727	5.7%

Source: Adapted from *Analysis of the economic impact of the creative industries sector on the economy of the Republic of Serbia, 2021, p. 7.*

As implicated by the data presented in Table 4, entrepreneurs are the backbone of the creative industries in Serbia.

Additional analysis regarding the size of the private business entities operating in creative industries in Serbia indicates the dominant share of micro-economic entities (more than 93 per cent according to both definitions). A complete overview is presented in Table 5.

Table 5. Private business entities operating in creative industries in Serbia classified by size, 2014-2020

	Micro	Small	Medium	Large
Broad definition				
2014	93.1%	6.1%	0.7%	0.2%
2015	93.2%	6.0%	0.7%	0.2%
2016	93.1%	6.1%	0.7%	0.1%
2017	93.0%	6.2%	0.7%	0.1%
2018	92.6%	6.6%	0.7%	0.1%
2019 & 2020	93.3%	5.9%	0.7%	0.1%
Narrow definition				
2014	93.9%	5.5%	0.5%	0.1%
2015	93.9%	5.5%	0.5%	0.2%
2016	94.1%	5.3%	0.5%	0.1%
2017	93.8%	5.6%	0.5%	0.1%
2018	93.4%	5.9%	0.6%	0.1%
2019 & 2020	94.0%	5.4%	0.6%	0.1%

Source: Adapted from *Analysis of the economic impact of the creative industries sector on the economy of the Republic of Serbia, 2021, p. 8.*

The dominant number of newly founded private enterprises and entrepreneurs in the sector of creative industries in Serbia in the period 2014-2018 according to both, broad and narrow definitions was established in the activities of computer programming (Table 6).

Table 6. Top 4 creative activities with the largest number of newly founded private business entities and entrepreneurs in Serbia, 2014-2018

Activity	Number of private enterprises	Number of entrepreneurs
Broad definition		
Computer programming activities	1,148	8,716
Engineering activities and related technical consultancy	598	2.564
Advertising agencies activities	500	1.484
Technical testing and analysis	449	1.449
Narrow definition		
Computer programming activities	1,148	8,716
Engineering activities and related technical consultancy	500	1.484
Advertising agencies activities	312	1.449
Technical testing and analysis	207	1.18

Source: Adapted from *Analysis of the economic impact of the creative industries sector on the economy of the Republic of Serbia, 2021, p. 9.*

In line with the global trends, the dominant number of business entities operating in creative industries is registered in the Belgrade region (Table 7).

Table 7. Geographical distribution of business entities operating in creative industries in Serbia, 2014-2018

Region	2014	2015	2016	2017	2018
Broad definition					
Belgrade region	20,884	23,257	26,136	29,185	32,509
Vojvodina	10,783	11,928	13,451	14,831	16,713
Šumadija and West Serbia	7,833	8,619	9,675	10,900	12,420
South and East Serbia	5,480	6,072	6,935	7,803	8,899
Narrow definition					
Belgrade region	13,172	14,911	17,076	19,375	21,976
Vojvodina	6,109	6,866	8,020	8,983	10,386
Šumadija and West Serbia	3,988	4,524	5,184	6,023	7,171
South and East Serbia	3,063	3,474	4,052	4,670	5,475

Source: Adapted from *Analysis of the economic impact of the creative industries sector on the economy of the Republic of Serbia, 2021, p. 10.*

The gross value added (GVA) of the creative industries in Serbia increased significantly in 2014-2020, i.e. approximately by 70 per cent if the sector is defined narrowly and about 32 per cent if it is defined broadly. IT, software and computer services, followed by marketing and advertising are the activities with the largest share in the total GVA generated by the sector.

In the same five-year period, the exports of creative industries cumulatively grew by 70.9 per cent (narrow definition), or 68.8 per cent (broad definition). According to the official statistics, the largest export markets for Serbian creative products and services were Austria (12 per cent of total creative exports), Romania (11 per cent), Bosnia and Herzegovina (8 per cent) and Montenegro (8 per cent).

A more detailed overview of both indicators during the period 2014-2020 is presented in Table 8.

Table 8. GVA and exports of private business entities operating in creative industries in Serbia (RSD and %), 2014-2020

	GVA, billion RSD	GVA, % of total GVA	Exports, billion RSD	Exports, % of total revenues
Broad definition				
2014	178.4	5.14	41.4	8.7
2015	191.3	5.36	48.9	9.6
2016	208.2	5.59	56.6	9.9
2017	221.2	5.65	62.7	10.4
2018	244.4		67.6	10.0
2019 & 2020	236.0		69.9	9.9
Narrow definition				
2014	50.0	1.45	17.2	11.5
2015	62.4	1.76	22.1	12.9
2016	73.5	1.98	27.5	13.9
2017	82.5	2.12	33.8	15.3
2018	92.0		35.4	13.9
2019 & 2020	84.8		29.4	12.8

Source: Adapted from Analysis of the economic impact of the creative industries sector on the economy of the Republic of Serbia, 2021, p. 12 and 14.

Along with their contribution to national growth and competitiveness, creative industries significantly contribute to the country's overall employment as indicated by data presented in Table 9. Furthermore, distribution by gender reveals that

approximately 40-45 per cent of the total number of employees in creative industries in Serbia are females which speak in favour of the sector's contribution to strengthening gender equality. Finally, distribution by education level indicates that more than half of the persons employed in the sector possess a higher level of education.

Table 9. Employment in creative industries in Serbia, total, by gender, by education level, 2016-2018

Year	Employees in creative industries		Distribution by gender		Distribution by education level		
	Number of employees	Share in total employment	Male	Female	Low	Medium	High
Broad definition							
2016	113,431	5.9%	59.2%	40.8%	7.9%	44.7%	47.5%
2017	119,101	6.0%	59.2%	40.8%	7.9%	43.3%	48.8%
2018	127,357	6.2%	59.4%	40.6%	8.1%	42.7%	49.2%
Narrow definition							
2016	63,322	3.3%	55.8%	44.2%	7.7%	40.7%	51.7%
2017	67,254	3.4%	56.2%	43.8%	7.7%	38.9%	53.4%
2018	72,112	3.5%	56.6%	43.4%	7.8%	38.3%	54.0%

Note: Distributions by gender and education level are calculated as a percentage of total employment in creative industries depending on a definition.

Source: Adapted from Analysis of the economic impact of the creative industries sector on the economy of the Republic of Serbia, 2021, p. 16 and 18.

The presented sector overview indicates that creative industries are one of the Serbian strategic assets. As an innovative ecosystem based on knowledge, originality, authenticity and talent, creative industries are likely to be the backbone of Serbian economic growth and development in the years to come. Close interconnection and symbiotic relationships among creative industries imply that advances in one segment will stimulate growth in others, and vice versa. Moreover, the high participation of female workers and highly educated individuals in total creative employment in Serbia indicate sector commitment to achieving strategic goals defined in the 2030 Agenda for sustainable development.

Several initiatives were taken to support the further development of creative industries in Serbia which speak in favour of a growing awareness of the sector's potential: (1) launching of the national platform Serbia Creates as an umbrella institution designed to support and affirm the Serbian creative potential (serbiacreatives.rs); (2) opening of

science and technology parks in Belgrade, Novi Sad, Čačak and Niš, as well as data centres around Serbia; (3) introducing specialized study programs (e.g. Master 4.0 – creative industries) at the universities of Belgrade and Kragujevac; (4) providing incentives for companies in the field of programming; etc.

CONCLUSION

Governments worldwide are progressively recognizing the importance and potential of creative industries as an economic engine and a driver of social transformation. Pre-pandemic, the sector was experiencing unprecedented growth and expansion. Due to their specifics, however, creative industries along with tourism and hospitality and the retail trade sector were among the sectors most severely hit by the COVID-19 pandemic. Nevertheless, considering the dual nature of the value created in creative industries - through the tangible manifestation of creativity (e.g. arts and crafts) and the intangible manifestation of creativity (e.g. dance and music), the impact of the pandemic varied significantly across the sector. The IT sector benefited while in-person events and attractions suffered both from travel restrictions and social distancing measures imposed to suppress pandemic adverse effects.

The COVID-19-influenced crisis has accelerated the digital transformation of the sector by encouraging the creation of new ways of consuming cultural and creative content. Emerging technologies, such as artificial intelligence (AI) have been an integral part of our digital interaction with music and visual arts for a while now. Moreover, the increased usage of augmented reality (AR), virtual reality (VR) and 3D gaming designed to make digital reality even more realistic in combination with other emerging technologies will bring to light a completely new level of virtual interactivity in the years to come. Further digitalization of the sector along with the alternative usage of digital technologies, however, leads to challenges concerning privacy, data control and intellectual property rights, as well as improper remuneration for creative content usage.

Another challenge arises from the “archipelago” structure of creative industries, i.e. the sector’s reliance on micro, small- and medium-sized entities, freelancers and gig workers which in combination with higher levels of informality make creative workers usually overlooked by conventional social safety nets and government support schemes. To keep pace with the expansion of the sector in future, governments and supranational

entities have to identify and address these constraints and implement them in their policies designed to support the sector's future development.

The lack of a unified approach to measuring the size of creative industries and, consequently, the absence of internationally comparable statistics along with the complex nature of the sector make it difficult to evaluate the full extent of its social and economic weights. Accordingly, the sector often remains undervalued in policy debates. Nevertheless, the crisis has brought creative industries to the attention of decision-makers emphasizing the necessity for structural, sustainable policy reforms that better align with the 2030 Agenda. Creativity is the foundation for growth and possibilities. As in the case of tourism and travel, the COVID-19 pandemic represents the opportunity for creative industries to rebuild on a more resilient and sustainable basis.

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