VILNIUS GEDIMINAS TECHNICAL UNIVERSITY

FACULTY OF BUSINESS MANAGEMENT

DEPARTMENT OF INTERNATIONAL ECONOMICS AND BUSINESS MANAGMENT

Valerija Kontrimienė

THE DEVELOPMENT OF CREATIVE INDUSTRIES UNDER CONDITIONS OF GLOBALIZATION

KŪRYBINIŲ INDUSTRIJŲ PLĖTRA EKONOMIKOS GLOBALIZACIJOS SĄLYGOMIS

Master's degree Thesis

Economics Engineering study programme, state code 621L10018

Global Economics specialisation

Economics study field

Vilnius, 2017

VILNIUS GEDIMINAS TECHNICAL UNIVERSITY

FACULTY OF BUSINESS MANAGEMENT

DEPARTMENT OF INTERNATIONAL ECONOMICS AND BUSINESS MANAGMENT

APPROVED BY
Head of Department
(Signature)
B. Melnikas
(Name, Surname)
2017.01.04
(Date)

Valerija Kontrimienė

THE DEVELOPMENT OF CREATIVE INDUSTRIES UNDER CONDITIONS OF GLOBALIZATION

KŪRYBINIŲ INDUSTRIJŲ PLĖTRA EKONOMIKOS GLOBALIZACIJOS SĄLYGOMIS

Master's degree Thesis

Economics Engineering study programme, state code 621L10018

Global Economics specialisation

Economics study field

Supervisor B. Melnikas
(Title, Name, Surname) (Signature) (Date) 2017.01.03

Vilnius, 2017

Vilnius Gediminas Technical University
Faculty of Business Management
Department of International Economics and Business Management

ISBN ISSN
Copies No. .....
Date .....-.....-.....

Master Degree Studies **Economics Engineering** study programme Master Graduation Thesis

Title	**The Development of Creative Industries under Conditions of Globalization**
Author	**Valerija Kontrimienė**
Academic supervisor	**Borisas Melnikas**

Thesis language: English

Annotation

The Master Thesis deals with the processes of developing creative industries under conditions of a growth in the worldwide economy and globalization, discloses the role of the sector of creative industries and shows its place in the system of the modern global economy. The paper presents a comparative analysis of theories and theoretical approaches intended for the sector of creative industries and its development as well as defines regularities and specific characteristics of the development of creative industries. Particular attention is shifted on the growth and development of creative industries considering the current challenges of globalization and on the most important specificities of the developing sector under conditions of globalization.

The paper examines the trends reflecting the place of the sector of creative industries in the economy of the modern world, including the tendencies indicating changes in the export of the products created in this sector. The study also reveals the impact of the development of this sector on employment, social welfare, and economic growth in general. The complex empirical research unfolds the underlying trends in the process of the elaboration of strategic decisions to develop creative industries. The results of the research reveal the impact of different socio-economic variables on the process of growth and development of the sector.

The study provides practical recommendations for creative industries development and highlights that research on the development processes of the creative industry sector, particularly in the context of globalization challenges, is a highly promising trend of scientific knowledge and further research.

The content of the research is presented in the author's publications and short scientific reports.

Keywords: creative industries, development processes, globalization, developed countries, developing countries, transition economy countries, exports and imports of creative goods and services, employment, economic growth, strategic decisions;

Vilniaus Gedimino technikos universitetas
Verslo vadybos fakultetas
Tarptautinės ekonomikos ir vadybos katedra

ISBN ISSN
Egz. sk. .....
Data .....-.....-.....

Antrosios pakopos studijų **Ekonomikos inžinerijos** programos magistro baigiamasis darbas

Pavadinimas	**Kūrybinių industrijų plėtra ekonomikos globalizacijos sąlygomis**
Autorius	**Valerija Kontrimienė**
Vadovas	**Borisas Melnikas**

Kalba: anglų

Anotacija

Darbe nagrinėjami kūrybinių industrijų plėtros procesai, pasireiškiantys globalizacijos ir globalios ekonomikos raidos sąlygomis. Atskleistas kūrybinių industrijų sektoriaus vaidmuo, parodyta jo vieta šiuolaikinės globalios ekonomikos sistemoje. Atlikta kūrybinių industrijų sektoriui ir jo plėtrai skirtų teorijų ir teorinių požiūrių lyginamoji analizė, apibūdinti kūrybinių industrijų raidai charakteringi dėsningumai ir ypatumai. Prioritetinis dėmesys skiriamas kūrybinių industrijų raidai ir plėtrai, atsižvelgiant į šiuolaikinius globalizacijos iššūkius, atskleisti svarbiausieji šio sektoriaus raidos ypatumai, ekonomikos globalizacijos iššūkių kontekste. Išnagrinetos tendencijos, atspindinčios kūrybinių industrijų sektoriaus vietą moderniųjų pasaulio šalių ekonomikoje, tame tarpe - tendencijos rodančios šiame sektoriuje sukurtų produktų eksporto pokyčius, atskleisti šio sektoriaus raidos poveikiai užimtumui, socialinei gerovei, bei ekonomikos augimui visumoje.

Atlikti kompleksiniai empiriniai tyrimai, atskleidžiantys kūrybinių industrijų sektoriaus plėtros tendencijas. Šių tyrimų rezultatai atspindi kūrybinių industrijų plėtrą charakterizuojančių procesų priklausomybes nuo įvairių socialinių ir ekonominių faktorių. Pateiktos praktinės rekomendacijos, skirtos kūrybinių industrijų plėtrai atsižvelgiant į globalizacijos iššūkius.. Parodyta, kad kūrybinių industrijų sektoriaus raidos procesų tyrimai, ypač globalizacijos iššukių kontekste, yra labai perspektyvi mokslinio pažynimo ir tolimesnių tyrimų kryptis.

Atliktų tyrimų medžiaga yra pateikta autorės publikacijose ir pranešimuose mokslinėse konferencijose.

Prasminiai žodžiai: kūrybinės industrijos, globalizacija, plėtros procesai, išsivysčiusios šalys, besivystančios šalys, kūrybinių industrijų prekių ir paslaugų eksportas ir importas, užimtumas, socialinė gerovė, strateginiai sprendimai.

TABLE OF CONTENTS

INTRODUCTION **8**
GLOSSARY **11**
LIST OF TABLES **12**
LIST OF FIGURES **14**
1. THEORETICAL RESEARCH ON THE CREATIVE INDUSTRIES IN THE CONTEXT OF GLOBALIZATION **15**
1.1. Creative Industries: Main Definitions and the Role in Contemporary Society **15**
1.1.1. Conceptual Framework of Creative Industries **18**
1.1.2. Evaluation of the most adapted Models of Creative Industries **19**
1.1.3. Creative Industries in the Contemporary Economy **23**
1.1.4. The Concept of Innovation and Innovation Ecosystems in Creative Industries **28**
1.2. Creative Industries under Conditions of Globalization: New Challenges for Global Economic Development **37**
1.2.1. The Globalization as an Important Factor of the Creative industries Development **39**
1.2.2. Characteristics and Quantitative Evaluation of the Processes of Globalization: a Global Context of the Creative Industries Development **42**
1.2.3. Internationalization as the Main Precondition of the Creative Industries **44**
1.2.4. The Use of Specific Marketing Tools and Methods to Develop the Creative Industries under Conditions of Globalization **49**
1.3. The Needs to Elaborate and Apply the Special Strategies for the Creative Industries Development under Conditions of Globalization **53**
2. PROSPECTIVE THEORETICAL MODEL AND METHODOLOGY OF THE EMPIRICAL RESEARCH ON THE CREATIVE INDUSTRIES DEVELOPMENT UNDER CONDITIONS OF GLOBALIZATION **56**
2.1 Prospective Theoretical Model for the Elaboration of the Strategies for Creative Industries Development under Conditions of Globalization **56**
2.2 Methodology of the Empirical Research on the Creative Industries Development under Conditions of Globalization **58**

2.2.1 Structure of the empirical Research 61
2.2.2 Methods of the Empirical Research 61
3. EMPIRICAL RESEARCH ON THE CREATIVE INDUSTRIES DEVELOPMENT UNDER CONDITIONS OF GLOBALIZATION 63
3.1 Analysis of the Main Tendencies of the Creative Industries Development under Conditions of Globalization 63
3.2 Analysis of the Creative Industries Export's and Imports' Dynamics in the Context of General Trends of the Global Trade Development 67
3.3 Case Studies of the Creative Industries Development under Conditions of Globalization: Critical Analysis 77
3.4 Case studies on the Elaboration of Strategic Decisions to Develop the Creative Industries under Conditions of Globalization 81
4. THE MAIN ACTIVITIES FOR THE ELABORATION AND IMPLEMENTATION OF THE MULTILAYERED STRATEGIES FOR THE CREATIVE INDUSTRIES DEVELOPMENT UNDER CONDITIONS OF GLOBALIZATION 88
CONCLUSIONS 91
REFERENCES 95
APPENDIX A: QUESTIONNAIRY FORM 98
APPENDIX B: INTERMEDIATE CALCULATION 99

INTRODUCTION

Creative industries, nowadays, appear among the most dynamic sectors of modern economies playing an increasing role for economic growth, social welfare and progress in society. As a sector of economy, creative industries can be accepted as an area marking the traditions of long-term historical development and as a brand new field the progress of which has recently started. The traditions of long-term historical development reflect the fact that different creative, industrial and service-providing activities, attributed to this particular area, have existed and historically developed for a long time. Some of the above introduced activities were known and stimulated by the oldest civilizations: in this case, further emerging, historically formed and multiply experienced long lasting traditions and trends characteristic of creative industries can be properly examined. On the other hand, a modern sector of creative industries can be seen as a completely new evolving area under the living conditions of contemporary society: creative industries, as a new sector of economy, is characterized and becomes unique by the fact that, under the living conditions of contemporary society, this sector combines creative, industrial and service-providing activities that were not connected to a common unified system within the previous practical activity and did not form a uniformly considered phenomenon of socio-economic development as well as cultural, scientific and technological progress. Thus, it is clear that "creative industries can be defined and explored both as certain wholeness characterized by a broad variety of creative, industrial and service-providing activities typical of historically determined long lasting traditions and trends and as a contemporary formed and an extremely rapidly evolving sector of a modern economy" (Melnikas 2016). Therefore, it should also be noted that both creative industries as a whole and the sector of creative industries as a part of the modern economy specific about new and evident integrity require fairly deep and broad scientific knowledge and testing. An area crucially important for scientific research on creative industries covers progress in creative industries and further development considering the current challenges of globalization: the evident orientation of the growth and development of creative industries to global markets is one of the most important attributes of the industries. As for research on creative industries, the above introduced circumstance determines the need to primarily focus on investigating the impact of globalization factors on creative industries, their growth and development.

Research Issue: the basic issue of the research is to describe the role of creative industries under the conditions of modern globalization with a focus on the effectiveness and development of the sector of creative industries.

The research purpose: the present research is aimed at disclosing the main point of creative industries such as: analyzing the true extent, effectiveness and development of creative industries in the context of globalization. The research focuses on highlighting the role of creative industries in the modern economy; reveals the impact of the development of creative industries on employment, social welfare, and economic growth; uncloses new challenges the companies face in the process of internationalization and innovation creation; provides practical solutions for the elaboration of the strategies for creative industries development under conditions of globalization.

The hypothesis of the research is the following: identifying the main existing models of creative industries, dealing with the recent statistical data and scientific documents on creative industries, studying the growth rates of the most important economic variables in the sector of the creative industries, analyzing the complex nature of the process of elaboration of strategic decisions to develop creative industries, will help us to understand the true extent, effectiveness and dynamic of the sector of creative industries in the context of globalization.

Research question: What is the role of the sector of creative industries in the contemporary economy in the context of globalization? Which aspects of the process of development of the sector of creative industries are crucial? What are the key factors in the process of elaboration and implementation of the key strategies for creative industries development under conditions of globalization?

Methods of the research: 1. detailed study of the most important literature on creative industries in order to identify the key models of creative industries. 2. careful analysis of the main theories and concepts devoted to the process of contemporary globalization, internationalization, innovation creation. 3. implementation of both qualitative and quantitative research methods performing empirical part of the research.

The results of the research centre on six themes: 1. the research identifies and determines four, the most adapted, classification systems for creative industries. 2. the study shows the application and usefulness of the main theories and concepts devoted to the process of contemporary globalization, marketing, internationalization and innovation creation in terms of creative industries. 3. the findings indicate and analyze a number of economic variables characterizing the importance and dynamics of creative industries, such as workforce, export/import, share of GDP, VA and highlights the input of the sector of creative industries into contemporary economy. 4. the paper provides prospective theoretical model for the elaboration of the strategies for further creative industries development. 5. the research reveals a number of variables which are significant in describing the internalization process behavior of

the companies acting in the field of creative industries under conditions of globalization. 6. the study provides conclusions and practical recommendations with regard to the main issues discussed in the paper.

The main novelty of the research – is, first of all, to generalize contemporary attitude to the creative industries development under conditions of globalization. Second, the research reveals and defines new creative industries development tendencies, particularly in the context of globalization challenges. Third, the research introduces two particularities: first, complex empirical research unfolds the underlying trends in the process of the elaboration of strategic decisions to develop creative industries on international level. Second, the deep comparative analysis of foreign trade of creative industries indicates changes in the export and imports of the products created in this sector of creative industries on the global level. Fourth, the research provides practical recommendations for creative industries development on how the competitiveness of the sector in global markets might be improved under conditions of contemporary globalization.

GLOSSARY

CI - Creative Industries;

CCI - Creative and Cultural Industries;

DCMS - Department for Culture, Media and Sport;

UNCTAD - United Nations Conference on Trade Aid and Development;

CER -Creative Economy Report;

CIMD - Creative Industries Mapping document;

NESTA - National Endowment for Science, Technology and the Arts;

WIPO - World Intellectual Property Organization;

UNESCO - The United Nations Educational, Scientific and Cultural Organization;

TERA CONSULTANTS - is an independent Consultancy firm providing services in the field of ICT (Information and Communication Technology);

WTO - World Trade Organization;

LIST OF TABLES

Table 1 Classification systems for creative industries 22
Table 2. Economic weight of the creative industries in the EU 25
Table 3. Economic weight of the creative industries in the main European markets 2013 25
Table 4. Evolution of the economic contribution of the creative industries in the main European markets 2010-2013 26
Table 5. The main indicators of Lithuanian creative industries in 2007-2011 27
Table 6. Evolution of key indicators in CI in Lithuania. 2007-2011 27
Table 7. Key figures for the EU in CCI per function 32
Table 8. The main international and global environmental factors influencing the CI 41
Table 9. KOF index of globalization, 2012 43
Table 10 Exports of creative goods of Top 10 exporters ($US million) 63
Table 11. Exports of creative goods and services of Top 10 exporters ($US million) 65
Table 12. Total Exports of goods and services of Top 10 exporters ($US million) 65
Table 13. Exports of creative goods and services as proportion of Total exports of goods and services by country 66
Table 14. Exports of creative goods by economic group, 2004 and 2013 ($US million) 68
Table 15. Total Exports of goods, $US million 69
Table 16. Exports of creative goods, $US million 69
Table 17. Creative goods % of total goods (Exports) 70
Table 18. Creative goods % of total world creative goods (Exports) 70
Table 19 Growth rates of creative services exports and imports by sector, 2010-2013 in % 72
Table 20. World export of creative goods by products, 2010-2014, US$ million 73
Table 21. World import of creative goods by product, 2010 – 2014, US$ million 74

Table 22. World creative industries (CI) exports and imports % of total World exports and imports .. 22
Table 23. Answers to the closed questions with regard to design firms 80
Table 24. Answers to the Likert scale questions with regard to foreign companies 83
Table 25. Implementation of Seats sum method with regard to foreign companies 84
Table 26. Answers to the Likert scale questions with regard to Lithuanian companies 85
Table 27. Implementation of Seats sum method with regard to Lithuanian companies 85
Table 28. Comparison of allocated Positions with regard to foreign and Lithuanian companies 86
Table 29. Comparison of allocated Positions with regard to foreign companies 87

LIST OF FIGURES

Figure 1. Importance of CI2CI sales (within CI sectors), the UK 35
Figure 2. Traditional Industry purchases of CI intermediate inputs, the UK..... 36
Figure 3. Traditional Industry sales of intermediate goods to CI, the UK 36
Figure 4. SWOT for Creative industries with regard to SMEs 40
Figure 5. KOF index of globalization, 2012 43
Figure 6. Evolution of marketing process 51
Figure 7. Concentric circles model 54
Figure 8. The Theoretical Model for creative industries development (CI) under conditions of globalization. 57
Figure 9. Exports of creative goods of Top 10 exporters ($US million) 64
Figure 10. Share of cultural creative employment in total employment 76
Figure 11. Evolution of International Design Week events, 2008-2016 79
Figure 12. The results of a questionnaire conducted during International Design Week 2016 79
Figure 13 . Conceptual framework for the establishment of multilayered strategies for creative industries development under conditions of globalization 90

1. THEORETICAL RESEARCH ON THE CREATIVE INDUSTRIES IN THE CONTEXT OF GLOBALIZATION.

1.1 Creative Industries: Main Definitions and the Role in Contemporary Society.

Creative industries are culture based industries, therefore, their potential for development is vast. "Indirectly, culture increasingly underpins the ways in which people everywhere understand the world, see their place in it, affirm their human rights, and forge productive relationships with others." (*Creative*… 2013) Creative Industries are the most rapidly growing sectors of the world economy, not just in terms of income generation but also for job creation and export earnings. "Human creativity and innovation, at both the individual and group level, are the key drivers of these industries, and have become the true wealth of nations in the 21st century." (*Creative*… 2013) Therefore, there is an urge need for unlocking the potential of the creative economy. This process involves promoting cultural diversity and overall creativity of societies, as well as affirming the distinctive identity of the places where it flourishes and clusters. However, "available knowledge and economic studies of externalities are only now beginning to be applied to the complex relationships between economic growth, diversity, creativity and cultural expression" (*Creative*… 2013).

It seems that there is a contradiction in terms "creative industries" if we take into consideration that the term "creative" is hardly could be connected to the term "industries". Being creative means having the skill and ability to produce something new, specially a work of art; showing this ability involving the use of skill and imagination to produce something new or a work of art. In other words, creativity is a part of human identity, something which most people consider as a part of their nature. Describing the term "industry", we deal with the concept from a totally different sphere, such as economy. Thus, industry is the production of goods from raw materials, especially in factories as well as the people and activities involved in producing a particular thing. The question is, how do these two dramatically different areas could be combined and whether do achievements in one sphere contribute to another and vice versa? At this point, the saying "creativity is the power to connect the seemingly unconnected" explains a lot. However, there is a problem with economic estimates in the field of creative industries. The major part of cultural and creative outcomes is intangible and with regard to existing quantitative methods hardly can be identified and evaluated. There is a strong need for creation of new models and methodology of the empirical research in creative industries. For this reason, is it

important to identify the limits of creative industries, as well as, to reveal a direct connection between culture and creative industries. According to the special edition of Creative Industries Report 2010 (CER) "creativity and culture are processes or attributes that are intimately bound up in the imagining and generation of new ideas, products or ways of interpreting the world. All these have monetary and non-monetary benefits that can be recognized as instrumental to human development." In the following document, CER 2013, "creativity and culture are recognized for the economic value that creative and cultural industries generate in terms of job creation, and for the ways in which they stimulate the emergence of new creative ideas or technologies. Importantly, that the non monetized benefits of culture also drive development and can lead to transformative change when individuals and communities are empowered to take ownership of their own development processes, including the use of local resources, skills and knowledge and diverse cultural and creative expressions." The question is how to capture the full scale of creative industries beyond economic indicators. At this point, it is crucial to reveal different attitudes to evolving concepts with regard to culture and creative industries. Many different terms have been developed on the topic: cultural economy, creative economy, cultural industries, creative industries and others, including content-based or copyright industries. The different terms reflect and correspond to different analytical positions. This research provides definition of cultural industries and creative industries in order to explain historical background of the terms.

According to the one of the most prominent documents on creative industries "the term "cultural industries" traces its genealogy back to earlier work in the Frankfurt School in the 1930s and 1940s, which strictly deprecated the commodification of art as providing an ideological legitimization of capitalist societies and the emergence of a popular culture industry. These views are also based on a view of culture and the economy as mutually hostile. By the early 1960s, however, many analysts had begun to recognize that the process of commodification does not always or necessarily result in the degeneration of cultural expression. By the 1980s the term cultural industries no longer carried negative connotations of the earlier term and began to be used in academia and policy-making circles as a positive label. This referred to forms of cultural production and consumption that have at their core a symbolic or expressive element. It was also propagated worldwide by UNESCO in the 1980s and has come to encompass a wide range of fields, such as music, art, writing, fashion and design, and media industries, e.g. radio, publishing, film and television production"(*Creative*… 2013).

"Creative industries", as a concept, emerged not a long time ago as a model of post-industrial development linked to rapid urban reproduction in the UK. The term "creative industries", according to DCMC definition, was applied to a much wider productive area, including goods and services produced

by the cultural industries and those that depend on innovation and appearance of digital technologies. However, different organizations had different definitions of cultural and creative industries. The Green Paper, produced by UNESCO in 2010, defines cultural and creative industries as the following: "cultural industries" are those industries producing and distributing goods or services which at the time they are developed are considered to have a specific attribute, use or purpose which embodies or conveys cultural expressions, irrespective of the commercial value they may have. Besides the traditional arts sectors (performing arts, visual arts, cultural heritage – including the public sector), they include film, DVD and video, television and radio, video games, new media, music, books and press (…) whereas: "creative industries" are those industries which use culture as an input and have a cultural dimension, although their outputs are mainly functional. They include architecture and design, which integrate creative elements into wider processes, as well as subsectors such as graphic design, fashion design or advertising. (Green Paper 2010)

There is little agreement on the definition of creative industries. Economists, regional development agencies, historians, government policymakers, business strategists, lawyers and educationalists have a different take on the topic, but they all have something to contribute to the analysis. As a result, there is a variety of interesting and important insights scattered across many domains, using different definitions, conceptual frameworks and methodologies for different instrumental purposes. As a number of well known researchers in the field of creative industries claim "creative industries studies now has a robust conceptual toolkit to analyze and solve real problems in cultural life, business strategy, public policy, critical understanding and intellectual advancement alike" (Hartley *et al.* 2013).

Going back to the formal origins of the concept of creative industries, it is important to highlight The Creative Industries Mapping Document (CIMD), produced by DCMS which was established by British Labor government. The newly elected British Labor government, headed by Tony Blair, in 1990s was ready to invest in creativity. As Tony Blair claimed "our aim must be to create a nation where the creative talents of all the people are used to build a true enterprise economy for the 21st century- where we compete on brains, not on brawn" (Blair 1999). The CIMD was the first attempt to identified creative industries, and as we witness it at the present, according to Flew, "the term "creative industries" was a very successful British export" (Flew 2012). Thus, despite the fact that there is, on the one hand, a contradiction in the term "creative industries", on the other hand, the concept of "creative industries" was increasingly important not only for the UK national prosperity but for all economically advanced and countries.

To sum up, the concept of creative industries, defined in CIMD, first of all, put creativity and culture at the center of British national life in unconventional way, by bringing together arts, media, software and other sectors with more integrated, not fragmental, approaches to cultural policy. (Flew 2012). Second, the CIMD underlined the growing economic importance of creative industries, in terms of the main economic variables, such as value added, employment, national income, exports and imports. Third, the CIMD played "a critical formative role in establishing an international policy discourse towards a productive engagement with digital technologies, to develop new possibilities for alignment of creativity and intellectual capital with these new engines of economic growth" (Flew 2012). Fourth, the term "creative industries" formed a new economical sphere where the commodification of culture, talent and ideas is used for expression and improvement of communication and socializing, as well as bringing considerable benefits to the area of traditional industries, in terms of implementation innovation and new technologies.

1.1.1 Conceptual Framework of Creative Industries

After the CIMD was released in 1998 by UK government, number of different models and classifications have been developed in order to understand of the structural characteristics of the creative industries. Obviously, there were a number of critiques of the DCMS Mapping Document. In the UK, on the one hand, two alternative approaches of creative industries were released: developed by NESTA (National Endowment for Science, Technology and the Arts) and by The Work Foundation. Both analytical frameworks represent more thorough approach and classification of creative industries. On the other hand, the object of critique of CIMD, was the very idea of encompassing a heterogeneous set of industries in one sector of creative industries. (Pratt 2005; Garnham 2005; Howkins 2001) Researchers in the field of creative industries are still arguing that the definition of DCMS of creative industries is simultaneously too broad and too narrow (Flew 2012). As a result, there is a variety of classifications of creative industries defined by a number of countries, international agencies and authoritative researches.

According to Terry Flew, there are five cases of classifications of creative industries which have to be considered as the most prominent and influential: the EU, North America, East Asia, Australia New Zealand and strategies proposed by UNESCO and UNCTAD (Flew 2012). However, the present research here only lists a series of classifications and models of creative industries. It is difficult to

decide which model of creative industries is more appropriate or attractive. The attractiveness of each model may be different, depending on the analytical purpose, economic policy discursive views and the history of the country. However, over the time there was formed a number of standardized models and classification systems of creative industries that apply across the whole creative economy, such as: Symbolic Texts Model, The Work Foundation "Concentric Cycles" Model, UNESCO Institute for Statistics model, UK DCMS Model, UNCTAD Model, WIPO Model, China Model and Americans for the Arts Model. This paper is going to evaluate four, the most adapted, models of creative industries such as : UK DCMS Model, UNCTAD (United Nations Conference on Trade, Aid and Development) model, WIPO (World Intellectual Property Organization) Copyright Model, China Model and Americans for the Arts Model. The reason behind this preference is the following: the other models, Symbolic Texts Model and The Work Foundation "Concentric Cycles" Model, provide too complicated, multi-layered, internally differentiated approach of creative industries, as an alternative analytical framework for the DCMS. UNESCO Institute for Statistics Model emphasizes and promotes the cultural sector with growing importance attached to the contribution of culture to economic and social progress and refers to creative industries as expanded cultural domains. WIPO Model will be briefly discussed in the following evaluation of the most adapted Models of creative industries.

1.1.2 Evaluation of the most adapted Models of Creative Industries

The UK DCMS model consists of 13 sectors. The classification of creative industries, set in this model, played a critical role in establishing an international policy discourse for what the creative industries are (see Table 1). Despite the fact, that some sectors, which are included in creative industries, are labor- intensive with comparatively low economic performance (art, music, performing arts, crafts) and some are capital-intensive and commercially-oriented, (TV, radio, filming) the main consideration behind the UK DCMS model was that "creative industries drew upon the new concept of convergence to argue that the future of arts and media in Britain lay in transformation of dominant policy discourses towards a productive engagement with digital technologies to develop new possibilities for alignment of British creativity and intellectual capital with these new engines of economic growth"(Flew 2012).

The concept of creative industries in developing countries was promoted by UNESCO and UNCTAD. UNESCO, in its released document, has argued that exports of cultural goods were rising from 1994 to 2002, at fast growth rates in low-income and middle –income countries, while in high –

income countries the growth rates were low. (*Understanding…2006)* In 2009, UNESCO published another document which was aimed to outline the growing importance of culture to economic and social developments and the impact of globalisation and significant growth in international cultural trade. (*Understanding*…2009) However, UNESCO has preferred to refer to the cultural industries rather than creative industries. UNESCO has defined the cultural industries as "industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature, including printing, multimedia, audiovisual, photographic and cinematographic productions, crafts and design (…) whereas, the creative industries include the cultural industries and activities such as architecture and advertising and the industries in which the product or service contains an element of artistic or creative endeavour. (*Creative* … 2006).

In 2010, UNCTAD released Creative Economy Report (CER) in which the following concept of creative industries was framed: "the creative industries: 1. are the cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs; 2. constitute a set of knowledge-based activities, focused on but not limited to arts, potentially generating revenues from trade and intellectual property rights; 3. comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives; 4. are at the cross-road among the artisan, services and industrial sectors; And constitute a new dynamic sector in world trade." (*Creative*…2010) The UNCTAD model is based on the distribution of all the activities of the creative industries into four main areas: heritage, the arts, media and functional products and identifies creative industries as a number of interconnected sectors that operate across these four areas. (see Table 1). UNCTAD has more explicitly championed the role of creative industries as a new engine of economic growth in developing countries (Flew 2012).

From the WIPO perspective, "the creative industries may be divided into four groups according to the degree of use of copyright material. The most important are "core industries", which are generally regarded as synonymous with copyright industries. The core industries are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of protected works. A second group, the "interdependent industries", comprises those industries that are engaged in the production, manufacture and sale of equipment whose function is to facilitate the creation, production or use of works and other protected subject matter. A further group, the "partial industries", includes those in which a portion of the activities is related to works and other protected subject matter, such as architecture and design. The last category comprises the "non-dedicated industries". They include general wholesale and retailing, general transportation, and the

Internet' (*Creative* …2008). works. (see Table 1) In other words, the WIPO model, is also called "copyright-based model". The reason that the WIPO model is emphasized on the copyright is that creative industries are usually referred to the art, movie works, software, performance, music and other activities which can generate the economy profit for the producer, but not necessary for the author. Another reason is the growing negative impact of digital piracy that is a real threat for the growth and development of creative industries.

The past decade has seen dramatic development for creative industries in China. It was in 2000 during a central committee conference, that the Chinese central Government first declared cultural industries as a key strategic development area. At that time, the concept of creative industries did not exist in China. In 2003, the cultural and creative industries have started booming. According to the Beijing (China) Model, the culture creative industries were divided into nine categories: culture and arts, press and publication, radio, television, film, software, network and computer services, advertising exhibition, art trade, design services, travel and entertainment, other support services (*Creative*…2008). (see Table) However, "in Asia city-states such as Singapore and Hong Kong, with their historic affinities with British culture, developed UK DCMS model, whereas countries such as China, Taiwan and South Korea developed different policies" (Flew 2012).

As for Americans for the Arts model "it adopted a very narrow approach to define the creative industries and only include those industries which are related to the creation and distribution of the arts. (….) In the Americans for the Arts model, such industry –oriented sectors as software and computer games are excluded in order not no overestimate the economic contribution of creative industries because they are not arts-centric and do not meet the US understanding of the creative industries" (*Creative*… 2008).

Table 1 Classification systems for creative industries

UK DCMS Model	WIPO Copyright Model	UNCTAD Model	China Model	Americans for the Arts Model
Advertising Architecture Art and antiques market Crafts Design Fashion Film and video Music Performing arts Publishing Software Television and radio Video and computer games	**Core copyright** industries Advertising Collecting societies Film and video Music Performing arts Publishing Software Television and radio Visual and graphic art Interdependent copyright industries Blank recording material Consumer electronics Musical instruments Paper Photocopiers, photographic equipment **Partial copyright industries** Architecture Clothing, footwear Design Fashion Household goods Toys **Interdependent copyright industries** Blank recording material Consumer electronics Musical instruments Paper Photocopies, Photographic equipment	**Heritage** – Traditional cultural expressions: Arts and crafts, festivals and celebrations; and – Cultural sites: Archaeological sites, museums, libraries, exhibitions, etc. **Arts.** – Visual arts: Painting, sculpture, photography and antiques; and – Performing arts: Live music, theatre, dance, opera, circus, puppetry, etc. **Media.** – Publishing and printed media: Books, press and other publications; and – Audiovisuals: film, television, radio and other broadcasting. **Functional creations.** – Design: Interior, graphic, fashion, jeweler, toys; – New media: Software, video games, and digitalized creative content; Creative services: architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services.	The culture and the arts The press and publication Radio, television, film, Software, network and computer services Advertising exhibition Art trade Design services Tourism, leisure and entertainment Other support services	Advertising Architecture Art school and services Design Film Museums, zoos Music Performing arts Publishing Television and radio Visual arts

Source: Creative Economy Report, 2013

To sum up, according to the classification system which is given in Table 1, the following conclusions have to be made: first, different definitions of creative industries have a different understanding on what creative industries are and what content should be included in the sector of creative industries. Second, DCMS Model is industries-based model. The framework of this model is quite broad but it does not include all activities and industries that are related to the sector of creative industries (since it excludes cultural heritage and tourism). As Cunningham critically argues, "the logic of creative industries (…) extends its trajectory outwards to sectors such as sport and entertainment to knowledge-intensive service industries' (Cunningham 2002) Third, the WIPO copyright model is copyright-based model and has the distinct characters compared with other models. Copyright, according WIPO model, is the core of all the content of creative industries. Fourth, the UNCTAD model is a fuse of cultural-based, industries-based and copyright-based model and emphasizes the role of creative industries as a new engine of economic growth of developing countries in the age of globalization. Fifth, China creative model looks similar with the DCMS model that is the industries-based model. It seems that China learned experience from the DCMS model and made some changes according to the situation of the China. Sixth, the Americans for the Arts model is different from the rest of the models. The main idea of this classification system is not to overestimate the economic contribution of creative industries. For this reason, such industry-oriented sectors as software and computer games are excluded from the area of creative industries. Many authors argue that all models of creative industries could be reduced, enlarged or modified, but the essence of the models, above all, proves a very important idea. The idea is, that "creativity eventually was publicly recognized as an economic value and the profound importance of creative industries, as a new engine of economic growth and wealth creation, was proved." (Hesmondhalgh, Howkins 2001) Besides this, bringing together different cultural and creative activities in the era of digital technologies allowed to identify new, mutually reinforcing relationships between different sectors of creative industries which transformed production and distribution platforms for totally new ones and provided opportunity for further scientific research and future interferences.

1.1.3 Creative Industries in the Contemporary Economy

The following data, based on a number of reliable reports are represented in order to demonstrate the commercial potential of the creative sector in terms of the main international players. Figures

published by UNCTAD in May 2013 show that "the creative economy has become an even stronger driver of development: World trade of creative goods and services totaled a record $624 billion in 2013, more than doubling between 2002 and 2013. The average annual growth rate of the sector during that period was 8.8 per cent, and the exports of creative goods was even stronger in developing countries averaging 12.1 per cent annually over the same period." (*Creative*... 2013)

The statistical data on the USA show that in 2012, the production of arts and cultural goods added more than $698 billion to the U.S. economy. This amounted to 4.32% of GDP. The United States had a $25-billion trade surplus in arts and cultural commodities in 2012. America exported $60 billion and imported $35 billion worth of arts and culture. Workers in the arts and culture sector received $334.9 billion in 2012. Museum employees earned $4.2 billion, and those in the performing arts earned $6.8 billion. At this point, the fact that for every arts job created in America in 2012, an additional 1.62 positions outside of the arts were created as a result, is significant. In 2014, 750.453 U.S. businesses participated in the creation or distribution of the arts, employing 3.1 million people or 2.2% of the work force. Seventy-eight percent of all American leisure travelers (118 million adults) participate in cultural and/or heritage activities while traveling, contributing more than $192 billion annually to the U.S. economy. Copyright industries (businesses that rely on copyrights and produce computer software, films, television programs, and other audio, visual and printed media) account for 11.1% ($1.63 trillion) of U.S. gross domestic product. Taking in account all figures reflecting the situation in creative sector in the US, goals of creative place making investments are associated with increased GDP growth and are long-term. (*National*...2012)

According to TERA CONSULTANT Executive Report on the European Union, the following statistical data were revealed. In 2013, the core creative industries in the 28 countries of the European Union generated €558 billion in value added to GDP, approximately 4.4% of total European GDP. The value added by the total creative industries (core creative industries plus non-core creative industries) was approximately €860 billion, representing a 6.8% share of GDP. The creative industries represented approximately 8.3 million full time equivalent jobs, or 3.8% of total European workforce. Employment in the total creative industries (core creative industries plus non-core creative industries) was approximately 14.0 million, or 6.5% of the total EU workforce. However, the evolution of VA and employment in the EU, during the period, was negative. The economic contribution of the creative industries in terms of job creation has been weaker than the contribution in terms of GDP. (*The economic contribution*…2014) (see Table 2)

Table 2. Economic weight of the creative industries in the EU

	Value added			Employment		
Creative industries	VA (billion EUR)	% of evolution 2010-2013	% of EU VA	Jobs (million)	% of evolution 2010-2013	% of EU employment
Core	558	-0.07 %	4.40 %	8.3	-2.33 %	3.82 %
Non core	302	-0.6 %	2.39 %	5.7	-5.07 %	2.64 %
Total creative industries	860	-0.67 %	6.79 %	14.0	-2.65 %	6.47 %

Source: The economic contribution of the creative industries to EU GDP and employment, 2014

The economic weight of creative industries in the EU main European markets during the same period was significant. In 2013, the core creative industries in the five largest countries of the European Union generated €618 billion in value added to GDP. The creative industries of the UK , France, Germany, Italy and Spain represented approximately 9.5 million full time equivalent jobs. However, the contribution of VA and employment, with regard to the five countries, differs among the countries. The economic contribution of the UK creative industries is stronger (VA 9%, Jobs 9%) whereas the economic contribution of Spain is the weakest one.(VA 5%, Jobs 5.6%) (see Table 3).

Table 3. Economic weight of the creative industries in the main European markets 2013

	5 COUNTRIES		UK		FRANCE		GERMANY		ITALY		SPAIN	
Creative Industries	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs
Core	4.5 %	4.1 %	5.8 %	5.4 %	5.1 %	3.7 %	3.9 %	4.1 %	3.9 %	3.7 %	3.4 %	3.4 %
Non-Core	2.4 %	2.8 %	3.2 %	3.6 %	2.7 %	2.6 %	2.1 %	2.9 %	2.2 %	2.5 %	1.7 %	2.2 %
TOTAL CREATIVE Industries	6.9 %	7.0 %	9.0 %	9.0 %	7.9 %	6.3 %	6.1 %	7.0 %	6.1 %	6.2 %	5.0 %	5.6 %
Creative GDP (billion EUR)	618		159		152		159		95		53	
Creative employment (million)		9.5		2.6		1.6		2.8		1.4		1.0

Source: The economic contribution of the creative industries to EU GDP and employment, 2014

The evolution of economic contribution of the creative industries in the main European markets in terms of job creation has been weaker than the contribution in terms of GDP. The overall tendency has been the destruction of jobs within the traditional core activities, for which job destruction has been

particularly significant. However, the overall declining trend in Europe top 5 countries hides a strong heterogeneity between countries: the economic weight of the creative industries has decreased in the UK, in Spain, but the creative industries have grown in France (VA 4%, Jobs 0.4%), Italy (VA 1.6%) and Germany (Jobs 4.1%). (see Table 4)

Table 4. Evolution of the economic contribution of the creative industries in the main European markets 2010-2013

	5 COUNTRIES		UK		FRANCE		GERMANY		ITALY		SPAIN	
CREATIVE Industries	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs
Creative industries	-3.1 %	-2.0 %	-8.8 %	3.8 %	4.0 %	0.4 %	-1.7 %	4.1 %	1.6 %	-1.1 %	-14.5 %	-15.7 %
Overall economy	1.2 %	-1.3 %	-3.6 %	-1.0 %	3.5 %	-0.4 %	5.5 %	3.1 %	0.3 %	-1.9 %	-3.8 %	-10.6 %

Source: The economic contribution of the creative industries to EU GDP and employment, 2014

To sum up, the economic situation in creative industries in the EU is not satisfactory. The explanation of the present situation could be multifactorial. The main factor is the world economic crisis that had the impact on all economy and on the creative sector in particular. However, it is necessary to underline the correlation between the growth of the creative industries and the IP protection legislation in the main European markets. Thus, France has established some form of response to Internet piracy before 2011, therefore, the creative industries in France have demonstrated a much better dynamic during the period from 2008 to 2011 than in countries where such measures do not exist. (*The economic contribution*… 2014)

In a word, on the one hand, creative industries in 2011 in Europe represent a significant share of GDP (6.8%) and employment (6.5%). On the other hand, the report identifies noticeable value destruction (unlike the overall trend of the economy) and decrease in employment in the main five markets between.

Key findings on Lithuania, reveal that a number of enterprises of creative industries in Lithuanian amounted 6659 in 2011 and a number of employees in this sector reached 66087 in 2011. The share of CI in national GDP constituted 5.3% in 2011. (see Table 5)

Table 5. The main indicators of Lithuanian creative industries in 2007-2011

Indicators	Year				
	2007	2008	2009	2010	2011
Number of enterprises in creative industries (CI)	6149	6655	6456	6542	6659
The share of CI in total number of enterprises	8.0	8.4	7.1	7.8	7.9
Number of employees in CI	61297	63241	62293	63061	66087
Total income of CI, million LTL	5420.8	6787.3	6504.7	6651.0	6804.1
The share of CI in national GDP, %	5.2	5.5	5.0	5.2	5.3

Source: Snieska, Normantiene 2012

Analysis evolution of key indicators of creative industries in Lithuania uncloses that number of enterprises in creative industries in Lithuanian grew from 8.2 % in 2008 to 1.8 % in 2011 and a number of employees in the sector increased from 3.2 % in 2008 to 4.7 % in 2011. (see Table 6)

Table 6. Evolution of key indicators in CI in Lithuania. 2007-2011

Indicators	Year				
	2007	2008	2009	2010	2011
The annual growth rate of enterprises in CI, %	-	8.2	-3.0	1.3	1.8
The annual growth rate of employees in CI, %	-	3.2	-1.5	1.2	4.7
The annual growth rate of total income in CI, %	-	25.2	-4.2	2.2	2.3

Source: Author's calculations; Source: Snieska, Normantiene 2012

In a word, the situation in the creative sector in Lithuania is promising. Despite the fact that annual growth rate of enterprises in creative industries dramatically decreased – 3% in 2009, comparing with the previous year when it was 8.2%, in 2011 this number improved and amounted 1.8%. The situation with employment was positive as well. The annual growth rate of employees in creative sector in 2011 was 4.7%, which is considerably better than in 2009.

Overall, the analysis of the creative industries in the EU reveals that the situation in the creative sector is complicated. In order to progress and reach the full potential of creative industries in the EU, there is a strong need for strategic decisions on the part of public sector officials and policy-makers with engagement in the partnerships of civil society and private sector stakeholders. Such decisions involve, first of all, establishing investments in the cultural and creative industries as priorities for achieving inclusive economic growth and social development. Second, there is an urge need for technology protection, especially in the areas of copyright, patents, designs and trade marks. Third, it is necessary to promote and support the sector of creative industries as the unique source of innovation creation that, in

the age of contemporary globalization, is the driving force for creation of new goods and services, establishment of the modern digital markets and formation of the new consumer society.

1.1.4 The Concept of Innovation and Innovation Ecosystems in Creative Industries

The world and the global economy entered an innovation-led stage where an ability for innovation for companies became the main precondition for constant competitiveness.
International enterprises gain competitiveness operating in international markets, where the marketplace and resources are global. Therefore, production plants are establishing in areas with growing markets and cheap labor. Significant part of world production has moved to growing economies, searching for higher competitiveness, but the real resource of competitiveness in the global economy is not the lower cost of production or larger markets but high productivity. In order to achieve high productivity, companies are searching for constant innovation which is only possible to generate with the help of creative professionals. However, the most likely locations where they are to be found are creative environments. Analyzing a number of scientific researches in the field of creative industries, this study arrived at the conclusion that creativity and, as a consequence, innovations, flourish in special interactive environments. (Florida 2002; Hautamäki 2010; Turkki 2010). Some authors call these special interactive environments "innovation ecosystems", (Hautamäki 2010), or "creative cities" (Florida 2002) or speak about emerging of creative industries clusters, so-called " creative incubators" ,which house, support and cherish unique clusters of creative industries. (*Best practices* …2010) The main idea behind all these terms is that firstly, these special interactive environments are local (existing in a certain geographical area), and secondly, these areas enable the actors (well -educated and creative professionals and citizens) and factors (different sectors of creative industries as well as other industries) interact fruitfully in cooperation with the common target to achieve high productivity through successful innovations. Therefore, it is reasonable to assume that tendency to innovate emerges in special creative environments so-called innovation ecosystems and rises with the possibility of interaction and cooperation within and between sectors of creative industries, as well as interaction and cooperation of creative industries with partners from traditional industries.

The latest studies conducted on creative industries and their capacity of generating new ideas out of combination of different forms of knowledge, experience and cultures revealed that the concept of innovation is at the heart of creative industries. (Hautamäki 2010; Turkki 2010; Kainulainen 2010;

Hyyryläinen 2010). Innovation is the successful exploitation of new ideas, or in broad sense, creativity. However, new and innovative ideas, emerged in creative industries, could flourish only in special interactive environments. That is because interactive environments, so-called innovation ecosystems, lay down optimum conditions for both generating and executing ideas. As it was stressed above, the concept of innovations is not the same as implementation of new ideas, technologies, processes, models or philosophies. Innovations are practical and successful implementations of new ideas, technologies, processes, models or philosophies. Therefore, to ensure positive and fruitful result, the process of generating and executing new ideas has to take place in the environment where, on the one hand, there is high concentration of creativity, knowledge and skills to generate new ideas. On the other hand, these areas provide needful organizational and financial possibilities for exploitation of new ideas. Thus, according to Florida, creative processes flourish in places which offer a comprehensive ecosystem that feeds and supports creativity and channels it into innovations, new companies and, ultimately, economic growth and a rising standard of living (Florida 2002). The question is, whether these places are historically determined by a number of favourible conditions or there is a real possibility to create them artificially. If we thinkining about innovation ecosystems globally, it is useful to take in acount KOF Index of Globalization, as a key factor related to innovation ecosystems, which indicates the extend of globalization in different countries. This index is important when we consider innovation ecosystems globally because „Globalization is conceptualized as the process of creating networks among actors at multi-continental distances, mediated through a variety of flows including people, capital and goods, information and ideas." (Dreher 2008) According to the KOF Globalization Index 2012, Ireland, which had also been top of the Index the year before, was the most globalized country in the world in 2012, followed by the Netherlands and Belgium with the latter switching places from 2011. Austria ranked 4th, followed by Singapore and Sweden. (*KOF Swiss Economic Institute* 2012) This means, that the mentioned above countries are highly open to innovations and, in terms of globalization, are innovation ecosystems. In other words, these countries have capacity to attract people, including creative professionals, accelerate regional development and get advantage in inter-regional competition. Although, there are more key factors that have to be presented in innovation ecosystems.

According to R. Florida, economic competitiveness depends on three T's: technology, talent and tolerance. The author states that in the places where three T's are at high level, creativity and innovation flourish. As an example he speaks about Seattle, Boston, San-Francisco in the USA. (Florida 2002) Another author, Antti Hautamaki from University of Jyvaskyla, claims that Florida's Three-T model is too simplistic and need to be supplemented. This researcher listed the following components which have

to be presented on innovation ecosystems as well: world-class universities and R&D institutions, financing venture capital for R&D and product development, business services support of the start-ups, sufficient supply of creative labor, help of international companies as pulling force. (Hautamaki 2010). Recent innovation studies add more factors. Thus, Charles Landry speaks about developed "hard" and "soft" infrastructure of creative industries. According to Landry these factors are very important in terms of attraction of creative labor to innovation ecosystems. The author describes "hard "infrastructure as modern and comfortable accommodation for creative professionals, proximity of research and cultural institutes and developed logistics. The "soft" infrastructure is composed of favorable climate for creating, including human relationship and social networking. (Landry 2012) Another researcher, Tutkki, stresses a constant need of a strong business presence in urban areas and successful innovation ecosystems, such as intense marketing environment, critical consumers, well-established networks for various operators, financing and the expertise of various organizations all in one location. (Tukki 2010)

To sum up, the main idea behind all these key factors which comprise successful innovative ecosystem, is a well-developed operating environment. Therefore, the basic question in innovation policy is how to pull all these factors together and make them alive and really operating in terms of producing new business and innovation. A number of authors analyzed this issue and put forward following observations. Thus, Hautamaki, defines "sustainable innovation" as a precondition for developing networking as a key factor for well-developed innovation environment. Culture capital (trust and cooperation, shared values ideas and responsibilities, high level of education and culture), as the author states, is vital for networking. (Hautamäki 2010). In sustainable innovation the backbone of innovation, as the author states, is the promotion of welfare instead of economic growth which could easily destroy nature (natural capital), creativity (cultural or social capital), enthusiasm and motivation of skilled employees (intellectual capital). Culture could be described as a background for creativity and innovation. Therefore it is important to find a balance between commercial aspect in innovation ecosystems and tolerance to wealth of ideal, openness and diversity of values and attitudes. Indeed, as it was mentioned above, Florida pointed out the presence of tolerance, as one of the most important factors needed in promoting creativity and innovation. (Florida 2010) One more researcher, Dr. Fleming promotes the similar idea, but calls it "the smart and slow". While the author does not deny that creative industries are presented as the fastest growing sector in the world, contributing a lot in economic growth of other industries through innovation, it is vital to "take a balanced approach where wellbeing and economic growth do hand in hand". (Fleming 2010) This means that it would be wise, in some regions,

to slow down and develop smart, carbon neutral , progressive creative businesses which could become "micro ecologies" maintaining natural capital and cultural capital.

Creative industries: economic key factors per CI function. Creative industries are one of the most prominent and fast growing sectors in the world economy. European Union is a leader in creative industries, with large concentration of the sectors in Italy, France, Germany and the UK. In the creative sector of the EU, there were approximately employed 3.2 million people in almost 1 million companies all over Europe in 2012. Total turnover amounted to 402 billion €, generating a total value added of 153 billion €. The CI represents approximately 4.4% of the total number of companies and 2.2% of employees in the total European business economy. The CI represents 1.7% of turnover and 2.5% of added value of the total business economy, indicating that CCS organizations in general perform relatively better on the generation of added value. This is also reflected in the per employee indicators. (*Survey*…2013) Counting that innovation creates value added, according to this data we could indicate the sector of creative industries as highly innovative.

The significance of creative industries in EU lies in the fact that this sector performs relatively better (comparing with traditional industries) on the generation of value added. It also creates a great number of enterprises and work places. Moreover, creative industries "involves developing society as a whole in terms of creativity and innovativeness."(Hautamaki 2010) However, the sector of CI has a disproportionally high amount of very small and medium sized enterprises (SMEs). About half of all enterprises in the sector employ one to three people. On the other end of the spectrum, only one to four per cent of all firms employ more than 50 persons. However, this small fraction of firms does generate around 50% of their respective subsector's total turnover. (*Survey*…2013). The data mean that large CI companies are more productive and small enterprises and SMEs have to take advantage of clustering in order to become more competitive and productive. Another issue is that official statistics is vague about the real number of creative professionals who contribute to traditional industries. The number of self-employed people in other industries (as well as their output) is underestimated because of the high level of aggregation of the national accounts (in NACE codes). The situation could be exemplified by impossibility to found out how many designers work in fashion industry.

In order to understand the real situation within creative industries in terms of economic cooperation and efficiency of B2B models for business growth and innovation stimulation, let us analyze CCI (creative and cultural industries) companies in term of the most important economic factors and distribution of these factors per CCI functions This analysis shows potential difference of CCI five functions in terms of innovation creation. (see Table 7).

Table 7. Key figures for the EU in CCI per function

	Creation	Production Publishing	Distribution	Trade	Preservation	Education
Number of enterprises	65%	20%	6%	8%	0.6%	0.5%
Number of employees	32%	41%	16%	7%	3%	1%
Turnover	29%	42%	20%	9%	1%	0.2%
Added Value % of T	32%	41%	21%	6%	0.4%	0%
Profitability margin	7%	5%	8%	0.4%	6%	2%

Source: Survey on access to Finance for CCI, 2013.

Almost two out of three companies (65%) is active in creation, and another 20% is active in production/publishing. Companies active in preservation and education are rare. According to the more detailed CCI classification by sectors, there is concentration of companies in three subsectors: architectural activities, specialized design activities and advertising agencies (representing 89% of total number of CCI enterprises in creation). However, companies active in architecture and specialized design activities employ on average only very few employees, as is reflected in a much lower share in employment and turnover). Advertising agencies on the other hand are comparatively more important in terms of employment and the creation of turnover.

Contrary to the dominant share of creation in the total number of CCI companies, the relative share of companies active in creation in the total turnover of the CCI is much lower. 65 % of CCI companies generated only 29% of total turnover in 2010, indicating that CCI organizations active in creation are typically small in size (in terms of turnover). Companies active in production/publishing on the other hand generated 41% of total CCI turnover with only 20% of the companies, indicating that they are typically larger in size or productive. The same holds for companies active in presentation: representing only 6% of the total number of CCI companies, they do generate 20% of turnover.

The distribution of the VA over the different functions largely follows the same pattern as the distribution of turnover. The production/publishing and presentation functions again are more important in terms of added value generation than in the number of companies. In order to assess the ability to generate added value, the share of added value as a percentage of turnover has been plotted as well. On average 16% of turnover remains as added value, but there are large differences between functions. The creation, production/publishing and dissemination cluster show the highest added value/turnover ratio

(ranging between 21% and 41%). For companies active in trade however, the share of added value as a percentage of turnover equals only 6%.

Finally, organizations active in preservation and education underperform in terms of creation of added value. (Survey ... 2013) This might be explained by the fact that organizations in these functions are often not market-driven, and therefore are not focused on creating financial added value. Analyzing profitability margin by CCI functions, it is clear, that enterprises active in creation and presentation on average are doing particularly well with respect to the profit margin. Enterprises active in trade and education are performing the worst on profitability.

All in all, the analysis of economic key factors of CI per functions proves that on overage the sector of creative industries is in healthy economic conditions. However, according to the figures, enterprises with different CCI functions might require implementation of different types marketing strategies for further cooperation, with regard to their size, ability to generate turnover, value added and profitability margin. The following analysis is devoted to the issue whether the sector of creative industries wildly supports innovation in the other industries and what B2B models work for innovation stimulation.

Creative Industries: B2B models with regard to innovation. As many researchers state, among the main sources of innovation there are R&D, CI output, supply chains, customers demand and motivated staff. (Bakhshi *et al*. 2012; Hautamäki 2010). A number of researchers emphases R&D output as the key factor of innovations. However, R&D activities are applied mostly in large international companies and can not underlay all range of innovations which take place in smaller local companies and service sector. Therefore, nowadays policymakers and academics increasingly recognize the importance of creativity and design to the process of innovation (Bakhshi *et al.* 2012). There is also a widespread belief that the creative economy, as a focal point for creativity, has a particularly important role to play in innovation throughout the economy (Potts 2007). However, little was done in order to find out what quantitative evidence for such statement is and what models of practical activities, such as B2B models, promote and support innovation creation.

To tackle the issue, let us first of all, find out what the main drivers of innovation are. The Oslo manual identifies the drivers of innovation as “all scientific, technological, organizational, financial and commercial steps which actually, or are intended to, lead to the implementation of innovations.” (Bakhshi *et al.* 2012) In other words, drivers of innovations could be understood as specific activities which lead to positive results (improved quality of goods / services, increased range of goods/ services, expanded markets, position of the market leader, access to new markets, etc) in the company. Among

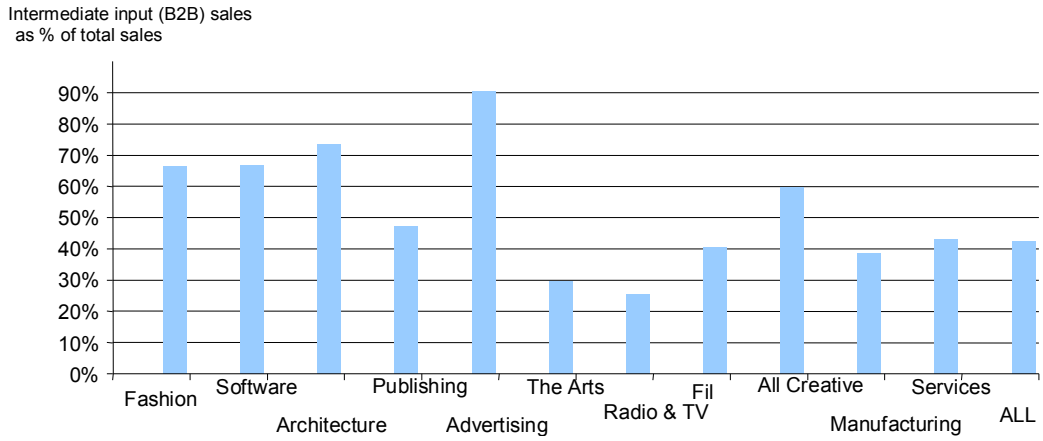
these activities could be distinguish: interactive learning, improvement of linkages with other companies and R&D institutions, research of customer demand, exploration of institutional and financial framework, commercial exploration of creative and artistic inputs, giving employees an incentive to innovate. Moreover, innovation – at least within areas of private economic activity – is often explicitly driven by the profit motive, and particularly the possibility of earning profits by being the first mover or one of the leaders in a new market. (Bakhshi *et al.* 2012)

Overall, it is logical to assume that 1. activities related to innovation performance could be carried out through a number B2B models that build cooperation between CI and other industries. In this context supply chain could be treated twofold: as a place of " knowledge spillovers" and innovation creation and as a specific B2B transactions in " intermediate goods and services" with a result of innovation creation; 2. all B2B models, which target high level of innovation, work better in innovation ecosystems. The present paper identifies and investigates three B2B models which promote and nourish innovation processes within the sectors of creative industries (CI) and between the sector of creative industries (CI) and Traditional Industries (TI).

CI2CI model (creative industries to creative industries model), is particularly significant. Many sectors within creative industries buy and sell not only creative products but creative services, thus transferring the service innovations and creating demand for novel processes. CI2CI model is the key driver of the process of clustering in the sector of creative industries as well. This process is highly beneficial for companies in CI, having in mind the small size of enterprises. A good example of CI2CI model in Lithuania is Republic of Užupis. "In the course of time, the unique social and cultural capital as well as the purposeful activities of the community have turned Užupis into a creative industries centre. The facts speak for themselves: over 300 creative industry representatives work in Užupis; there are 50 businesses based on the commercialization of culture and creativity; Annual income from CI in Užupis amounts to EUR 6 million. The Republic of Užupis, organizes various projects, writes strategies, conducts different activities in developing social, cultural and economic capital in Užupis. (*Introduction..* 2010) Nobody can doubt that Užupis generates and suggest significant amount of innovative products and services within Republic of Užupis, the issue is how promote this output to other industries with impressive result.

B2B models in the UK. The research conducted by scholars Bakhshi, Vitte and Simmie in the UK revealed interesting results which are represented by Figures 1, 2 and 3. Figure 1 shows that CI2CI sales in the UK are extremely important within the sectors of CI.

Figure 1. Importance of CI2CI sales (within CI sectors), the UK



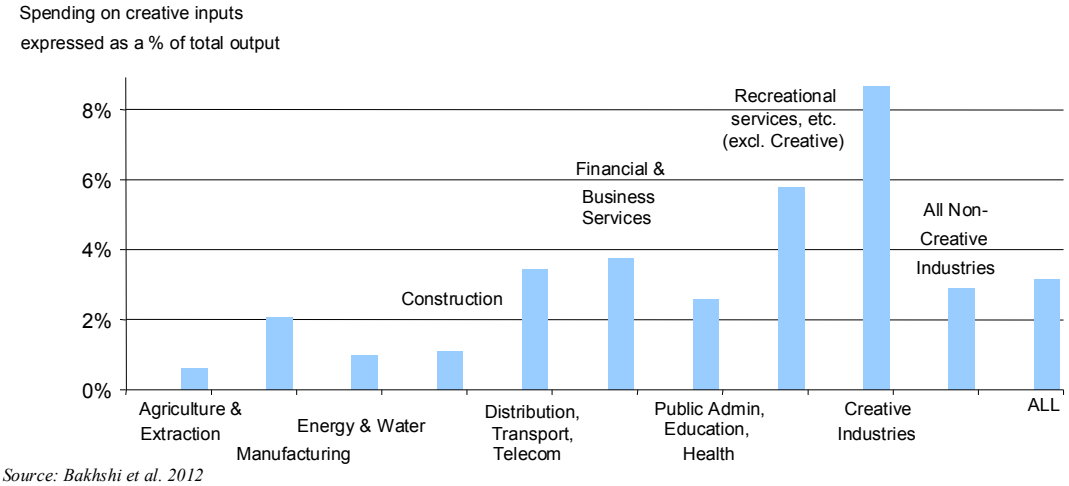
Source: Bakhshi et al. 2012

This finding suggests that the creative industries are strongly integrated through their supply chains, and that these may provide an important source of interactions with other sectors. (Bakhshi *et al*. 2012) Figure 1 shows that CI2CIdemand for creative products is particularly important for Advertising, Architecture, Software and Fashion products.

CI2TI model (creative industries to traditional industries model), some authors call "forward linkages" in B2B sales and state that 'traditional industries' purchases of creative products is one way that the creative industries may contribute to innovation in other parts of the economy. This can occur in at least two ways: 1. the creative industries may directly assist the innovation processes of other sectors – such as through design and advertising services; 2. and market transactions may facilitate knowledge transfers between creative businesses and those businesses which purchase creative products'. (Bakhshi *et al*. 2012)

The Figure 2 perfectly demonstrates TI purchases of CI inputs in the UK.

Figure 2. Traditional Industry purchases of CI intermediate inputs, the UK

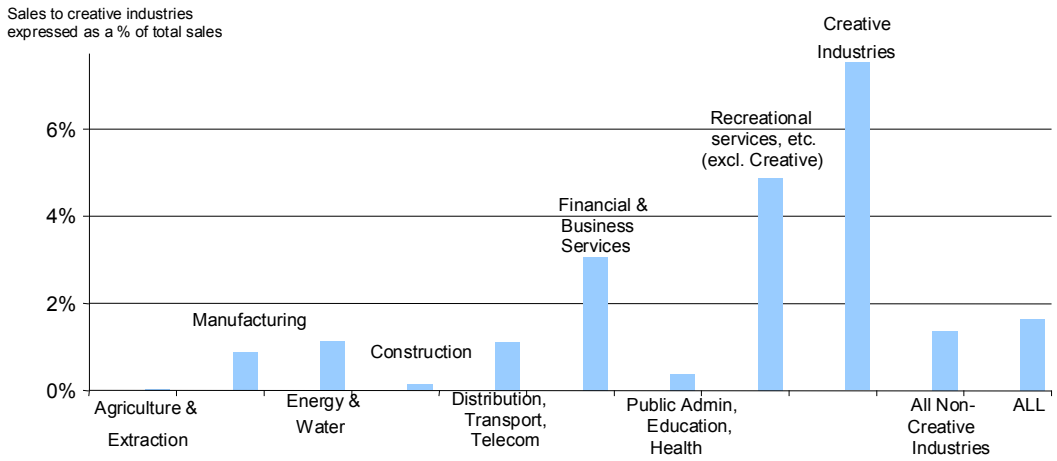


Source: Bakhshi et al. 2012

As the same authors claim 'traditional industry purchases of creative products accounted for around 3% when expressed as a percentage of total industry gross output. Purchases of creative products are particularly important *between* the creative industries themselves. Creative product purchases are equivalent to over 8% of total gross output. Forward supply chain linkages appear to be stronger between the creative industries and a number of services sectors, with somewhat weaker links to manufacturing and the other production sectors'. (Bakhshi *et al*. 2012)

TI2CI model (traditional industries to creative industries model) could be considered as 'backward linkage from CI'. The figure 3 demonstrates CI demand for innovative products for themselves in the UK.

Figure 3. Traditional Industry sales of intermediate goods to CI, the UK



Source: Bakhshi et al. 2012

Overall, creative industry intermediate input demands contribute around 1.6% of total product demand within the UK, but *7.4% of demand for creative products.* A specific set of industries, such as agriculture, construction, education and health contribute little to CI, whereas, financial and recreational services demonstrate high sales.

To sum up, as it was demonstrated by the example of the UK, traditional industries purchases of creative inputs and sales to the creative sector are considerably low and this situation does not allow TI the access to key resources and information which support innovation creation. The situation has to be improved through collaboration between CI and TI which is embodied in CI2TI and TI2CI transactions in innovation ecosystems. However, the CI2CI model plays a significantly bigger role in innovation creation so far. Therefore, the main objective targeted at stimulating innovation links between CI and TI is to promote CI2TI and TI2CI models. One of the possible ways to do it, is creation and maintenance of innovation ecosystems with emphasis on strengthening relationships in the area of services winch seems to be the most effective and promising in terms of innovation creation.

All in all, as it was argued through this paper, the creative industries generate employment, incomes and other economic benefits. According to the mentioned above data, world trade of creative goods and services totaled a record $624 billion in 2011, more than doubling between 2002 and 2011. However, the current situation in the field of creative industries is complicated because of two main issues. Firstly, here is no any common classification system of creative industries which would help to estimate the true economic input of creative industries in total economy. Secondly, the situation in creative sector in Europe is complicated because of lack of IPR protection and awareness of true value of intangible nature of creative goods and services.

Therefore, in order to reveal the full potential of creative industries, in-depth research in the field of creative industries is needed, while at the same time providing strategic decisions on the part of both, public sector officials and private sector.

1.2 Creative Industries under Conditions of Globalization: New Challenges for Global Economic Development

As it is well-known, definition is not everything but everything involves definition. Therefore, in each analysis of the process of globalization it is crucial to start from an examination of the term of globalization. As Jan Scholte claims, 'the term "globalization" was not coined until the second half of

the 20th century. The verb "globalize" appeared in the 1940th together with the term " globalizm". The word "globalization" first appeared in 1959. Since this year, everyday conversation now includes regular reference to global markets, global communication, global environment and so on. Since the 1990s globalization has become a major academic industry. The problem is now explored across disciplines, theoretical approaches and across the political spectrum" (Scholte 2005). Indeed, scholars and researchers have tried to define the process of globalization from different angels, using many different perspectives and variables. Thus, in the context of contemporary globalization, "four main policy approaches toward globalization can be distinguished, namely, neoliberalism, rejectionism, reformism and transformism." (Scholte 2005). The four main policies take very different approach to the process of globalization. Neoliberalists stand for liberalization of cross-border transactions and advocate for market-led globalization with a minimal role for public policy. In contrast, rejectionists seek to reverse the process of contemporary globalization and worn that it will lead to cultural imperialism and ecological catastrophe. Alternatively to rejectionists, reformists claim that it is impossible to stop or reverse the process of globalization but it is possible to influence it by the means of public policies interventions. Transformists share some strategies with reformists, for they also believe that globalization can be reshaped in more positive direction, but for this reason absolutely new models of regulation have to be invented. (Scholte 2005) In a word, it is obvious that different scenario of contemporary globalization is possible. However, it is difficult to decide upon the best one because each approach has its own challenges, advantages and disadvantages.

The present research considers the process of globalization with regard to creative industries. In this context it is important that globalization, first of all, is related to communication , sharing ideas, information and images transplanetary, or across the planet. However, transplanetary connectivity, according to Scholte, is comparatively old phenomenon. The more specific and new is " supraterritoriality". " The distinctiveness of recent globalization involves more than the quantity, frequency, scope and depth of transplanetary social links. Qualitatively, too, much of today's global connectivity is different. Contemporary globalization has been marked by…. relations which have qualities of transworld simultaneity, that is they extend anywhere across the planet at the same time and move anywhere on the planet in no time." (Scholte 2005) This means that the process of contemporary globalization has qualitatively new feature such as supraterritorial feature, or feature which is not rely on any territory and time. Therefore, the socio- economic role of creative industries is crucial nowadays. As an example, the global mass media, as one of the sectors of creative industries, could be treated as one of the tools of contemporary globalization. The global mass media is acting beyond territorial space and

time thus “shrinking” the world. At the same time, the mass media communicates simultaneously huge volumes of standardizes information, images, tastes and attitudes across the planet. As a result, the process of universalization in both, production and consumption occurs. Moreover, “global communications, global travel, and global markets have all promoted and facilitated by global money, such as euro, US dollar, Japanese yen and British pound. (Scholte 2005)

1.2.1 The Globalization as an Important Factor of the Creative Industries Development.

Countless authors have emphasized that the process of globalization is a full-scale transformation of almost all socio-economic and political spheres. However, the biggest change occurs in the area of transport, communication and data processing with regard to technological revolution. According to Scholte and other scholars, “these technological developments have changed what is produced and how it is produced.” (Sholte 2005) In other words, the contemporary global economy could be characterized as information, knowledge, network and service economy. Since information, knowledge, creativity and innovation are the basis of creative industries, it is obvious that contemporary globalization became a critical factor of the creative industries development. Therefore, the present study determines national and global environmental factors which influence the development of creative industries, while at the same time indicates the main characteristics of the companies acting in the field of creative industries.

Despite the fact that creative industries show the great potential for grows under conditions of contemporary globalization, there are the gaps in full capacity of small companies acting in the field of creative industries to develop and flourish. One of the main obstacles for creative industries development is the fact that 80% of enterprises working in the sector are small, or even micro-companies (self-employed or smaller than 10 people), and only 1% of companies are of large –scale. However, this one per cent of companies generates 40% of annual turnover in the sector of creative industries while 80% of micro-companies generate only 18% of annual turnover. (*The Entrepreneurial Dimension*… 2014)

Micro-enterprises (80%)----SMEs---Missing Middle---Large-scale companies(1%)

Source: The Entrepreneurial Dimension of CCI 2014

The rest of the key issues that slow down the rapid and successful development of creative industries are the specific market conditions with lack of infrastructure; the fact that creators are more creation-oriented than commercially oriented; the fact that the biggest part of creative goods and services are cultural and intangible by nature. Therefore, in order to avoid the tension between creativity and business, it is important to identify the main strengths and weaknesses of creative industries, while at the same time providing information about the opportunities and threats in the field of creative industries under conditions of globalization. (see Figure 4)

Figure 4. SWOT for Creative industries with regard to SMEs

S	W
Flexibility in respond to market opportunities	Difficulty to access markets and finance
Taking up of multiple projects	Big number of SMEs
High dynamism in order to compete	Lack of business knowledge, intermediaries, infrastructure
Outsourcing	Underestimation of intangible assets

O	T
Clustering to benefit from larger structure	Uncertainty
Digital shift-new way of distribution	High competition
Speedy communication- involvement of wide audience	Risk-taking decisions
New models of collaboration and competitive advantage	Low protection of IPR

Source: developed by the Author

Based on SWOT, a number of general and specific measures have to be taken. However, in order to correctly target the needs of creative sector it is not enough to be aware about the main characteristics of creative industries. It is essential to be aware of national and global environmental factors which influence the development of creative industries. Thus, among the most significant factors the present

research would like to underline complicated access to finance; barriers to international and global markets; lack of IPR protection; poor access to innovations; low level of entrepreneur education among creators; slow process of collaboration and clustering.

Table 8. The main international and global environmental factors influencing the CI

Access to Finance	1. Lack of planning: 22% of CI companies had no economic planning, 53% had one-year forecast, 4% had five year forecast. 75%- elaborate forecast themselves, 20% use professional consultancy. 2. Dependency on Intangible assets: novelty, soft innovation, creativity are not reflected in accounts. 3. Funding is complicated: CI projects are high-risky; investment need to be long-term; it is difficult to recognize economic value of intangible assets.
Market Access	1. Markets of CI have fast changing tastes and unpredictable demand. 2. There is asymmetry in the market position between SMEs and Large-scale companies. 3. There are barriers to entering the markets due to exclusive agreements with key distributors. 4. Lack of knowledge of BM with regard to digital technologies and market opportunities.
IRP Protection	1. Lack of knowledge and instrument for IPR protection. 2. Lack of availability of IRP advice to CI entrepreneurs. 3. Only one fifth of SMEs use confidentiality(IPR) agreements
Access to innovation	1. Lack of knowledge sharing and cross-sector collaboration to innovate and develop new brands. 2. Lack of knowledge exchange among academics, business, CI. 3. Lack of awareness of policy makers of innovative potential of CI sector.
Entrepreneurial Education	1. Lack of entrepreneurial skills and business skills. 2. Lack of knowledge about market opportunities. 3. Lack of early formal and informal entrepreneurial education. 4. Little interaction between creators and business.
Clusters and Collaboration	1. Little of collaboration among academics, business, CI. 2. Complicated access to a pool of information for single creators, micro companies and SMEs. 3. Lack of awareness of international networks benefits.

Source: developed by the author; the Entrepreneurial Dimension of CCI 2014

In a word, the key outcome of the detailed study of the main international and global environmental factors influencing CI is the realization that creative industries rely heavily on a number of them and in order to support the sector of creative industries a series of multi-layered stimulation

policies have to be considered. However, at this point, it is highly important to have more detailed and up-to date information which covers all aspects of globalization, such as MGI and KOF globalization indexes, that is discussed below with regard to the sector of creative industries.

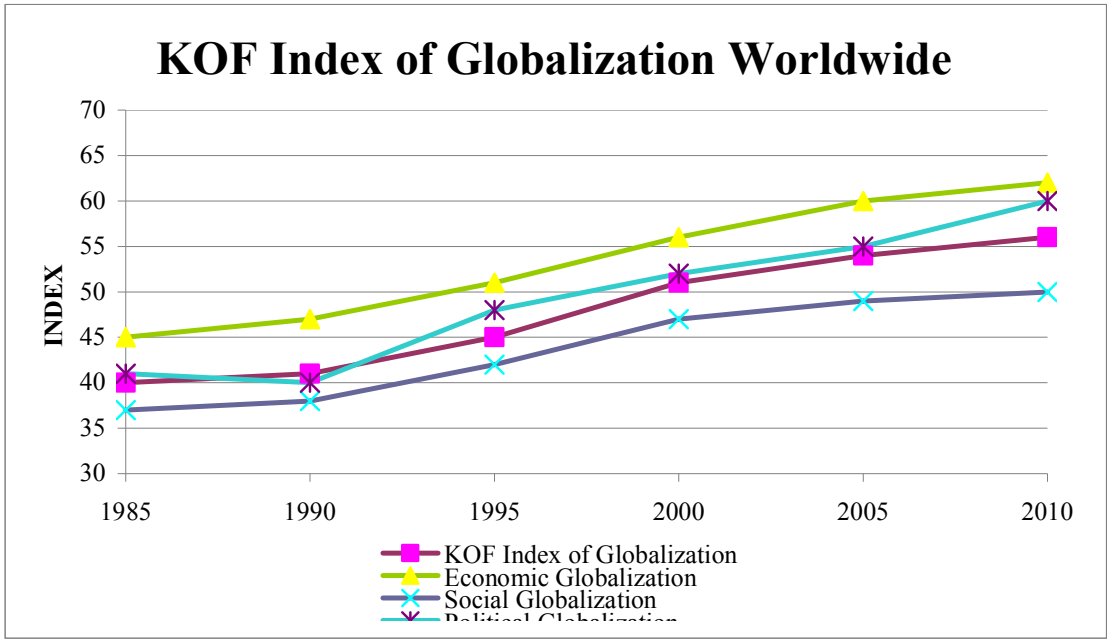
1.2.2 Characteristics and Quantitative Evaluation of the Processes of Globalization: a Global Context of the Creative Industries Development

Globalization has become to be far more than economic dimension. Therefore, the measurement of globalization is now an important issue among scientists, business, media and policy-makers. To cover all aspects of globalization these on global scale MGI and KOF globalization and other indices were developed. The MGI (the Maastricht Globalization index) refers to a cross-section of 117 countries, while KOF, constructed in Dreher, covers 123 countries. Different indexes include different variables to measure the extend of globalization in different countries. KOF index includes 23 variables which covers the economic, social and political dimensions of globalization. Besides, "the economic dimension of globalization comprises the extent of cross-border trade, investment and revenue flows in relation to GDP as well as the impact of trade and capital transaction restrictions." (*Press Release*... 2015) "Globalization is conceptualized as the process of creating networks among actors at multi-continental distances, mediated through a variety of flows including people, information and ideas, capital and goods." (Dreher 2008)

The following table (see Table 9) shows the results for the 2012 KOF indices. According to the KOF Globalization Index, Ireland, which had also been top of the Index the year before, was the most globalized country in the world in 2012, followed by the Netherlands and Belgium with the latter switching places from 2011. Austria ranked 4th, followed by Singapore. Sweden advanced one place to number 6. The bottom ranks were occupied by Nepal, Ethiopia and Burundi. In 2012, the largest jump among the highly globalized countries was recorded by the Czech Republic which advanced a total of four places thanks to increased foreign trade and direct investment, ending up in 13th place. Next in line was Norway which advanced three places to number 18 owing to a reduction of trade barriers. All in all, globalization in 2012 rose very little compared to the previous year. The developed countries even recorded a slight decline in the degree of globalization. Due to the size of their markets, the world's major economies are more inward-looking and tend to occupy lower ranks on the Globalization Index. The world's largest economy, the USA, ranks 35 (down 2 places), China 75 (down 3 places), Japan 54 (up 5 places) and Germany 27 (down 3 places). In contrast, the Index for South and East Asia as well as

Sub-Saharan Africa rose to some extent. (Press Release, KOF, 2012) The Figure 5 provides the clear picture of the process of evolution of the key indexes over the same period of time.

Figure 5. KOF index of globalization, 2012



Source: KOF Swiss Economic Institute, Zurich, 2012

Table 9. KOF index of globalization, 2012

Rank	Country	Overall globalization index	Economic globalization index	Social globalization	Political globalization
1	Belgium	92.76	92.15	89.75	97.91
2	Ireland	91.95	93.27	91.43	90.86
3	Netherlands	90.94	91.91	87.87	93.99
4	Austria	90.55	85.98	90.28	97.31
5	Singapore	89.18	97.39	91.04	75.10
6	Sweden	88.23	88.98	82.13	95.86
14	UK	85.54	77.73	85.50	96.43
15	Canada	85.53	76.05	88.72	94.16
18	France	84.12	72.41	85.65	98.21
21	Australia	81.60	76.26	79.26	91.77
22	Germany	81.53	72.52	82.16	93.15
29	Malaysia	77.43	76.38	73.11	85.05
33	United Arab Emirates	75.69	88.74	77.91	54.40
35	USA	74.88	60.83	76.24	92.47
47	Russian Federation	67.35	54.56	66.96	85.69
53	South Africa	64.42	65.81	46.83	87.52
55	Japan	64.13	45.84	64.57	88.91

61	Saudi Arabia	62.34	NA	69.37	52.33
73	China	59.37	51.25	48.09	86.70
74	Brazil	59.36	53.54	40.69	94.02
75	Egypt	59.35	48.80	45.31	94.02
110	India	51.88	43.73	31.67	91.98
162	Tanzania	39.42	43.46	21.78	58.90
176	Myanmar	33.57	50.96	15.42	35.23
	Latvia 2007	61.62	78.65	69.51	26.43
	Lithuania 2007	63.30	77.29	62.07	
	Estonia 2007	72.11	92.05		

Source: KOF Swiss Economic Institute, Zurich, 2012

To sum up, comparing the Overall KOF index and indexes of the main KOF variables, the extend of globalization in different countries could be identified. Since the creative industries generate employment, incomes and other economic benefits, while at the same time, provide social progress generating values from the cultural production, indexes of social and political globalization are particularly important to the sector for a number of reasons: 1. the higher social globalization of the country is, the better intercultural engagement in creative activities is provided. 2. since the biggest number of creative industries goods are intangible assets, the high political globalization index might facilitate a certain financial support to creative industries development provided by public and private sectors. Therefore, companies acting in the field of creative industries, entering international markets , have to be aware of KOF indexes of targeted countries in order to integrated special marketing strategies for creative industries development under conditions of globalization with a great success.

1.2.3 Internationalization as the Main Precondition of the Creative Industries Growth

Liberalization of the world markets brought opportunities as well as risks for all types of industries. One major opportunity is growth through additional revenues in foreign markets. In the last decade, economies in Eastern Europe, China, and India became major targets for western companies of all kinds (Wirtz 2005). Thus, many companies became players in these new markets and benefited from their growth. A major risk of liberalization, on the other hand, is that the entry of international players into domestic markets constites additional competition in largely saturated markets (Beschorner, Stehr 2007). However, new growth opportunities push companies to become international players and enforce their international positioning with implementation of different internationalization strategies. (Lis *et al.*

2012) Plenty of research deals with internationalization strategies in general, however, only some research deals with internationalization strategies for companies acting in the field of creative industries. The problem is that theories of internationalization generally refer to multinational enterprises (MNEs) or transnational corporations (TNCs). However, in the sector of creative industries small and medium-sized companies prevail (SMEs) and therefore it is important to take into account that SMEs depend on their resource limitations in the process of internationalization. This research considers SMEs definition given by the European Commission (2005) that states "The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro". Recently, SMEs, especially in the field of creative industries, rapidly expand their businesses to international markets and use international diversification as an important strategic option to achieve growth. Long ago, academics explained the internationalization process by using a stage model, which follows a step by step process where the firm starts from no international activity and goes on to engage in some international activity and then ends up owning subsidiaries abroad. Such is the case of the Uppsala model proposed in 1977 by Johanson and Vahlne. Nowadays, technological advancements, declining trade barriers etc are driving the world economy to become more and more integrated and this rapid globalization is enabling SMEs, especially in the sector on creative industries, to become international in a more quick yet effective manner. Some scholars question the validity of the Uppsala model now and argue that the model can no longer successfully explain the internationalization process of firms, especially in the cases of some SMEs and Born Globals or international new ventures (INVs). (Lis *et al.* 2012) Therefore, along with the Uppsala model, the present research explores the network theory and the international entrepreneurship theory.

Review of Internationalization Theories. Scholars and academics have tried to define internationalization on many occasions using many different perspectives and variables. The term 'internationalization' is ambiguous and definitions vary depending on the phenomenon they include. A number of scholars define internationalization as the process in which firms increase their involvements in international operations. (Lis *et al.* 2012) According to other researchers, internationalization is also defined as the process by which firms both increase their awareness of the direct and indirect influences of international transactions on their future and establish and conduct transactions with other countries (Fernandez, Masum 2012). Alternatively, such scholars as Calof and Beamish defined internationalization as "the process of adapting firms operations (strategy, structure, resource, etc.) to international environments". (Calof, Beamish 1995)

The main theoretical concepts in the present research is represented by three, the most adapted, internationalization theories. The Stage Theory of Internationalization proposed by the Uppsala School of Internationalization was developed by Johansson and Wiedersheim-Paul in 1975. The scholars first developed the theoretical framework for Uppsala School theory in their study of four Swedish firms, in which they observed that when firms internationalize, they move along in a series of incremental steps that they termed as "establishment chain" or "step by step". In 1977, Johansson and Vahlne refined and established the model. The theory focuses on four aspects that firms should face while going abroad: market knowledge and commitment. The basic assumption of the Uppsala Model is that market knowledge and market commitment affects both the commitment decisions and the way current decisions are performed—and this, in turn, changes market knowledge and commitment. The amount of knowledge of foreign markets and operations is influenced by the amount of commitments of resources in foreign markets, and vice versa (Johanson, Vahlne 1977). From the beginning, the Uppsala-model has been widely criticized. Many critics argue against the incremental, step-by-step character of the model since studies have found that it is possible for firms to skip some of the stages and achieve internationalization rapidly rather than doing gradually (Chetty, Campbell 2003). According to Hollensen (2001), the Uppsala model fails to recognize the importance of interdependencies between different markets and actors of the markets. (Hollensen 2001)

Network theorists see firm's internationalization as a natural development from network relationships with foreign individuals and firms. Uppsala-model has been challenged by network theorists in recent years, whose fundamental argument is that modern high-technology firms do not exhibit the incremental process; rather they achieve a faster internationalization through the experience and resources of network partners (Mitgwe 2006). All firms in a market are considered to be embedded in one or more networks via linkages to their suppliers, subcontractors, customers and other market actors. Therefore, a firm gains penetration by using trust and increasing commitment in established foreign networks. After having some penetration, firms can gain international integration by using the network and getting involved with other firms in various countries. (Fernandez, Masum 2012)

International Entrepreneurship theory suggests that advancements in technology, declining cultural barriers and increasing cultural awareness have opened once-remote foreign markets to all kinds of companies. International entrepreneurship is the study of cross-border entrepreneurial behavior, which focuses on how actors discover, enact, analyze and exploit opportunities in the creation of new goods or services. (Fernandez, Masum 2012). According to this theory, the key to internationalization nowadays is the entrepreneur. He is the one that possesses the skills and enough information to measure

the opportunities in the market with ability to create and make stable relationships with other firms, suppliers, customers, government and media. Thus, different internationalization theories provide different means of internationalization.

Conceptual Framework of the Internationalization process: focus on creative industries. As it was mentioned above, plenty of research deals with internationalization strategies in general, some research deals with internationalization strategies for small- and medium-sized enterprises (SMEs). However, only few researches were conducted on the impact of internationalization strategies for SMEs in the sector of creative industries. Therefore, the theoretical framework and empirical research of this work focuses on the process of internationalization as the precondition of the creative industries growth and development. However, first of all it is important to identify the most strong motives and the most effective ways to induce or force small and medium companies in the sector of creative industries to internationalize their operations. As some scholars claim, the main reasons for internationalization in the sector of creative industries are growth opportunities and development of diversified risk portfolio. (Lis *et al.* 2012) Other researchers claim that, besides the most frequent motive, which is to gain access to new and larger markets in order to achieve growth, many firms go abroad to have access to know-how and technology in order to remain competitive. (Fernandez, Masum 2012). The last argument is seems to be particularly relevant to the sector of creative industries. There are two ways to analyze why small and medium firms decide to gain internationalization: companies can receive internal or external factors to expand. Some scholars call them proactive and reactive factors (Fernandez, Masum 2012). Other researchers speak about push and pull factors respectively. (Lis *et al.* 2012) The main idea behind these factors is the following: internal/push factors enable firms to enter foreign markets, e.g. innovative products, services, and processes. Companies also realize that managerial team has the desire, drive, enthusiasm and motivation to exploit unique ideas and competences, as well as the opportunities that the foreign market offers. On the other hand so-called external/pull forces are usually set by the environment and providing an incentive to internationalize. Since this research is dealing with SMEs in creative industries, such internal/push common factors are creative, enthusiastic staff, innovative products and services, unfulfilled market demands in a certain sector of creative industries. Whereas the main external/pull forces are the liberalization of international markets, advances in information and communication, and attraction of serving new buyers' and suppliers' needs (Etemad 2004). In the process of internationalization, market selection strategies consider the economic attractiveness, risks and market entry barriers of geographical markets. (Lis *et al.* 2012) .The attractiveness reflects the benefit potential for each individual company and includes aspects such as market volume, market

growth, price structures, cost structures, and infrastructure (Wirtz 2005). In case of small and medium-sized firms in creative industries, as a specific economic sector, market entry barriers can be differentiated into institutional, market specific and company specific barriers. Institutional market entry barriers can be tariff or non-tariff barriers like for example the obligation to obtain a permit or a license (Albaum 2004). Market specific barriers include the competitive situation in general, the consumer behavior as well as potentially difficult access to distribution systems and resources. Besides general market entry barriers, in the sector of creative industries also exist specific ones like language- and cultural specific barriers.

The concept of market entry strategies could be described as the mode in which a company, acting in the filed of creative industries, enters and processes a foreign market. The most applicable strategies for SMEs in creative industries include exports, licensing, joint ventures, direct investments, acquisitions, and greenfield investments. (Lis *et al.* 2012) Other scholars, along with the listed above entry strategies, emphasize turnkey projects, franchising and wholly owned subsidiaries (which is actually the same as acquisitions and greenfield investments). (Fernandez, Masum 2012). In fact, there is no right or wrong ways to go abroad, it all depends on the firm's size, age, resources, commitment to market and the market itself. However, Exporting has been traditionally regarded as the first step to entering international markets, serving as a platform for future international expansions . It is considered to be the most used strategy for SMEs in creativevindustreis because of the lack of resources. On the other hand it might also been seen as a disadvantage if the costs of producing the good are cheaper in the host country. A licensing agreement is an arrangement where the licensor grants the right over intangible property to another entity for a specific period, and in return, the licensor receives a loyalty fee from the license (Hill 2007). This type of agreement is common in fashion industries, where patents, inventions and formulas are common. Moreover, when a firm enters a host country they do not deal with the cost and risk of entering it. The disadvantages of this kind of agreement are the scarce control over production, marketing and strategy used in the development and sale of the product. Licensing limits the firm's ability to coordinate strategic moves across countries by using profits earned in one country to support competitive attacks in another (Hill 2007). In case of internationalization through joint ventures, several firms agree to join together sharing revenues and costs, as well as the control of the new firm. The advantages stated by scholars are as follows: a firm benefits from local partner's knowledge of the host country's competitive conditions, culture, language, and political and business systems. Costs and risks are shared. On the other hand, this kind of relationship between companies might lead to conflicts and battles over the control, if the strategies of both companies differ on the way things should be done

in order to fulfill their goals (Hill 2007). Franchising involves longer-term commitments, whereas licensing involves a shorter term. Franchising is the right a firm acquires from another firm that allows them to do particular business activities, such as selling the good or the service, under the name of a specific firm. Franchising is a specialized form of license, where the franchisee agrees to follow strict rules about how to carry with the business activities. The firm selling the franchise will receive a royalty payment, which is related to the franchisee's revenues. Thus, a firm whose entry mode is franchise can build great presence all over the world in a short period of time, at a relative low cost and risk (Hill 2007). In a wholly owned subsidiary the firm owns 100 percent of the stock. Therefore, this mode gives a firm tight control over operations in different countries and provides the firm with the 100% share in the profits. However, it is the most expensive method of going abroad and is common to large multimedia and fashion companies which are the part of creative industries.

1.2.4 The Use of Specific Marketing Tools and Methods to Develop the Creative Industries under Conditions of Globalization.

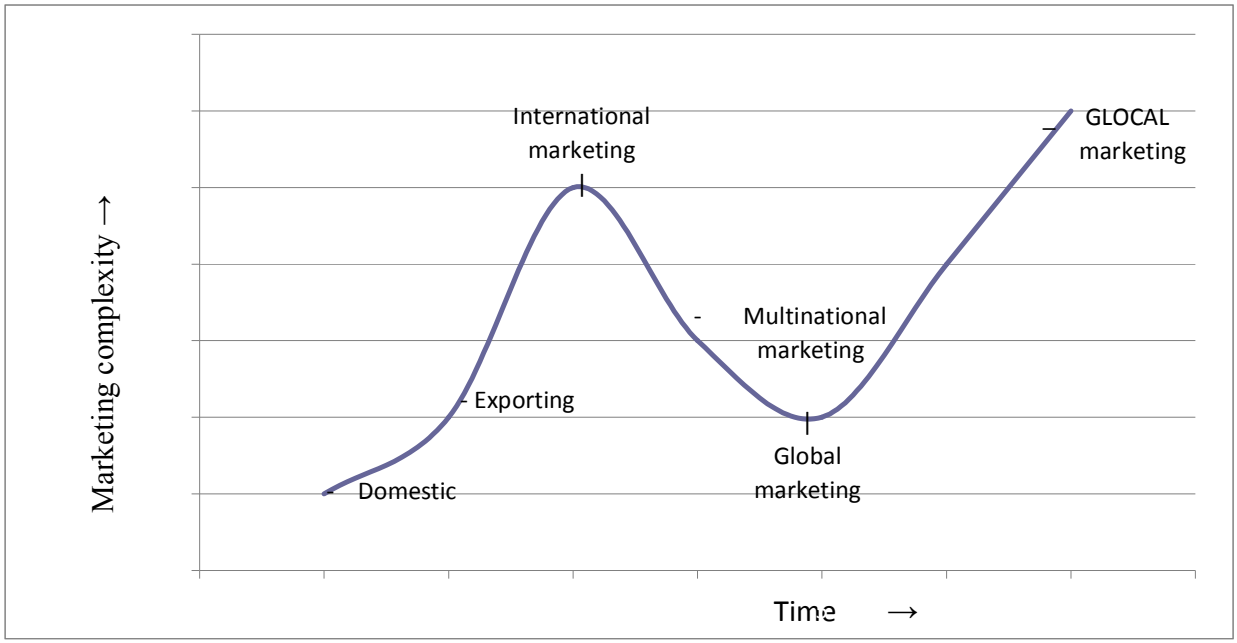
It is only during the latter half of 20th century that marketing activities around the world witnessed an unprecedented change. The process of globalization of markets was first of all accelerated by liberalization in economic policies around the world with the emerge of a number of International Economic Organizations, such as World Trade organization (WTO). Besides, the revolution in the sphere of the modes of communication and transport contributed to the convergence in standards, tastes and attitudes of the customers. The growing customers' income triggered the desire for new products and services boosted by effective international marketing communications and low trade barriers. All these changes forced producers to adopt complex marketing strategies to conquer new competitors in domestic, international and global markets. However, global and international markets assume that global and international marketing are much more complex then domestic marketing. As a number of researchers argue, marketers, in order to operate in a foreign business environment, have to take into consideration the uncontrollable factors such as economic, political, socio-cultural, legal, and geographical factors. Moreover, competition and logistics vary substantially in the global and international markets comparing to the domestic market. The marketing strategies that have been effective in the domestic market may not succeed in foreign markets. The ability of international marketers to evaluate of the influence of the environmental factors on the marketing mix requires deep

understanding of the nuances of another culture. “Adaptation of the marketing mix to the overseas marketing environment is the secret of success in global and international markets.” (Joshi 2014)

Evolution of Global marketing. It is hard to imagine today's world without the involvement international products and services. “The entire value chain of the products has become so global that it becomes often too difficult to identify the real 'country of origin' of the product.” (Joshi 2014) Worldwide integration in telecommunication, technology and transport has led to the tremendous opportunities for producers across the borders. Therefore, a large number of firms have set up their manufacturing activities at the most competitive locations. For instance, the firms from the USA, the EU and Japan manufacture at overseas locations more than three times of their exports comparing with the exports produced at home. When a purely domestic firm enters international markets the following reasons are taken into consideration: growth, profitability, economies of scale, risks, research and development (R&D) cost. However, in practice, globalization is much more than only economic integration of countries. It is also cultural, political and financial integration across the world. Thus, taking a holistic view, Joshi defines globalization as 'the process of integration and convergence of economic, financial, cultural, and political systems across the world brought about by breakthroughs in information and communication technology (lCT) and means of transport and the breaking down of artificial barriers to the flow of goods and services, capital, knowledge, and (to a lesser extent) people across the borders'. From the perspective of a marketer, globalization refers to 'the increasing economic integration and interdependence of national economies across the world through a rapid increase in cross-border movement of goods, service, technology, and capital'(Joshi 2009)

The profound research, conducted by Johanson and Wiedersheim (Uppsala model) indicated that “global marketing is a gradual process occurring in stages rather than through large speculative investments” (Joshi 2014).The identifiable stages of such evolutionary process include domestic marketing, export marketing, international marketing, multinational marketing, and global marketing. (see Figure 6).The marketing orientation of a company may have several forms, such as ethnocentric, polycentric, regiocentric, and geocentric. The ethnocentric approach is highly oriented towards the domestic market, the polycentric approach is highly market oriented, which recognizes significant differences among various markets and develops individually customized strategies for different markets. In the regiocentric approach, a similar market strategy is followed within the region but not across the region, whereas the geocentric approach views the whole world as a single market and attempts to formulate integrated marketing strategies.’ (Joshi 2014)

Figure 6. Evolution of marketing process



Source: Joshi 2014

Global Marketing could be defined as a standardized marketing method across the international markets with little adjustment or adaptation. Entering Global markets, in economic sense, means a perspective to gain economies of scale which result into a low price per unit. However, the purpose of global companies is not only to save cost but maximize the market share. Thus, the enterprises try to adapt the product or service to specific market demands and these measures help to benefit the rivals, but require additional expenses. Therefore, the companies are tending to compromise, balancing between the product standardization and adaptation. Besides, the idea to find out one universal Marketing Mix decision for a new product or service is hardly could be implemented in global markets. The most feasible decision is to indicate, or even to set up, some similarities in consumers' needs and wants. Creative industries under conditions of globalization, in this case, work as a driving force establishing common preferences by the means of media and new technologies. Media and new technologies in the era of globalization are the most powerful force that speeds up the process of globalization of markets and globalization of production. However, despite the influence of global media and new technologies, the cultural effects of different nations are very much in evidence, especially in the field of creative industries.

International cultural Environments a global context of the creative industries: Globalization led to the convergence of cultures across the world. Nowadays Culture is highly dynamic. It is changing 'due to the process of globalization with the increasing cross-border movement of people, goods, services and capital'. (Hamilton, Webster 2015) However, cultural attitudes have significant implications for business. One of the most influential research on culture conducted by Hofstede (Hofstede 1991, 2001) revealed that the knowledge about the norms and values embedded in national culture would be highly useful for multinational companies entering the international markets. The main idea is that 'organizational culture in the multinational company is less influential than the values prevalent in the national culture. The idea is that in order to work successfully in the international markets it is important to be aware about different cultural context which Hofstede identified as five dimensions: individualism, uncertainty avoidance, masculinity, power distance and long/short term cultures. Thus, individualistic cultures value the rights of the individuals over common interests. For instance, The UK, the USA and France, Germany are individualistic, while Latin America, Asia and Africa value common beliefs. Uncertainty avoidance refers to lack of tolerance for ambiguity and need for formal rules. For example, such counties as Germany, France, Japan, Portugal, Greece, Latin America and Africa operate with much more official rules and control of all outcomes. Moreover, in these countries lifetime employment is common and job mobility is low. India, Singapore, China the UK and Denmark are countries which operate with fewer rules where employees are prepared to a job change. Masculinity reflects the degree to which the masculine values, such as income, promotions and success and social status, dominate over feminine values, such as cooperation, friendly atmosphere and caring for others. Japan, Switzerland, the UK, the USA, India score on masculinity, while Nordic countries and Africa score on femininity. Power distance greatly affects the international marketing. A marketer has to identify the key decisions- makers in the view of power distance and work out marketing strategy for different countries. In countries with large power distance, such as Malaysia, Latin America, Africa and Arab countries, employees accept inequality among superiors and subordinates. On the contrary, low acceptance of power means a big desire for equity. Long term cultures value thrifty behavior and save for future. An example of long term cultures is such countries as China, and Brazil. India. The USA and Britain are on the other extreme. Most EU countries are in between. "Cultural characteristics have important implications for international business. Studies in many countries show that culture has implications for human resource management of change and entry strategies in foreign markets." (Hamilton, Webster 2015). Since culture is a core of creative industries, it

is highly important to be aware of the international cultural environments in the process of creative industries development under conditions of globalization.

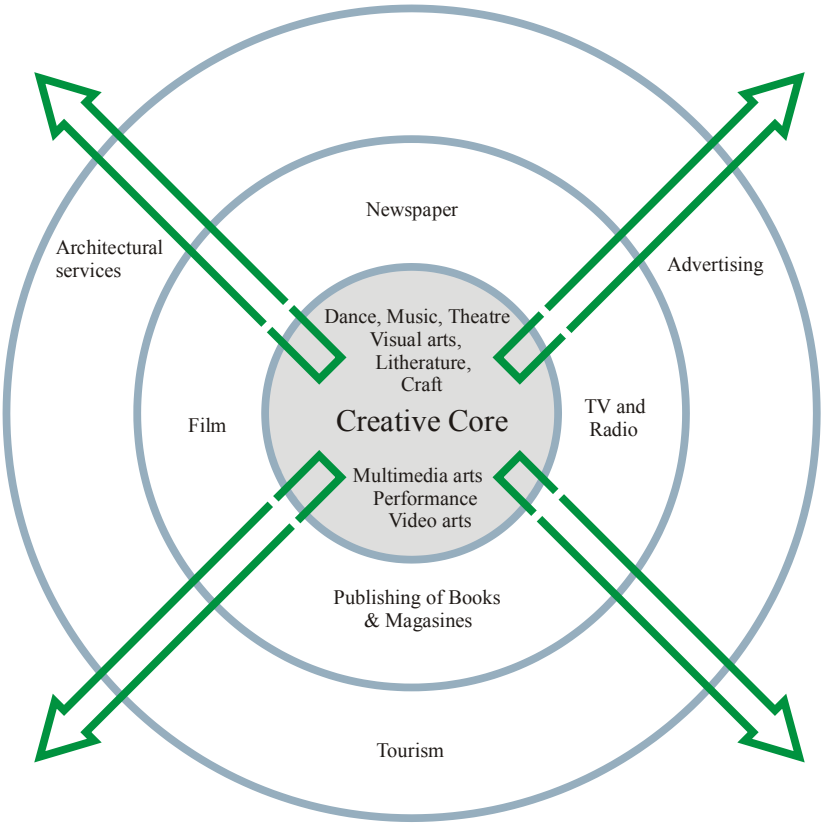
1.3 The Needs to Elaborate and Apply the Special Strategies for the Creative Industries Development under Conditions of Globalization

The sector of creative industries differs from traditional industries through its organizational forms. First of all, the sector is mainly build up out of small and medium- sized companies. Secondly, comparatively high market risk is associated with new creative products and services. Therefore, the need to elaborate and apply the special strategies of the creative industries development is obvious. The Creative Economy Report (CER) 2013 underlines that: 'modified policy responses are needed when addressing the creative economy as it differs from other economic sectors.' However, 'policy-making in this field has tended to follow generic industrial models, despite the fact that the creative economy functions differently.' (*Creative*… 2013)

Another document, the Green paper, produces by UNESCO, states that "explicitly calls upon policy makers at all levels and across policy departments to develop a more integrated and strategic approach to support the cultural and creative industries: 'at a time when some of our international partners already largely tap into the multifaceted resources of cultural and creative industries (in particular the USA and Canada), the EU still has to develop a strategic approach to make its strong and attractive cultural assets the basis of a powerful creative economy and a cohesive society" (*Green paper*... 2010). After the publication of the Green Paper, the European Commission provided an important framework for further policy action to support the cultural and creative industries - not only at EU level, but also at national and regional level.(*Survey*... 2013)

On the way of elaboration and implementation of the special strategies of the creative industries development, a number of barriers have to be identified. First, and foremost, it has to be underlined that any kind of the creative product or service steams from its uniqueness. Therefore, trade in almost all sectors of creative industries is entirely depend on the existence and management of intellectual property rights (IPR) "In order for creative industries to fulfill their economic and job creative potential, it is absolutely necessary that the original content producers, right holders, are in position to manage their rights." (*Survey*…2013) At this point, the "concentric circles" model developed by Throsby in 2001 has to be considered. (See Figure 7)

Figure 7. Concentric circles model



Source: Throsby 2001

The Throsby model places the arts at the centre of the creative industries field on the basis of their original and copyrightable form. The external circles of the figure include the rest of the sectors of creative industries. This model is highly valuable for it: 1.explains the relationship between independent cultural creation and emerge of creative enterprises. 2. highlights the value of the core circle for overall economic growth, job creation and social welfare. 3. implies that in order to support and promote creative industries, culture, enterprise and trade have to be combined in a unique way with a help of combination of different strategies.

Along with a number of creative industries strengths such as cultural diversity, rich heritage, combined with the talent of artists and high-quality education, different studies on creative industries identify a number of challenges which act as barriers on the way of creation and implementation of

common, effective strategy for creative industries development under conditions of globalization. Good Practice Report, produced in 2014, identifies a set of well-known shortcomings, such as the predominance of very small companies in the sector of creative industries, weaknesses of the intermediaries, issues related to the management of rights and others. Among the most important obstacles, on the way of growth and development of the sector of creative industries, the Good Practice Report indicates are the following: 1. limited access to export promotion financing due to the intangible nature of their assets and, therefore insufficient resources for key export promotion measures of packaging, marketing and branding; 2. lack of information on international trends and target markets and their rules and regulations, as well as competitive situation and consumer preferences; 3.lack of appropriate and coordinated export support measures by governments/public authorities, lack of financing sources for cross-border cooperation, since most financing mechanisms have a national focus; 4. lack of extensive international networks, which makes it difficult to find the right partners, distributors or sellers; 5. the sector and subsectors are not sufficiently organized, international promotion is left for individual players; 6. internationalization and export skills are not included in cultural and creative curricula; 7. other sectors are not aware of the added value CCS could provide to them regarding export and internationalization and possible partnerships; 8. fragmentation of the market, linguistic barriers. (*Good*…2014)

In order to overcome the all above mentioned obstacles and facilitate proper business contacts at all levels, there is a need for creation of prospective theoretical model for the elaboration of the strategies for creative industries development under conditions of globalization.

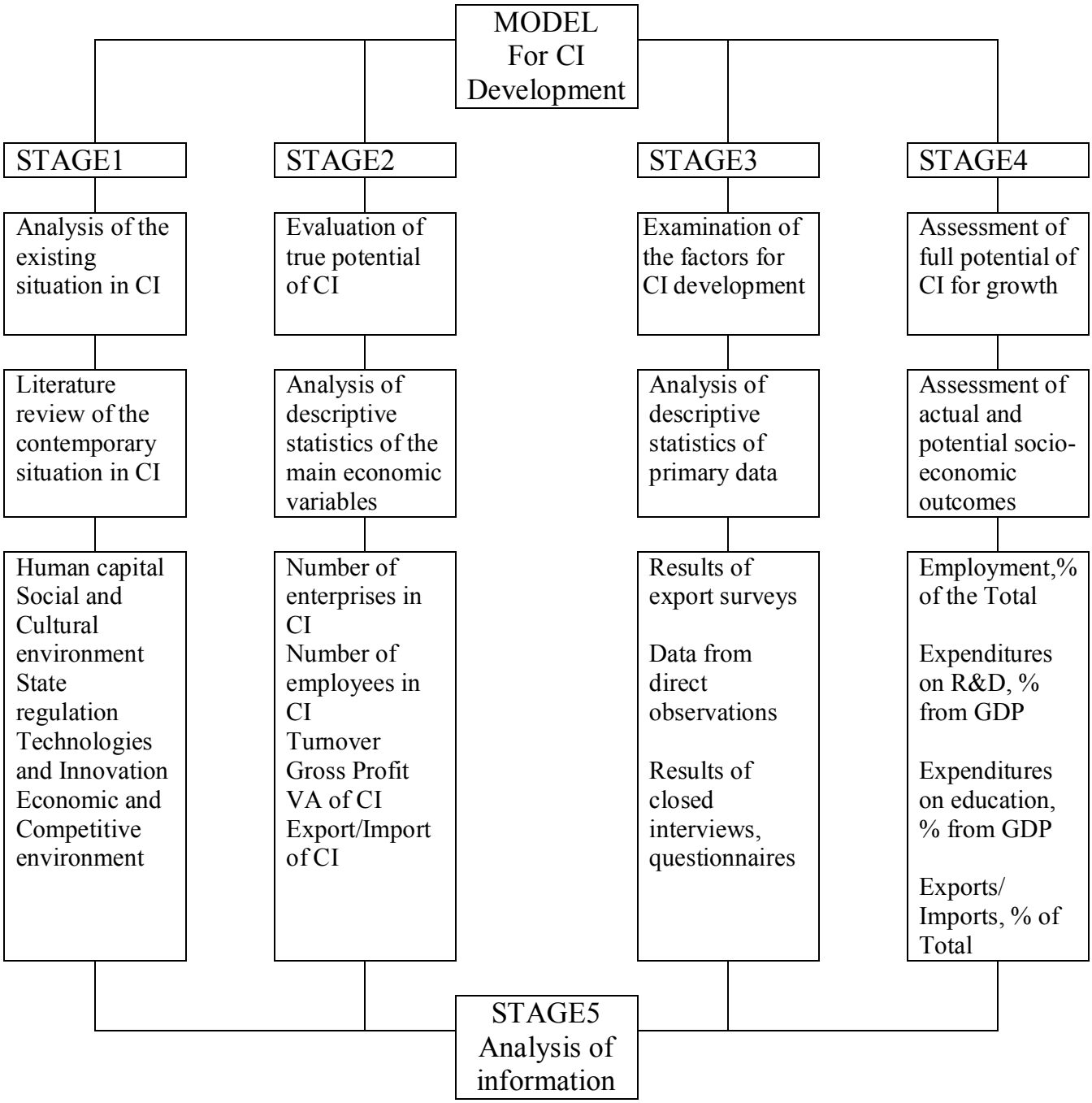
2. PROSPECTIVE THEORETICAL MODEL AND METHODOLOGY OF THE EMPIRICAL RESEARCH ON THE CREATIVE INDUSTRIES DEVELOPMENT UNDER CONDITIONS OF GLOBALIZATION.

2.1 Prospective Theoretical Model for the Elaboration of the Strategies for Creative Industries Development under Conditions of Globalization.

In order to facilitate, stimulate and enforce further development of creative industries under condition of globalization the present research provides the Theoretical Model for the elaboration of the strategies for creative industries development under conditions of globalization. The process of implementation of the Model for creative industries development should be undertaken in five stages.

A starting point, or the first stage, is a close analysis of the existing situation in the creative industries with indication of general tendencies in the sector under condition of globalization. The main factors which indicate the main processes and tendencies in creative industries at countries level under conditions of globalization are human capital, social and cultural environment, state regulation, technologies and innovation, economic and competitive environment. However, these factors are too broad for the establishment of strong and systematic base for further development of creative industries under condition of globalization. The second stage is needed for evaluation of true potential of the creative industries. At this stage, it is necessary to conduct an extensive analysis of descriptive statistics of the secondary data with regard to the main contemporary economic variables, such as number of jobs created in CI, number of companies established in CI, VA produced by CI, volume of CI export and import. However, it seems that more detailed analysis, conducted on the sector level, is still needed. The third stage is examination of creative industries enterprises on the sector level. This analysis includes collection of primary data for a specific, narrowed purpose of study through direct observations, surveys and interviews. The fourth stage is evaluation of full potential of the creative industries for growth with a special attention to special factors or variables that have to be taken in account in assessing actual and potential outcomes. These factors could be grouped into economic, social and cultural outcomes. Among economic outcomes, there are proportion of creative goods exports to total exports, number of new star-ups, employment generated by creative industries to total employment and others. Among social outcomes, there are expenditures of art education, expenditures on R& D, support of cultural diversity and identity. Cultural outcomes are determined by cultural consumption and participation. (see Figure 8)

Figure 8. The Theoretical Model for creative industries development (CI) under conditions of globalization.



Source: developed by the Author

The fifth stage aims at analysis of strong and systematic information base for establishing a long-term special strategy for creative industries with a focus on the engagement of effective interventions in the prioritized sectors of creative industries with regard to a certain country, region or

on international and global level. The fifth stage is essential in order to work out a long-term special strategy for creative industries development under conditions of globalization with a focus on the engagement of effective interventions in the prioritized sectors of creative industries with regard to a certain country, region or on international and global level.

To sum up, since each sound decision relies on a strong and systematic information base, the represented above Model is a tool which will be helpful at theoretical and practical levels. At theoretical level, the Model suggests holistic, systematic and structured approach to the study of creative industries. The Model could be used by students and scholars conducting any kind of research in the field of creative industries. At practical level, the suggested logical framework could be effectively represented to make authorities, such as Majors and urban planning officials, to become aware of the range and complexity of issues that are relevant to the decisions they take with regard to creative economy. The proposed Model also designed to help them in evaluation the main significant factors that can accelerate the development of the creative industries and which do not have to be missed considering a special policy for creative industries development under conditions of globalization.

2.2 Methodology of the Empirical Research on the Creative Industries Development under Conditions of Globalization.

Research Purpose. Having developed the theoretical framework and identified the variables in a problem situation, the next move is to design the research in a way that the requisite data can be gathered and analyzed to arrive at a solution.

According to well-known scientist Uma Sekaran, "studies may be either exploratory in nature or descriptive; it could be a case study, or may be conducted to test hypotheses (explanatory). The nature of the study—whether it is exploratory, descriptive, a case study or hypothesis testing—depends on the stage to which knowledge about the research topic has advanced." (Sekaran 2003) An exploratory study is undertaken when not much is known about the situation, or no information is available. "Exploratory studies are also necessary when some facts are known, but more information is needed for developing a viable theoretical framework". (Sekaran 2003) In other words, exploratory study is conducted to better comprehend the nature of the problem since very few studies are conducted in a certain field. In this case, interviews with people (representatives of companies) are useful in order to understand the phenomena. When collected data reveal some pattern regarding the phenomena of interest, theories are

developed and hypotheses formulated. “A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. Descriptive studies are also undertaken to understand the characteristics of the phenomena. The goal of a descriptive study, hence, is to offer to the researcher a profile of the phenomena of interest from an individual, organizational, industry-oriented, or other perspective.” (Sekaran 2003) Case studies involve in-depth, contextual analyses of matters relating to a certain situations. They are also useful in understanding certain phenomena, and generating further theories for empirical testing. “Explanatory research often involves formulating hypotheses and testing them empirically in order to explain the nature of certain relationships. One of the goals of explanatory research is to identify plausible relationships between the factors related to the phenomenon of interest.” (Masum, Fernandez 2008)

The present research uses exploratory and descriptive research purposes, as well as conducts a case study with regard to the developed theoretical framework.

Research Approach. A research can be approached in two different ways, a qualitative or a quantitative way. However, a research can also be approached by the means of both qualitative and quantitative methods. Conducting a qualitative research, a researcher gains a better understanding of the research problem through detailed information about the subject matter. Qualitative research often involves interviews, discussions or observations. The quantitative research approach emphasizes on transforming the data to numbers, quantities and statistical models for the purpose of measurement and analysis by the means of different mathematical analysis. “The distinction between the two research methods are how the data is treated.” (Masum, Fernandez 2008)

The present research uses both qualitative and quantitative research approaches with regard to the developed theoretical framework and identified variables.

Data Collection. It is essential to choose the appropriate data collection method for the research in order to complete the research successfully. Among the data collection methods there are interviews, questionnaires, tests, collection of documents and archival records, observations. According to Sekaran, “data can be obtained from primary or secondary sources. Primary data refer to information obtained firsthand by the researcher on the variables of interest for the specific purpose of the study. Secondary data refer to information gathered from sources already existing” Sekaran (2003) . Secondary data is easier to receive than primary data. Data collection methods are an integral part of any scientific research. “The choice of data collection methods depends on the facilities available, the degree of accuracy required, the expertise of the researcher, the time span of the study, and other costs and resources associated with and available for data gathering.” (Sekaran 2003)

This research uses both , primary and secondary data collection, methods with regard to the developed theoretical framework and identified variables.

Sample Selection. In order to collect primary data the process of sample selection is inevitable. Scientific researchers "are useful and powerful in finding answers to research questions through data collection and subsequent analyses, but they can do more harm than good if the population is not correctly targeted. That is, if data are not collected from the people, events, or objects that can provide the correct answers to solve the problem, the survey would be in vain. The process of selecting the right individuals, objects, or events for study is known as sampling."(Sekaran 2003) As it is well-known, population it is an entire group of people (in some cases events or subjects) that the researcher investigates. "A sample is a subset of the population. It comprises some members selected from it. In other words, some, but not all, elements of the population would form the sample. By studying the sample, the researcher should be able to draw conclusions that would be generalizable to the population of interest. Sampling is the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements." (Sekaran 2003) However, there are two main types of sampling selsction: probability and nonprobability sampling. "In probability sampling, the elements in the population have some known chance or probability of being selected as sample subjects. In nonprobability sampling, the elements do not have a known or predetermined chance of being selected as subjects. Probability sampling designs are used when the representativeness of the sample is of importance in the interests of wider generalizability. When time or other factors, rather than generalizability, become critical, nonprobability sampling is generally used." (Sekaran 2003) In probability sampling every element in the population has an equal chance of being selected as a subject. I means that the findings from the study of the sample can be confidently generalized to the population. "In nonprobability sampling the elements in the population do not have any probabilities attached to their being chosen as sample subjects. This means that the findings from the study of the sample cannot be confidently generalized to the population. However, researchers may at times be less concerned about generalizability than obtaining some preliminary information in a quick and inexpensive way."(Sekaran 2003)

The present research used both probability and nonprobability sampling.

2.2.1 Structure of the Empirical Research.

The present empirical research consists of:

1. Analysis of the main tendencies of the creative industries development under conditions of globalization with regard to the Top 10 exporters of creative goods and services.
2. Analysis of the creative industries export's and import's dynamics in the context of general trends of the global trade development with regard to Developed countries, Developing countries and Transition economy countries.
3. A Case study of the creative industries development under conditions of globalization: Design Week 2016 in Lithuania.
4. A Case study on the elaboration of strategic decisions to develop the creative industries under conditions of globalization: Focus on identifying and comparing the motives for becoming an international player in the sector of creative industries.

2.2.2 Methods of the Empirical Research.

The present research employs a number of different research methods.

1. In order to analyze of the main tendencies of the creative industries development under conditions of globalization with regard to the Top 10 exporters of creative goods and services, the following methodology was used: Research Purpose: descriptive; Research Approach: quantitative; Data collection: secondary data.
2. In order to analyze the creative industries export's and import's dynamics in the context of general trends of the global trade development with regard to Developed countries, Developing countries and Transition economy countries, the following methodology was used: Research Purpose: descriptive; Research Approach: quantitative; Data collection method: secondary data.
3. A Case study of the creative industries development under conditions of globalization: Design Week 2016 in Lithuania was performed by the means of the following methods: Research Purpose: explanatory, a case study; Research Approach: qualitative and quantitative; Data collection method: primary data.
4. A Case study on the elaboration of strategic decisions to develop the creative industries under conditions of globalization: Focus on identifying and comparing the motives for becoming an international player in the sector of creative industries, was performed by the means of the following

methods: Research Purpose: explanatory, a case study; Research Approach: qualitative and quantitative; Data collection method: primary data.

3. EMPIRICAL RESEARCH ON THE CREATIVE INDUSTRIES DEVELOPMENT UNDER CONDITIONS OF GLOBALIZATION

3.1 Analysis of the Main Tendencies of the Creative Industries Development under Conditions of Globalization.

Coming back to the Foreign Trade of creative industries under the conditions of contemporary globalization, it should be noted, however, that not all Developing countries play a significant role in creative industries worldwide. On the other hand, Developed countries demonstrate different value of exports of creative industries as well. At this point, the data on the Top 10 exporters of creative goods and services are important and have specific interest as a subject for the study in the present research.

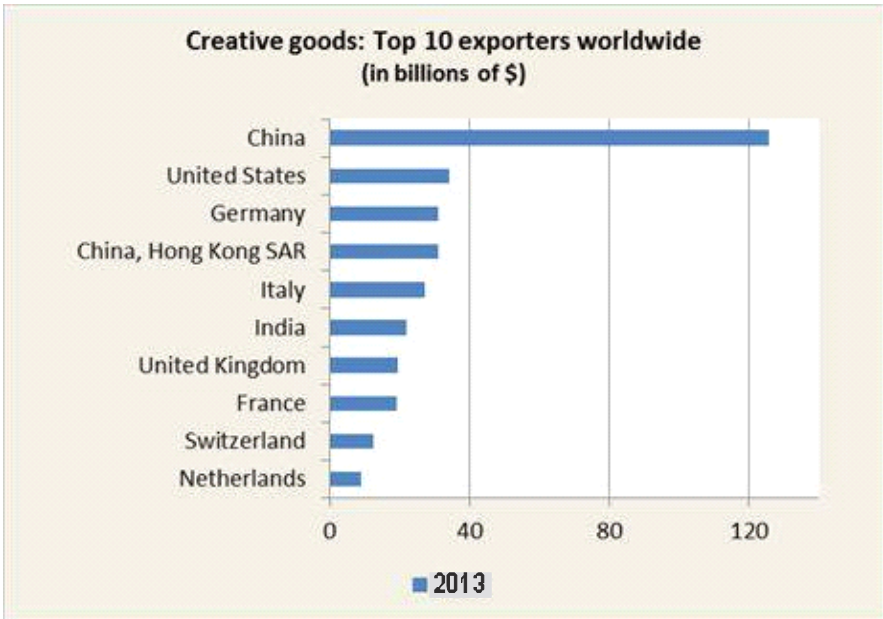
Comparative analysis of exports of creative goods of Top 10 exporters. The Table 10 provides information about the Top 10 exporters of creative goods in the World. China is the leading country in creative goods exports worldwide. In 2013 Chinese exports of creative goods have reached over US$120 billion which is three times more than US, that stands in the second position (see Figure 8).

Table 10 Exports of creative goods of Top 10 exporters ($US million)

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
China	38180	45056	54851	61898	77632	90289	79715	101775	129033	151182
United States	17887	20125	23110	26784	35278	37546	32451	33943	36262	37844
Germany	16519	19148	21700	24644	32650	36573	30816	29967	32892	28719
Hong Kong	23637	25273	26446	26959	32890	34790	29806	29830	33843	34197
Italy	17541	19781	20239	22656	26496	27816	20801	23146	27022	..
India	4349	6581	7443	8927	..	..	18156	13967	22212	25846
United Kingdom	14520	16379	17965	18346	22888	21127	16793	19544	20748	23083
France	10137	11320	12279	13513	16357	17937	15466	16131	19669	19774
Switzerland	5135	6125	6365	7327	9185	10386	8510	9953	13017	13073
Netherlands	4750	5583	6031	6658	8820	11732	9409	9209	10196	9395

Source: Statistical Data on Creative Economy 2015

Figure 9. Exports of creative goods of Top 10 exporters ($US million)



Source: Statistical Data on Creative Economy 2015

Comparative analysis of exports of creative goods and services of Top 10 exporters. However, the data on exports of both creative goods and creative services change the situation. As the Table 11 shows, the USA, Germany and France during the last decade exported a big volume of creative services comparing with China, Hong-Kong and India. It is the case that in rapidly developing countries such as China and India, the largest exports of creative industries were in exports of creative goods that could be counted as low-value- added manufactured goods. It is a worrying point to note, because this situation seems to be helpful in overestimating the true extend and effectiveness of creative industries in Developing economies.

Table 11. Exports of creative goods and services of Top 10 exporters ($US million)

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
China	38700	45946	56060	63481	79861	92909	82125	104783	133173	156058
United States	30075	33483	38048	48500	60854	65687	61247	67103	73028	37844
Germany	31212	38457	42720	47182	59520	69316	62062	62414	67461	29520
Hong Kong	24371	26205	27378	27945	34021	36075	31295	31389	35527	34197
Italy	21941	24762	25563	28973	33794	35814	26664	30049	34836	328
India	4349	7689	10788	14372	5591	5096	20264	14294	22555	26616
United Kingdom	35412	42054	44472	45372	51931	51978	42278	46857	23865	27030
France	12999	14899	15918	16478	24815	27369	31042	32358	38382	23781
Switzerland	5139	6130	6370	7329	9188	10390	8512	9955	13022	13073
Netherlands	9978	11576	12857	12477	14871	17655	15029	14741	16640	10158

Source: Statistical Data on Creative Economy 2015

Comparative analysis of Total exports of goods and services of Top 10 exporters. In order to conduct structural analysis of the development of creative industries exports of Top 10 exporters, the study examines Total exports of goods and services of Top 10 exporters. As the Table 12 displays, in a number of years, the leading position in total exports was occupied by China and the United States. In 2014, Chinese total exports have reached over US$217 billion which is very similar to the US that is in the first position with over US$219billion.

Table 12. Total Exports of goods and services of Top 10 exporters ($US million)

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
China	438418	593264	764532	973210	1230719	1444801	1200774	1602475	2006296	2175080
United States	1040279	1181507	1308901	1476316	1664625	1841942	1587742	1852335	2106371	2198182
Germany	816655	999377	1079909	1236718	1479520	1630773	1292081	1443821	1684026	1627822
Hong Kong	271337	315629	353429	390557	431070	457804	409316	501658	560284	592391
Italy	366681	432726	456711	509513	604235	644649	491149	535295	614705	592544
India	90838	126647	160837	199973	253077	288902	273751	375353	445635	447413
United Kingdom	478592	560767	620578	717192	761538	773569	620990	686606	796473	792569
France	473320	550336	581084	631841	722459	800626	648448	689362	795875	764788
Switzerland	169765	202880	219835	243431	294204	347368	309905	373422	458001	447854
Netherlands	341455	413321	452015	503414	589890	670738	541822	601851	691335	679207

Source: Statistical Data on Creative Economy 2015

Structural analysis of exports of creative goods and services of Top 10 exporters. In order to fulfill structural analysis of the development of creative industries in Top 10 exporters, the study examines the value of exports of creative goods and services of Top 10 exporters as a proportion of total exports of goods and services of Top 10 exporters respectively. (see Table 13)

Table 13. Exports of creative goods and services as proportion of Total exports of goods and services by country.

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
China	9	8	7	7	6	6	7	7	7	7
United States	3	3	3	3	4	4	4	4	3	2
Germany	4	4	4	4	4	4	5	4	4	2
Hong Kong	9	8	8	7	8	8	8	6	6	6
Italy	6	6	6	6	6	6	5	6	6	0
India	5	6	7	7	2	2	7	4	5	6
United Kingdom	7	7	7	6	7	7	7	7	3	3
France	3	3	3	3	3	3	5	5	5	3
Switzerland	3	3	3	3	3	3	3	3	3	3
Netherlands	3	3	3	2	3	3	3	2	2	1

Source: Author's calculation, Statistical Data on Creative Economy 2015

As the analysis shows, in Top 10 countries- exporters, the value of exports of creative goods and services was ranging from 2 per cent to 7 per cent of total exports of goods and services in 2014. The highest contribution of creative industries exports to total exports show China, 7 per cent, Hong-Kong and India, 6 percent respectively. The reason of the difference in the size of the share of creative industries among Top 10 countries lies in their internal structure. Developed countries, such as the USA, Germany, with share only of 2 per cent, or the UK, France and Switzerland, with share of 3 per cent, have mostly production of higher-value-added creative goods and services, such as new media, music, audiovisual media which are manufactured in smaller amounts comparing with low-value-added goods manufactured in huge volume in Developing countries.

To sum up, the following conclusions have to be made: first, in recent years Developing countries outran Developed countries in volume of exports of creative goods. Second, not all Developing countries play a significant role in creative industries worldwide. The biggest volume of creative goods' exports is produced by China, Hong Kong and India. Third, Developed countries demonstrate different value of exports of creative goods as well. The leading position, among them, takes the USA, Germany and the United Kingdom. Fourth, comparative analysis of exports of creative goods of Top 10 exporters and exports of goods and services of Top 10 exporters show that Developed countries produce much more creative services comparing to Developing countries. Fifth**,** structural analysis of exports of creative goods and services of Top 10 exporters reveals the highest contribution of creative industries exports to total exports show China, 7 per cent, Hong-Kong and India, 6 percent respectively. Developed countries, meanwhile, show on average 3percent.

The reason of the difference in the size of the share of creative industries among Top 10 countries lies in their different internal structure: Developed countries have mostly production of higher-value-added

creative goods and services, produced in small quantities, comparing with low-value-added goods manufactured in huge volume in Developing countries.

3.2 Analysis of the Creative Industries Export's and Import's Dynamics in the Context of General Trends of the Global Trade Development.

The foreign trade of creative industries is comprised by trade flows of creative goods and creative services. According to Creative Economy Report 2013, World Exports of creative goods ($454 billion) almost two times exceeded exports of creative services ($287 billion) in 2013. However, not all statistical data are available on the volume of creative services. On the other hand, having in mind that creative sector is a driving force of many other industries, the true extend of foreign trade of creative industries is hardly could be evaluated. Therefore, in the further comparative and structural analysis by Developed, Developing and Transition economies the present research will take in account only flows of exports/imports of creative goods.

Comparative analysis of creative goods' exports by economic group. The most important attribute of creative industries which proves an increasing role of creative industries for economic growth in general, considering the current challenges of globalization, is the dynamic growth of exports of creative goods. Particular attention is shifted on the common trend reflecting the fact that in both, developed and developing countries, the growth rates of exports of creative goods are higher than the growth rates of total exports. According to the figures published in Creative Economy Report 2013, Developed countries demonstrate considerably small increase in exports of creative products comparing to Developing countries and Transition economy countries. (see Table 14)

Table 14. Exports of creative goods by economic group, 2004 and 2013 ($US million)

	World		Developing		Developed		Transition economy	
	2004	2013	2004	2013	2004	2013	2004	2013
Total: All Creative Goods	198 240	**454 019**	73'890	**227'867**	123'169	**222'597**	1'181	**3'555**
Art Crafts	17'503	34'209	9'201	23'383	8'256	10'653	45	172
Audio Visuals	455	492	35	90	417	400	3	2
Design	114'694	301'262	53'362	172'223	60'970	127'239	362	1'800
New Media	17'506	43'744	4'412	14'607	13'071	28'918	23	219
Performing Arts	2'754	-	250	-	2'478	-	26	-
Publishing	29'908	43'077	3'157	8'106	26'061	33'650	690	1'321
Visual Arts	15'421	31'127	3'474	9'456	11'916	21'631	31	40

Source: Creative Economy Report 2013

Overall, the World exports of creative goods more than doubled between 2002 and 2013 years. Figures on exports of creative goods in Developing countries and Transition economy countries, between the same years, even tripled. However, Developed countries, according the data, are behind Developing and Transition economy countries. The situation could be explained by a number of different reasons. Firstly, the most sufficient explanation is that the countries with rapidly growing economy, such as Developing and Transition economy countries, are more open to modern ideas, technologies and innovations. Secondly, the situation could be also explained by the fact that a large number of firms have set up their manufacturing activities in Developing countries and countries with Transition economy, as the most competitive locations. Thirdly, Developed countries have mostly production of higher-value-added creative goods and services, such as new media and audio visuals, comparing with low-value-added goods, such as art crafts, manufactured in huge volume in Developing countries.

Structural analysis of creative goods' exports by economic group. In order to conduct structural analysis of exports of creative goods as contribution to total exports, there is a need for data on total exports of goods. Table 15 displays the data on total exports by economic group from 2005 to 2014 years. As it is seen from the data, total World exports of goods in 2014 reached over US$18 trillion, meanwhile total exports volume of Developed economies was over US$9trillion, Developing economies US$8trillion, Transition economies only US$764 billion.

It is remarkable, that total exports volume of developing economies increasing constantly at a fast pace.

Table 15. Total Exports of goods, $US million

YEAR	World	Developed economies	Developing economies	Transition economies
2005	10502488	6340660	3807957	353871
2006	12127771	7130196	4552887	444688
2007	14020775	8179913	5302110	538751
2008	16148864	9121710	6302658	724496
2009	12555778	7082819	5006161	466798
2010	15302138	8254560	6438434	609145
2011	18338967	9628860	7899470	810637
2012	18497485	9445839	8228992	822654
2013	18949351	9707259	8434017	808075
2014	18996581	9754594	8477574	764413

Source: Statistical Data on Creative Economy 2015

The data on exports of creative goods, during the same period, is presented in Table 16. World exports of creative goods in 2014 were US$516 billion. The analysis of growth rates of creative goods' exports show the following tendency: from year 2008 to 2012, World evolution of creative goods exports was positive and constituted 5.34 percent. Developing countries had on average 13.7 percent of creative goods exports growth rate, which was almost two times higher than the growth rate demonstrated by Transition economy countries. (8.74 %). However, the lowest growth rate of creative goods exports had Developed countries, it was -2.39 percent. (see Table 16)

Table 16. Exports of creative goods, $US million

YEAR	World	Developed economies	Developing economies	Transition economies
2005	287517	164209	121217	2091
2006	313108	178294	132521	2293
2007	364423	225954	136407	2061
2008	417285	242012	172296	2977
2009	375306	196216	176692	2398
2010	416323	206485	207536	2302
2011	489814	231821	254525	3468
2012	473791	197264	272763	3764
2013	502956	205451	293467	4038
2014	516427	213248	298753	4426
2008-2012 growth rates	5.34	-2.39	13.7	8.74

Source: Statistical Data on Creative Economy 2015

As the structural analysis of creative goods exports by economic group shows, the value of exports of creative goods was ranging from 0.58 percent to 3.52 per cent of total exports of goods in

2014. (see Table 17) The highest contribution of creative goods exports to total goods exports show Developing countries, 3.52 percent. The lowest contribution of creative goods exports to total goods exports show Transition economies, which is only 0.58 percent.

Table 17. Creative goods % of total goods (Exports)

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
World	2.74	2.58	2.60	2.58	2.99	2.72	2.67	2.56	2.65	2.72
Developed economies	2.59	2.50	2.76	2.65	2.77	2.50	2.41	2.09	2.12	2.19
Developing economies	3.18	2.91	2.57	2.73	3.53	3.22	3.22	3.31	3.48	3.52
Transition economies	0.59	0.52	0.38	0.41	0.51	0.38	0.43	0.46	0.50	0.58

Source: Author's calculations

More information provides Table 18, which shows the size of the share of creative goods exports by economic group to total world exports of creative goods. Creative goods exports of Developing countries constitute more than half of the total creative goods exports. Developed countries tried hard to save their leading position on the market, but as it is seen from the data (see Table 18), Developing countries, in 2011, outran Developed countries with 51.96% of total exports volume. The reason of the difference in the size of the share of the exports of creative goods by economic group lies in their different structure: Developed countries have mostly production of higher-value-added creative goods which are produced in comparatively small volumes comparing with low-value-added goods manufactured in huge volume in Developing countries.

Table 18. Creative goods % of total world creative goods (Exports)

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
World	100	100	100	100	100	100	100	100	100	100
Developed economies	57.11	56.94	62.00	58.00	52.28	49.60	47.33	41.64	40.84	41.29
Developing economies	42.16	42.32	37.43	41.29	47.08	49.85	51.96	57.57	58.35	57.85
Transition economies	0.73	0.73	0.57	0.71	0.64	0.55	0.71	0.79	0.80	0.86

To sum up, during the analysis of flows of exports of creative goods, the following interferences have to be made. First, total exports of all goods worldwide, from 2005 to 2014 years, more than doubled and accounted for over US$18 trillion in 2014. Exports of creative goods worldwide doubled as well, and accounted for US$516 billion in 2014, accounting for 2.72 percent of total exports of goods. Second, growth rate of the World exports of creative goods was positive during the same period, with an

average growth rate of 5.34 percent. Third, the situation was very different in different economies. The Developed countries demonstrated negative average growth rate of -2.39 percent during the same period, while exports of creative goods in Developing countries grew by 13.7 percent during the same period. Transition economies, respectively, showed rather high average growth rate of 8.74 per cent. Fourth, Developed countries accounted for more than half of total exports of creative goods, almost 58 percent, while Developing countries accounted for 41 per cent of total exports of creative goods in 2014. Developing countries outran Developed countries and occupied the leading position in the creative goods exports. This situation suggests that nowadays Developing countries play a dominant role in creative industries worldwide. Moreover, according to Flew, it is anticipated that "international trade in creative goods and services will continue to grow over the coming years, both as a proportion of total world trade and relative to the growth in creative industries production and consumption overall". (Flew 2012) As a number of reasons for this statement, Flew proposes globalization, as a stimulus to growing consumption of cultural and creative goods and new media, as "a stimulus to cultural and creative trade: as the Internet makes it easier to access an intangible format through digital downloads."(Flew 2012)

Comparative analysis of growth rates of creative services exports by sectors. Analysis of world growth rates of creative services exports and imports by deferent sectors by economic group reveals that among all creative services, cultural, recreational services and computer services were the most traded. However, Developed countries produce much more higher-value-added creative services such as computer and information; cultural and recreational services, franchises and similar rights than Developing countries. (see Table 19)

Table 19 Growth rates of creative services exports and imports by sector, 2010-2013 in %

	World 2010 - 2013		Developed 2010-2013		Developing and Transition economy 2010-2013	
Category	**Exports**	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**
Advertising, market research and public opinion polling	6.81	0.13	4.52	-1.72	2.30	1.85
Research and Development	5.46	4.95	5.52	4.70	-0.05	0.25
Architectural, engineering and other technical services	3.57	7.38	3.37	5.02	0.20	2.36
Personal, cultural and recreational services	**7.38**	**6.14**	9.73	2.42	-2.34	3.73
Audiovisual and related services	5.92	3.66	7.51	2.11	-1.59	1.55
Other personal, cultural and recreational services	14.09	10.03	14.36	1.88	-0.27	8.16
Computer and information	**8.08**	**6.41**	6.25	6.27	1.83	0.14
Computer services	**8.10**	**6.98**	6.68	7.46	1.42	-0.48
Information services	-1.13	6.47	-1.42	5.30	0.30	1.17
Other information services	-4.73	5.37	-5.47	2.39	0.73	2.99
Royalties and license fees	7.85	7.46	7.85	6.42	0.01	1.04
Franchises and similar rights	9.98	7.71	9.77	7.42	0.21	0.29
Other royalties and license fees	6.07	4.61	5.93	4.29	0.13	0.32

Source: Statistical data on Creative Economy 2015

Comparative analysis of exports of creative goods by products. World trade of creative goods by product demonstrate that export growth rates of creative goods in different sectors differ dramatically. Such creative areas as production of jewelry (19.95%), sculpture (19.41%) and glassware (11.75%) demonstrate high growth, while a film production (- 31.68%), architecture (- 16.35%) and creation of video games (- 9.45%) reflect noticeable decrease. (see Table 20).

Table 20. World export of creative goods by products, 2010-2014, US$ million

PRODUCT	2010	2011	2012	2013	2014	Growth rates % 2010-2014
Art Crafts	30235.71	26628.74	30428.96	35732.17	34339.45	5.64
Carpets	6359.296	6040.205	6993.265	8728.804	7757.528	7.96
Celebration	3777.006	3085.765	3469.709	4319.321	5124.315	9.93
Other	3000.754	2384.533	2830.617	3479.149	3433.122	6.68
Paperware	91.72797	79.11319	86.54191	69.09205	88.80617	-1.98
Wickerware	2497.685	1865.493	1851.686	2099.411	1950.573	-3.69
Yarn	14509.24	13173.63	15197.14	17036.39	15985.11	4.61
Audio Visuals	38293.81	34871.78	35406.76	36149.27	32053.97	-3.15
Film	766.1422	733.3538	633.9561	493.4906	138.9678	**-31.68**
CD, DVD, Tapes	37527.67	34138.43	34772.8	35655.77	31915	-2.77
Design	221026.4	207604.7	238880.7	298224.8	284888.1	9.09
Architecture	434.3603	359.8718	251.3261	222.8791	226.0521	**-16.35**
Fashion	58709.27	53512.45	64534.01	81384.89	72141.57	8.67
Glassware	1760.433	1587.123	1806.201	1870.359	2826.703	**11.75**
Interior	66252.03	57647.74	66794.1	75132.41	71155.23	4.16
Jewellery	52601.78	57680.3	68034.78	96082.97	101199	**19.95**
Toys	41268.57	36817.22	37460.32	43531.33	37339.54	-0.33
New Media	46631.25	40191.02	40356.72	40392.39	40873.43	-2.55
Recorded Media	19106.81	19284.77	21584.08	23225.76	22385.28	5.16
Video Games	27524.44	20906.25	18772.64	17166.64	18488.14	**-9.45**
Performing Arts	4549.42	3917.419	4620.977	5188.537	5051.71	5.03
Musical Instruments	4430.016	3808.953	4495.256	5080.011	4946.524	5.22
Printed Music	119.4038	108.466	125.7205	108.527	105.1859	-2.50
Publishing	47498.84	39640.8	40175.2	42896.5	38260.25	-3.47
Books	18772.65	16738.99	17082.95	18209.76	16718.19	-1.47
Newspaper	17433.54	13362.13	13582.82	15006.45	13054.67	-4.52
Other Printed Matter	11292.65	9539.678	9509.423	9680.297	8487.392	-5.41
Visual Arts	29049.8	22451.93	26453.61	31229.91	38324.51	9.24
Antiques	3160.243	2300.24	2786.216	3505.099	3917.463	8.88
Paintings	14857.63	10417.18	11665.14	13268.04	15260.17	3.00
Photography	2299.026	1936.308	2098.189	2151.665	2266.285	0.77
Sculpture	8732.901	7798.2	9904.066	12305.11	16880.59	**19.41**
All Creative Goods	417285.3	375306.4	416323	489813.6	**473791.4**	**5.34**

Source: Statistical data on Creative Economy 2015

World imports of creative goods by product reveals the similar situation comparing with the world exports of creative goods by product. Decreasing tendency prevails in films(- 29.37) and video games (- 12.84) production. Production and design of jewelry, on the other hand, demonstrate very

favorable position: export (19.95) and import (12.22). (see Table 21) The explanation could be multifactorial , but the impact of emerging of social networks is the most significant. People nowadays tend to watch films and play games on line instead of buying licensed products. At this point, it is important to set and imply global multilayer IP protection.

Table 21. World import of creative goods by product, 2010 – 2014, US$ million

PRODUCT	2010	2011	2012	2013	2014	Growth rates % 2010-2014
Art Crafts	28213.1	23188.5	27227.5	30091.9	27741.1	2.29
Carpets	6716.14	5547.62	6281.14	6944.01	6542.11	1.73
Celebration	6091.9	4766.86	5531.56	5854.21	5774.21	0.99
Other	3435.41	2699.29	2969.85	3235.09	2946.15	-1.25
Paperware	143.757	101.127	88.0607	105.601	146.249	0.78
Wickerware	1785.21	1473	1595.87	1721.07	1591.95	-0.73
Yarn	10040.7	8600.59	10761	12231.9	10740.4	4.99
Audio Visuals	40974	35597.7	35130.2	36715.4	29748.2	-5.91
Film	670.166	680.591	582.979	483.254	139.727	**-29.38**
CD, DVD, Tapes	40303.9	34917.1	34547.2	36232.2	29608.5	-5.63
Design	234823	198626	228022	261643	255077	4.51
Architecture	162.509	142.803	195.573	135.985	151.513	-1.87
Fashion	62166.3	53807	62997.3	74771.1	71137	6.17
Glassware	1414.23	1005.76	1178.02	1274.87	1045.68	-3.60
Interior	70806.2	57420.9	65358.3	71265.1	69274.4	1.74
Jewellery	45633.5	36396.5	46611.9	57597.6	64568.9	**12.22**
Toys	54640	49852.9	51681	56598.4	48899.8	-0.95
New Media	55173.1	48707	50397.2	48179.4	45905.1	-3.72
Recorded Media	19951.4	20423	24765.8	27171.1	25345.7	7.94
Video Games	35221.7	28284	25631.4	21008.4	20559.4	**-12.84**
Performing Arts	5326	4518.44	4923.71	5347.75	5166.25	1.08
Musical Instruments	5210.46	4412.56	4817.04	5248.81	5067.9	1.19
Printed Music	115.538	105.886	106.665	98.9409	98.3518	-3.82
Publishing	46083.1	39787.8	40477.9	42976.8	38132.2	-2.97
Books	19355.9	16903.3	17415.7	18312.5	16889	-1.91
Newspaper	17235.1	14537.5	14488	15787.2	13143.4	-4.49
Other Printed Matter	9492.04	8346.97	8574.23	8877.18	8099.77	-2.52
Visual Arts	27904.3	19455.2	23894.9	28458.3	29933.3	5.35
Antiques	4163.76	2889.69	3237.4	4645.73	4818.43	7.97
Paintings	13361.1	8422.11	10867.8	13324	14553.5	6.50
Photography	2188.78	2009.26	2276.92	2313.87	2403.44	3.34
Sculpture	8190.68	6134.14	7512.78	8174.68	8157.88	2.83
All Creative Goods	438496	369880	410074	453413	**431703**	**1.74**

Source: Statistical data on Creative Economy 2015

Comparing world export growth rates of creative goods (5.34%) and world import growth of creative goods (1.74%), it is obvious that creative industries are highly focused on export promotion. Moreover, it is determined that the process of globalization had a great impact on the international trade of creative goods.

Structural analysis of World exports and imports of creative goods and services. The share of exports of creative goods and services in total World exports is considerably higher than the share of imports of creative goods an services in total World imports. The data given in the Table 22 provide clear evidence that creative goods exports are growing rapidly. The increasing volumes of exports and imports of creative industries actively contribute to all international trade. Moreover, the increasing volume of exports and imports of creative industries indicates that the sector of creative industries becomes the important part of world exports, with contribution from 4 percent to 5 percent to total World exports.

Table 22. World creative industries (CI) exports and imports % of total World exports and imports

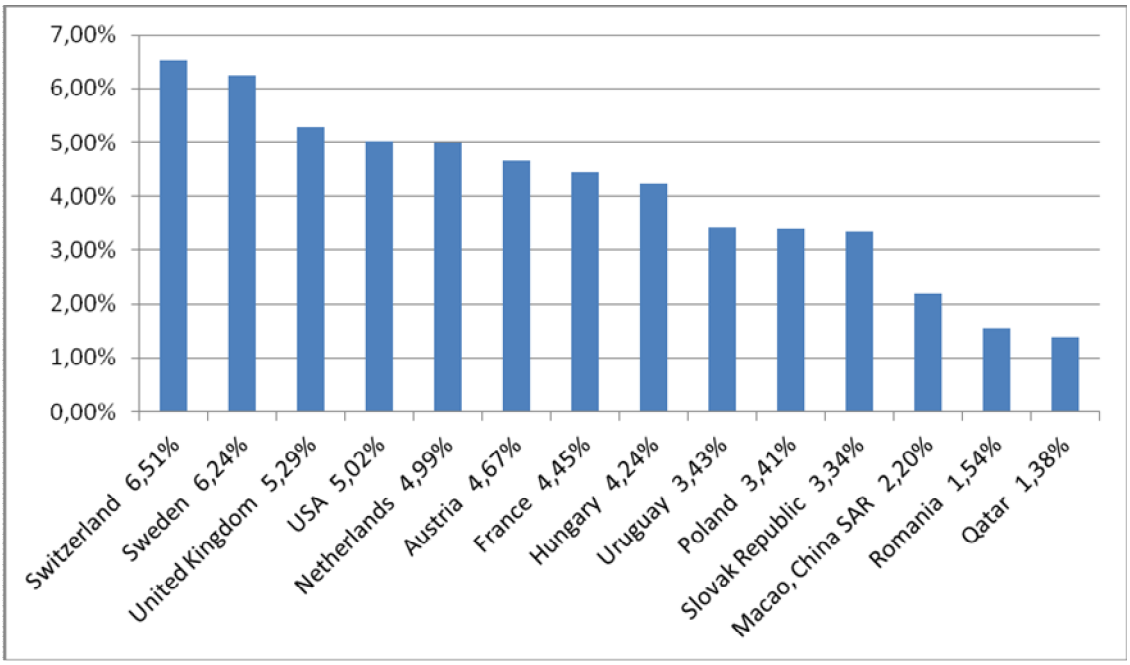
	2010	2011	2012	2013	2014
World exports, US$ million	16 148 864	12 555 778	15 302 138	18 338 967	18 496 727
World exports of CI services, US$ million	256 883	243 017	253 462	287 018	
World exports of CI goods, US$ million	417285	375306	416323	489813	473791
Total CI exports, US$ million	674 168	618 323	669 785	776 831	
CI % in total exports	**4.17**	**4.92**	**4.38**	**4.24**	
CI% exports growth rate		-8.28	8.32	15.98	
World imports, US$ million	16 467 643	12 689 586	15 420 513	18 415 633	18 631 707
World imports of CI services, US$ million	268 006	253 379	266 858	295 961	431703
World imports of CI goods, US$ million	438496	369880	410074	453413	
Total CI imports, US$ million	706 502	623 259	676 932	749 374	
CI % in total imports	**4.29**	**4.91**	**4.39**	**4.07**	
CI% imports growth rate		-11.78	8.61	10.70	

Source: Author's calculation, Statistical data on Creative Economy 2015

Structural analysis of cultural and creative employment. The role of creative industries needs to be seen as much about driving future exports, technology applications and innovation, as about job generation. Moreover, often employment in creative industries is not separated from employment in cultural industries which in some countries are counted as cultural creative industries (CCI). Therefore, further on, the article will regard employment in creative industries as employment in cultural creative sector.

According to Creative Economy Report 2013, the contribution of the cultural creative sector to the economy can be measured from different perspectives. One of the key components to understanding and measuring the cultural creative economy is cultural employment. Therefore the Global Survey of Cultural Employment Statistics established the first global database of cultural employment data and indicators. Figure 9 shows that the share of cultural employment in total employment can be significant, ranging from 1.3 per cent to 6.24 per cent.

Figure 10. Share of cultural creative employment in total employment



Source: Creative Economy Report 2013

The highest contribution of creative industries to total employment show Developed countries: Switzerland 6.51 per cent, the UK 5.29, the USA 5.02, and the Netherlands 4.99 per cent. While Developing countries, such as China, accounts only for 2 per cent of total employment. The reason of the difference in the size of the share of cultural creative employment in Developed and Developing

countries is the different structure of cultural creative sector. Developed countries, such as the USA, the UK, France and Switzerland, have mostly production of higher-value-added creative goods and services, which is highly labor-intensive, whereas , Developing countries produce a lot of low-value-added mass production. Besides this, According to the DCMS Report "Creative Industries: Focus on Employment" the creative economy employs people with a range of skills and qualifications, however, the list of creative occupations used to define the creative industries contains many jobs which require a degree or higher education qualification. (*Creative ...2015*) The example of the UK shows that the estimates of the highest level of qualifications contain a higher proportion of people who have a degree, working in creative sector, than for the UK economy as a whole. More than half (58.8%) of jobs in the Creative Economy in 2014 were filled by people who had at least a degree or equivalent qualification, compared to 31.8 per cent of all UK jobs. One in every six jobs held by graduates in the UK was in the Creative Economy. Between 2013 and 2014, there was an increase of 110,000 (7.3%) in the number of jobs in the Creative Economy held by individuals with at least a degree or equivalent. 'The balance of jobs in the Creative Economy is moving to a more highly skilled workforce. This shows that the Creative Industries are relatively high skilled when compared to the wider UK workforce' (*Creative…2015*). The similar situation would be expected in the rest of Top 10 exporters. However, there is lack of comprehensive statistical data about the proportion of people who have a degree and are working in the sector of creative industries in these countries.

To sum up, the above conducted analysis identifies the main trends reflecting the place of the sector of creative industries in the economy of the modern world, including both the tendencies indicating changes in exports/imports and employment in the sector of creative industries under conditions of globalization.

3.3 Case Studies of the Creative Industries Development under Conditions of Globalization: Critical Analysis: Design Week 2016 with regard to promotion of B2B models

Relevance of the research- promotion of an individual creativity in design and commercial empowerment of the creativity is important as for creative individuals, designers, as for business in order to maintain a competitive advantage and successful development of regional and global economy.

Scientific problem- during the recent decade scientists are paying a lot of attention to the genesis of creative industries (design as one of the sectors of creative industries) and traditional industries, but still there is a lack of knowledge how to promote creators to gain economic benefit from

their creativity. Most design firms in Lithuania are small, self-employed or sole-traders, who operate on a project basis. Scaling up, empowerment of creativity and introduction of Lithuanian design to global markets is still the challenge for Lithuanian creative business.

The objective of the research- the present case study investigates the impact of Design Week (DW) ,which is organized by an association Design Forum once a year and takes place in Lithuania 10 years in row, on design brands purchases.

The hypotheses of the research have been formed as following:

- potential purchases of design brands are likely to increase if DW is introduced
- consistent participation of design firms and independent designers in DW bridges creators and traditional business and brings commercial benefit to both
- participation in International Design Fairs is likely to develop new business opportunities between creators and business in the context of Globalization

Methodology used- in the research project used both quantitative and qualitative methods. During the study, both the secondary and the primary data were used. The primary data were obtained by conducting closed interviews with 92 Design Fair's participants. (a number of questioned was set according to the formula **1**)

$$n = \frac{z^2 * s^2}{\Delta^2} \qquad \textbf{(1)}$$

Δ=10, z=1,96

$$s = \sqrt{40 * (100 - 40)}$$

$$n = \frac{1.96^2 * 48.99^2}{10^2}$$

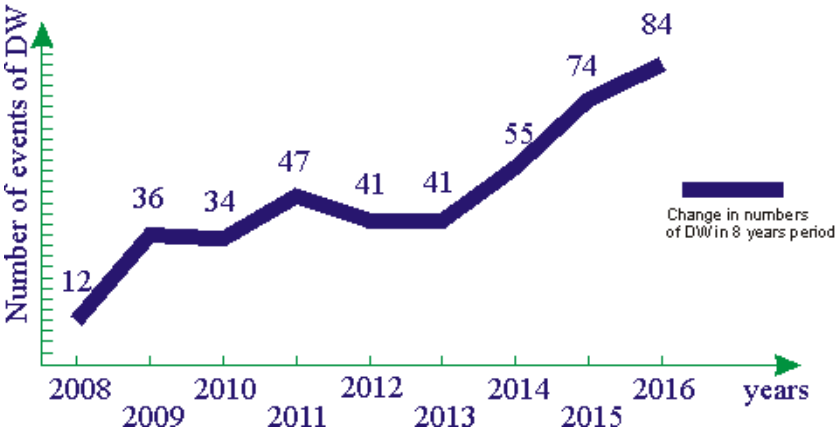
With 95% validity and 10% accuracy

n = 92

Results of a case study Vilnius Design Week 2016.

1. During the period from 2006 to 2016 number of DWs events and designovations (new design products expositions) were counted. Results are presented by Figure 10. The number of events during eight years increased significantly, from 12 events in 2008, to 84 events in 2016.

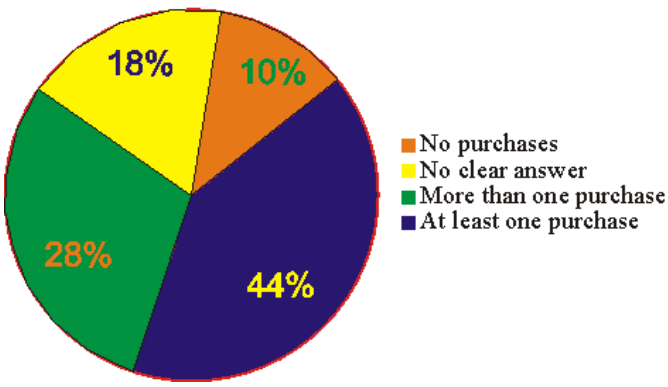
Figure 11. Evolution of International Design Week events, 2008-2016



Source: Author's calculations

2. During DW, which took place on from the 2nd to 8th of May 2016 in Vilnius, Kaunas, Klaipėda, Telšiai, Šiauliai, 92 participants (guests/ potential consumers) were orally questioned in order to discover the impact on purchasing represented design brands with the introduction of DW. The findings are the following: 44 percent of consumers claimed that the Design Week events encouraged them to make at least one purchase. Only 10 percent of potential consumers said that the Design Week had no impact on their decision to buy any of creators' works. (see Pie Chart 1)

Figure 12. The results of a questionnaire conducted during International Design Week 2016



Source: Author's calculations

3. During DW, a focus group of 5 design firms/ independent designers who are the consistent participants in DW in 5years period, was interviewed to discuss DW and design brands and the links between the two with the focus on commercial benefit from DW. Results of the interviews are represented in Table 23. Design representatives expressed positive attitude towards future participation in DF, despite the fact that representatives of fashion and glass design did not have any commercial benefit, except of being noticed by local and foreign media as Lithuanian design brands. For this reason, it is necessary for Design Forum Association to take a close look at the possibilities of more consistent and frequent participation in different international fairs in order to speed up promotion of Lithuanian design brands overseas.

Table 23. Answers to the closed questions with regard to design firms

Design representatives Questions	Fashion design studio	Jeweler design studio	Handmade design studio	Glass design studio	Furniture design studio
1. Did you make any contracts during DW?	Yes	Yes	No	No	Yes
2. Do you intend to participate in the next year DW?	Yes	Yes	No	Yes	Yes

Source: the Author's findings

Conclusions and recommendations. With regard to the results, the following conclusions have to be made: First, evolution of DW events during eight years is rapid. Number of events during DWs is gradually increasing, starting from 12 events, organized in Vilnius, and arriving at around 80 events, organized in Vilnius, Kaunas, Klaipėda, Telšiai and Šiauliai. Second, potential purchases of design brands will increase if DW is introduced. As the case study proved, 72% of questioned guests (potential customers) claimed that they were willing to buy some of the introduced design brands during DW. Third, independent designers and representatives of design brands were highly positive expressing their opinion about DWs. They identified the Design Week and the similar events as a key component in the promotion of Lithuanian design brands both in Lithuania and in international markets. Therefore, the following recommendations have to be considered by events organizations, public officials and policy makers. Before entering and operating in international and global markets, Lithuanian design brands and design sole traders are supposed to introduce their works to international markets through participation in local and international Design Fairs. In order to support the Lithuanian creators and facilitate their way to local and international markets, special multilayer policies and strategies, which are provided in the present paper, have to be considered. As a good practice, Design Forum Association each year represents Lithuanian design brands at international level- 2014 Helsinki DW, 2013 London DF, 2014

Design Isle (Ryga), NATO bazaar (Belgium), London DF, 2015 DW in Minsk, Clerkenwell DW (UK), DW in Budapest.

3.4 Case studies on the Elaboration of Strategic Decisions to Develop the Creative Industries under Conditions of Globalization

Scientific problem- during the recent decade scientists are paying a lot of attention to the process of internationalization of creative industries but still there is a lack of knowledge how to encourage companies, acting in the field of creative industries, to go abroad and to gain economic benefit from their creativity. Most firms in creative industries are small (SMEs), self-employed or sole-traders, who operate on a project basis. Scaling up, empowerment of creativity and internationalization is still the challenge for creative industries.

The objective of the research- the case study on the elaboration of strategic decisions to develop the creative industries under conditions of globalization aims at describing and comparing the motives of the companies for becoming international players in the sector of creative industries. Moreover, the study also discovers preferences of selected small and medium-sized companies in creative industries in distinguishing among the most important socio-economic variables which play a significant role in the process of internationalization.

Approach of the research- the present empirical research is explanatory research which is undertaken to gain a better understanding of the internationalization process of small and medium companies acting in the flied of creative industries under the conditions of contemporary globalization. The research was conducted with regard to the use of a combination of three main theories of internationalization.

Methodology used-both qualitative and quantitative research methods were applied. The qualitative approach was applied in order to gather primary data in a form of answers to interview questions. (see Appendix A) The quantitative approach was applied to measure statistically the impact of generalized variables on the internationalization process of small and medium-sized companies in creative industries in the context of globalization. Quantitative research was conducted by the means of two quantitative methods such as Sits sum method and Method of geometric mean. The Sits sum method and Method of geometric mean were applied in order to understand which of the variables play a central role in the process of internationalization and in what degree of importance.

Data collection-The primary data were collected by conducting interviews with selected small and medium-sized companies in creative industries. In order to set a subset or subgroup of small and medium-sized companies in creative industries that were supposed to be questioned during interviews, the present research used nonprobability sampling. The present research, due to the lack of time and resources, used convenience sampling techniques, as a part of nonprobability sampling. "Convenience sampling, as one of the techniques of nonprobability sampling, is most often used during the exploratory phase of a research project and is perhaps the best way of getting some basic information quickly and efficiently. As its name implies, convenience sampling refers to the collection of information from members of the population who are conveniently available to provide it." (Sekaran 2003) Thus, by the means of convenience sampling, the number of available sample companies was 13. Among them, there were two companies from Spain, two companies from Poland , Denmark two companies from , one company from Turkey, one company from China and one company from Latvia. For convenience and for the purpose of comparison, four companies from Lithuania were analyzed separately. The questions were answered either by the CEO or by a Manager. Some of the firms were internationalized as soon as they were founded. Some of the companies are non-internationalized yet, but are planning to go abroad by 2020. The number of employees in these SMEs range between 3 and 90 and the total annual sales range between 20,000 and 15 million Euros. So, they perfectly fit into the definition of SMEs given by the European Commission in 2005. The sample companies, acting in the field of creative industries, are engaged in different sectors of creative industries, such as Architecture, Design, Media, Fashion, Crafts and Advertising.

Implementation of Seats sum method with regard to foreign companies. The first analysis was conducted using findings from a Questionnaire. (see Appendix A) Nine small and medium sized companies from Spain, Poland, Denmark. Turkey, China and Latvia, acting in the field of creative industries, were interviewed using open questions and Likert scale questions. Answers to open- ended questions vary among companies. Allocation of points, according to the degree of importance, with regard to Likert scale guestions and standartized set of variables was the following:

10-very important

8-important

6-moderately important

4-of little importance

2- not important

Results- answers to Likert scale questions are represented in the Table 24.

Table 24. Answers to the Likert scale questions with regard to foreign companies.

SME's / Variables	Spain, ENERES	Spain, F. MOLINA	Poland, LAMELA POLSKA	Poland, IMAR S.C.	Denmark, STAR TIMBER APS	Denmark, WT GULVE	Turkey, GST	China, SPARK	LTD LATVIAN DESIGN STUDIO
Previous experience	10	10	10	10	10	10	8	6	4
Technological advancement	10	10	6	4	8	8	8	8	8
Managerial motivation	6	8	8	8	10	10	10	10	10
Entrepreneurial activities	6	6	6	6	6	6	8	8	10
Foreign network	10	10	10	10	10	10	10	8	8
Similar business culture	2	2	2	2	2	2	6	6	8
Market knowledge	10	10	10	10	10	10	8	8	8
Market growth oportunity	10	10	10	10	10	10	6	6	8
Similar market	2	2	2	2	2	6	6	4	10
Age of firm	8	6	2	2	2	2	2	2	2

Source: the Author's findings

In order to apply Sits sum method, the following formula was applied:

$$Vi = \sum_{j=1}^{m} nij \qquad (2)$$

m- number of influential variables

n- number of internationalized SMEs

All variables are maximizing.

Table 25. Implementation of Seats sum method with regard to foreign companies.

SMEs / Variables	Spain, ENERES	Spain, F. MOLINA	Poland, LAMELA POLSKA	Poland, IMAR C.S.	Denmark, STAR TIMBER APS	Denmark, WT GULVE	Turkey, GST	China, SPARK	LTD LATVIAN DESIGN STUDIO	$Vi = \sum_{j=1}^{m} nij$	**Position I**
Previous experience	3	3	2.5	2.5	3	3	4.5	7	7	35.50	**4**
Technological advancement	3	3	5.5	5	4	4	4.5	3.5	6	38.50	**6**
Managerial motivation	5.5	4	4	4	3	3	1.5	1	2	28.00	**1.5**
Entrepreneurial activities	5.5	5.5	5.5	6	5	5.5	4.5	3.5	2	43.00	**7**
Foreign network	3	3	2.5	2.5	3	3	1.5	3.5	6	28.00	**1.5**
Similar business culture	7.5	7.5	8	8	7	7.5	8	7	6	66.50	**10**
Market knowledge	3	3	2.5	2.5	3	3	4.5	3.5	6	31.00	**3**
Market growth oportunity	3	3	2.5	2.5	3	3	8	7	6	38.00	**5**
Similar market	7.5	7.5	8	8	7	5.5	8	8	2	61.50	**8**
Age of firm	4	5.5	8	8	7	7.5	9	9	8	66.00	**9**

Source: the Author's findings

Results: as the results indicate, the most important variables that shape and influence the internationalization process of foreign small and medium sized companies in creative industries are: managerial motivation, foreign network, market knowledge and market growth opportunities.

Implementation of Seats sum method with regard to Lithuanian companies. The second analysis was conducted using finding from Questionnaire (see Appendix A). Four small and medium sized companies from Lithuania, acting in the field of creative industries, were interviewed. Answers to open- ended questions vary among companies.

Answers to Likert scale questions are represented in the Table 26

Table 26. Answers to the Likert scale questions with regard to Lithuanian companies.

SMEs / Variables	UAB Vivatus	UAB Vejų miškas	UAB Diverus	UAB Baltic suppliers group
Previous experience	2	8	6	6
Technological advancement	6	6	8	2
Managerial motivation	6	6	10	10
Entrepreneurial activities	10	10	8	6
Foreign network	8	8	10	10
Similar business culture	2	10	8	8
Market knowledge	4	6	8	10
Market growth oportunity	6	6	10	10
Similar market	8	8	8	6
Age of firm	2	2	2	6

Source: the Author's findings

After implementation of Sits sum method, the results represented in the Table 27, were obtained.

Table 27. Implementation of Seats sum method with regard to Lithuanian companies.

SMEs / Variables	UAB Vivatus	UAB Vejų miškas	UAB Laiptu fabrikas	UAB Baltic suppliers group	$Vi = \sum_{j=1}^{m} nij$	**Position II**
Previous experience	8	4	7	6.5	25.50	**8**
Technological advancement	5	7.5	6	8	26.50	**9**
Managerial motivation	5	7.5	2	2.5	17.00	**3.5**
Entrepreneurial activities	1	1.5	6	6.5	15.00	**2**
Foreign network	2.5	4	2	2.5	11.00	**1**
Similar business culture	8	1.5	6	4	19.50	**6**
Market knowledge	6	7.5	6	2.5	22.00	**7**
Market growth oportunity	5	7.5	2	2.5	17.00	**3.5**
Similar market	2.5	4	6	6.5	19.00	**5**
Age of firm	8	9	8	6.5	39.50	**10**

Source: the Author's findings

As the results indicate, the most important variables that shape and influence the internationalization process of Lithuanian SMEs are: foreign network, entrepreneurial activities, market growth opportunities and managerial motivation,

Table 28. Comparison of allocated Positions with regard to foreign and Lithuanian companies.

` SMEs Variables	Position I	Position II
Previous experience	4	8
Technological advancement	6	9
Managerial motivation	**1.5**	**3.5**
Entrepreneurial activities	7	**2**
Foreign network	**1.5**	**1**
Similar business culture	10	6
Market knowledge	**3**	7
Market growth oportunity	**5**	**3.5**
Similar market	8	5
Age of firm	9	10

Source: the Author's findings

The result reveals that foreign small companies and Lithuanian SMEs in creative industries have many things in common. For foreign SMEs (see Table 28, Position I) the most influential variables which motivate companies to become more internationalized are managerial motivation, foreign network and market knowledge. For Lithuanian companies (see Table 28, Position II), the most influential variables which motivate them to go abroad, are foreign network, entrepreneurial activities, managerial motivation and market growth opportunity. For both, foreign and Lithuanian SMEs, age of firm and similar business culture are not that important.

Implementation of Geometric mean method and results. In order to check validity of the results from Sits sum method, Method of geometric mean was applied. (see Appendix B) As the result demonstrates, according to both methods, Sits sum method (see Table 29, Position II) and Method of geometric mean (see Table 29, Position III) the most influential variables are still managerial motivation, foreign network, market knowledge and market growth opportunities.

Table 29. Comparison of allocated Positions with regard to foreign companies

` SMEs Variables	Position I I	Position III
Previous experience	4	5
Technological advancement	6	6
Managerial motivation	**1.5**	**3.5**
Entrepreneurial activities	7	7
Foreign network	**1.5**	**1**
Similar business culture	10	9
Market knowledge	**3**	**2**
Market growth oportunity	5	**3.5**
Similar market	8	8
Age of firm	9	10

Source: the Author's findings

Conclusions and recommendations. There are many variables that shape and influence the internationalization process of SMEs that come from the main three theories which were discussed in the present study. In the sector of creative industries, small and medium sized foreign companies, under the conditions of globalization, have similar methods and strategies to carry on their international business comparing to Lithuanian companies. For example, age and size of the firms, are not that important as managerial motivation, foreign network, market knowledge and market growth opportunities. However, the present research, due to the lack of time and resources, interviewed companies from different sectors of creative industries. But it would be a good recommendation to conduct similar research in a certain sector of creative industries to explain the reasons and motives for internationalization in the particular sector of creative industries.

4. THE MAIN ACTIVITIES FOR THE ELABORATION AND IMPLEMENTATION OF THE MULTILAYERED STRATEGIES FOR THE CREATIE INDUSTRIES DEVELOPMENT UNDER CONDITIONS OF GLOBALIZATION.

Unlocking the potential of the creative industries requires promoting first of all, relationship among creators, public sector and business. In other words, the sector of creative industries is not a single superhighway loaded with human creativity and innovation, but a multitude of different trajectories which have to intervene in order to develop and flourish. Many of this pathways are found at different levels: from local communities across big cities and regions to international and global markets. On the basis of the empirical research, undertaken in a present study, a number of general and specific recommendations are made. These recommendations cover in general European countries, due to the fact that the major part of results of the empirical analysis stems form the data collected in Europe, however, the further provided recommendations for the creative industries development could be applied worldwide.

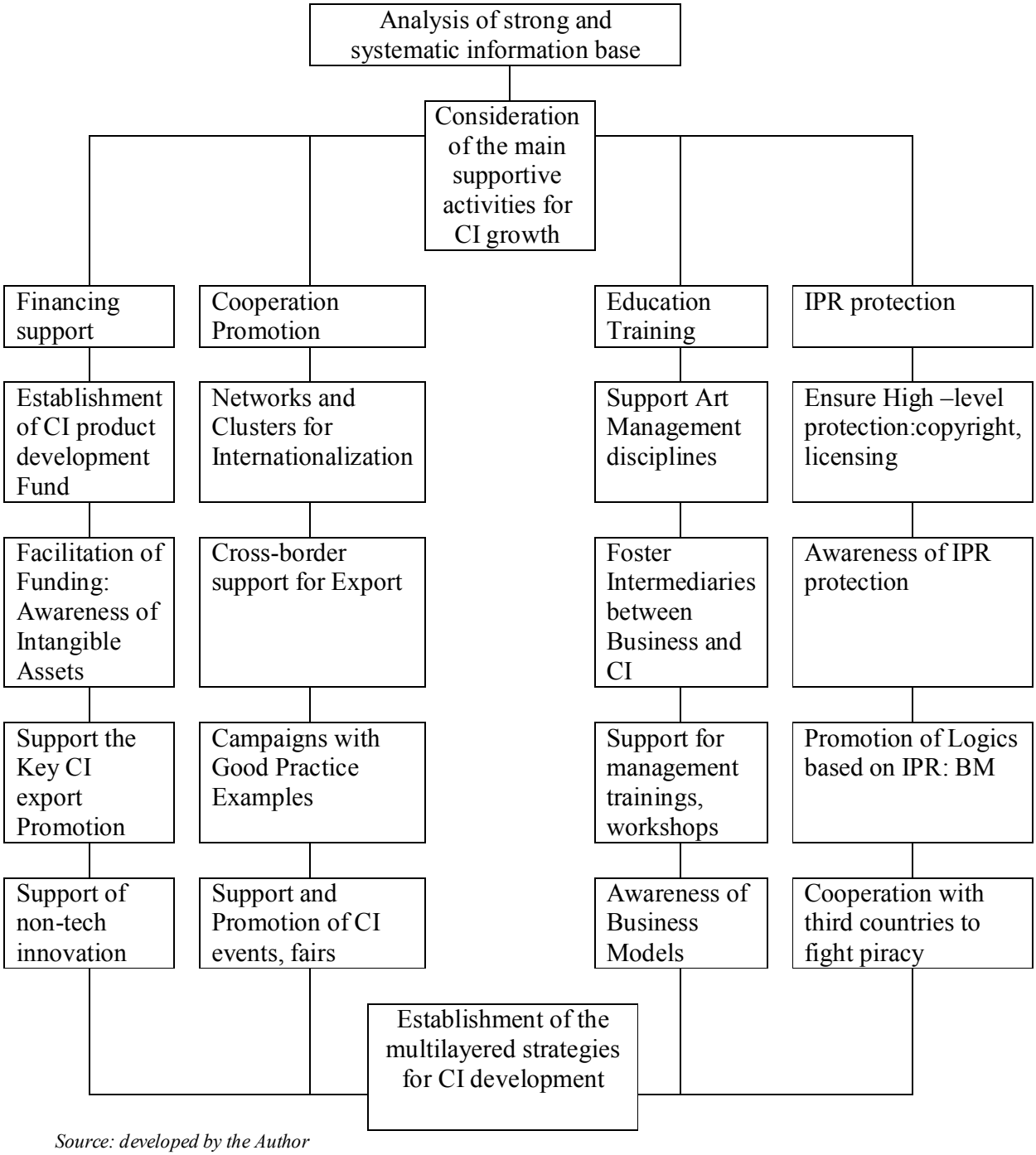
In Europe, there are very good preconditions to promote creativity and innovation and facilitate the creation of creative industries' exports which can take full advantage of the growing global market. " It is fully justified to say that Europe's cultural diversity and rich heritage, combined with the talent of artists and companies, acting in the filed of creative industries, as well as high-quality education, together form a distinctive competitive advantage." (*Good practice*…2014) However, the results of the present empirical study identified a number of weaknesses and challenges that need to be addressed by policy makers in order to unlock the full potential of creative sector. First of all, in order to fulfill the needs of creative industries, more updated statistical data on the sector of creative industries, especially on each individual sector, have to be collected. In this context, Lithuania is a special case. Since Lithuania did not adopt any of suggested Models for creative industries, it is highly complicated to get comprehensive statistics on the creative sector of Lithuania. Second, as the creative industries are at the crossroads of creative, cultural and economic factors, the collaboration between Ministries, especially Culture and Economic ministries, should be encouraged in order to formulate policies for cultural and creative industries support mechanisms. Third, collaboration among Universities and other Educational Institutions have to be promoted to enable better coherence between arts and other disciplines to support appearance of novelty and innovation creation. Fourth, stimulation policies are needed, on all levels:

regional, national, European, international and global, in order to fulfill the specific features of creative industries and to facilitate the regulatory procedures for cross border initiatives. As the empirical study reveled, Developing countries outran Developed countries in export volumes, which is a worrying signal for Developed economies. Fifth, all levels of policy governance have to acknowledge the contribution of creative industries to the new economy and promote the development of the sector by implementation of multilayered policies and promotion of international relationships with regard to special needs of creative industries. As the case studies, conducted as a part of empirical research disclose, the attitude of both, creators and consumers of creators products towards international Weeks and Fairs is highly positive. Fifth, to achieve efficient schemes for the sector development under conditions of globalization a set of supporting activities have to be considered. (see Figure 13)

Overall, There are four main activities which facilitate the process of development of creative industries. These activities include first of all financing support. Second, promotion of comprehensive cooperation. Third, provision proper educational training. Fourth, establishment of effective IPR protection. Lack of finance is a big issue for creative industries, considering that 80% of companies in creative industries are small and micro- small. Therefore, provision of finance should be less complex and have to be easily accessed. For this purpose, the use of regions to direct the funds and the use of financial intermediaries that are aware of the characteristics of special sectors of creative industries is essential in targeting financing support for the creative sector. All levels of policy governance should promote the opportunities for creative industries to access the international markets, to share examples of good practice and to set up appropriate schemes for companies, acting in creative industries, for participation in international events and festivals in order to establish user-friendly paths for internationalization and growth. With regard to education training, it is crucial to promote awareness of both, creators and business intermediaries, of new business models and earnings logics based on IPR. As regards IPR protection, with development of social networks, it is complicated to ensure high-level protection of copyright and related rights. However, in the contemporary economy, especially in the sector of creative industries, it is essential to come up with all possible methods to ensure protection, efficiency and transparency of copyright rights, collective rights, cross-border licensing and other related rights in order to assess the true value of creative industries production.

The author of the present study is convinced that each of these activities have to be effectively used by appropriate policy makers worldwide, especially in European countries including Lithuania, in order to correspond to the actual needs of the creative industries and to support further successful development of creative sector under conditions of globalization.

Figure 13 . Conceptual framework for the establishment of multilayered strategies for creative industries development under conditions of globalization.



Source: developed by the Author

CONCLUSIONS

The processes of creative industries and their development are an exceptionally important and promising area of practical business and economic activity as well as research. The significance of the field is particularly notable in the context of contemporary globalization challenges.

Sector of creative industries is now recognized as the most important and dynamic sector in the contemporary economy.

As the theoretical part of the present research discloses, the most important attributes of the sector of creative industries are the following: first, creative industries can be defined and explored both as a broad variety of creative activities of historically determined long lasting traditions and as a contemporary formed sector of a modern economy. Second, there is no agreement on one common definition of creative industries: different definitions of creative industries have a different understanding on what creative industries are and what content should be included in the sector of creative industries. Third, the era of digital technologies identified new, mutually reinforcing relationships between different sectors of creative industries which transformed production and distribution platforms for totally new ones and allowed to recognize an economic value of creative industries as an engine of economic growth and wealth creation. Fourth, as the analysis of the main scientific documents on creative industries identifies, there are a number of weaknesses and challenges that need to be addressed and explored by the deep empirical studies in order to form coherent multilayered policy for further support and development of the creative sector under conditions of globalization.

According to the results of the empirical study, conducted with regard to the main objectives set for the present Master Thesis, the following conclusions were made:

1. The most important attribute of creative industries which proves an increasing role of creative industries for economic growth worldwide is the dynamic growth of exports of creative goods and services. Structural analysis of world exports and imports of creative goods and services shows that the share of exports of creative goods and services in total world exports is considerably higher than the share of imports of creative goods and services in total world imports. The results of the empirical research provide clear evidence that creative goods exports are growing rapidly. The increasing volumes of exports and imports of creative industries actively contribute to all international trade. Moreover, the increasing volume of exports and imports of creative industries indicates that the sector of creative industries becomes the important part of world exports, with contribution from 4 percent to 5 percent to total world exports.

2. Comparative analysis of exports and imports by economic group, reveled changes in volume of exports and imports in the sector of creative industries. The World exports of creative goods more than doubled between 2002 and 2013 years. Figures on exports of creative goods in Developing countries and Transition economy countries, between the same years, even tripled. However, Developed countries, according the data, are behind Developing and Transition economy countries. The most sufficient explanation of the results is that Developing and Transition economy countries are more open to modern ideas, technologies and innovations. The situation could be also explained by the fact that a large number of firms have set up their manufacturing activities in Developing countries as the most competitive locations.

3. Structural analysis of foreign trade by economic group revealed that Developing countries outran Developed countries in exports volume and accounted for 57,57 per cent of total exports of creative goods in 2014. The changing situation in international creative industries markets suggests that Developing countries recently play a dominant role in creative industries worldwide. In this context, it is important to highlight that the process of globalization acts as a strong stimulus to growing consumption of low-value creative goods produced in big amounts by Developing and Transition economies.

4. Comparative analysis of exports of creative goods of Top 10 exporters disclosed that China is the leading country in creative goods exports worldwide. In 2013 Chinese exports of creative goods have reached over US$120 billion which is three times more than US, that stands in the second position. However, the data on exports of both creative goods and creative services of Top 10 exporters change the situation. The USA, Germany and France during the last decade exported a big volume of creative services comparing with China, Hong-Kong and India. The situation could be explained if we take in account that rapidly developing countries such as China and India mostly produce low-value- added manufactured goods but almost no services. It is a worrying point to note, because this situation seems to be helpful in overestimating the true extend and effectiveness of creative industries in Developing economies.

5. Structural analysis of exports of creative goods of Top 10 exporters proved that, in Top 10 countries-exporters, the value of exports of creative goods and services was ranging from 2 per cent to 7 per cent of total exports of goods and services in 2014. The highest contribution of creative industries exports to total exports show China, 7 per cent, Hong-Kong and India, 6 percent respectively. The reason of the difference in the size of the share of creative industries among Top 10 countries lies in their internal structure. Developed countries, such as the USA, Germany, with share only of 2 per cent, or the UK, France and Switzerland, with share of 3 per cent, have mostly production of higher-value-added creative goods and services, such as new media, music, audiovisual media which are manufactured in small amounts.

6. Comparative analysis of world exports of creative goods by products revealed that world trade of creative goods by product demonstrate that export growth rates of creative goods in different sectors differ dramatically. Particular decline is observed in the sector of film production, videogame creation and architecture. The explanation could be multifactorial , but the impact of emerging of social networks is the most significant. People nowadays tend to watch films and play games on line instead of buying licensed products. At this point, it is important to set and imply global multilayer IP protection.

7. Structural analysis of cultural and creative employment disclosed that the highest contribution of creative industries to total employment show Developed countries: Switzerland 6.51 per cent, the UK 5.29, the USA 5.02, and the Netherlands 4.99 per cent. While Developing countries, such as China, accounts only for 2 per cent of total employment. The reason of the difference in the size of the share of cultural creative employment in Developed and Developing countries is the different structure of cultural creative sector. Developed countries have mostly production of higher-value-added creative goods and services, which is highly labor-intensive, whereas , Developing countries produce a lot of low-value-added mass production.

8. As results of a case study of Design Week 2016 reveal, promotion of an individual creativity and commercial empowerment of the creativity is important for both, creative individuals and consumers. From 2008 to 2016, number of events during DWs was gradually increasing, starting from 12 events, organized in Vilnius, and arriving at around 80 events, organized in Vilnius, Kaunas, Klaipėda, Telšiai and Šiauliai. As answers to a questionnaire proved, potential purchases of design brands increased during DW: 72% of questioned guests (potential customers) claimed that they were willing to buy some of the introduced design brands. In addition, the answers of independent designers and representatives of design brands to a questionnaire were highly positive. They identified the Design Week and the similar events as a key component in the promotion of Lithuanian design brands both in Lithuania and in international markets.

9. The case study on the elaboration of strategic decisions to develop the creative industries under conditions of globalization described and compared the motives of the companies for becoming international players in the sector of creative industries. Both qualitative and quantitative research methods were applied in this case study. The qualitative approach was applied in order to gather primary data in a form of answers to interview questions. The quantitative approach was applied to measure statistically the impact of generalized variables on the internationalization process of small companies in creative industries**.** As the results reveal, foreign an Lithuanian small companies in

creative industries have many things in common. For foreign small firms the most influential variables which motivate companies to become more internationalized are managerial motivation, foreign network and market knowledge. For Lithuanian companies, the most influential variables which motivate them to go abroad, are foreign network, entrepreneurial activities, managerial motivation and market growth opportunity. For both, foreign and Lithuanian companies, age of firm and similar business culture are not that important. The explanation could be multifactorial, but the impact of process of globalization is the most significant.

On the basis of the empirical research, undertaken in a present study, a number of general and specific recommendations were made. These recommendations cover in general European countries, due to the fact that the major part of results of the empirical analysis stems form the data collected in Europe, however, the further provided recommendations for the creative industries development could be applied worldwide. According to the conceptual framework offered for the establishment of multilayered strategies for creative industries development under conditions of globalization four main activities for all levels of policy governance were suggested. These activities include, first of all, financing support. Second, promotion of comprehensive cooperation at all levels. Third, provision of proper educational training between creators and business intermediaries. Fourth, establishment of effective copyright and related rights protection. The author of the present study is convinced that each of these activities have to be effectively used by appropriate policy makers worldwide in order to promote further successful development of creative sector under conditions of globalization.

Overall, as it is generally accepted by a number of scientists, economists, historians, government policymakers, business strategists, educationalists and was determined by the present research, the sector of creative industries nowadays is recognized as a leading sector in generating international trade, economic growth, employment and social welfare worldwide. Moreover, it is anticipated that from the economic perspective, creative industries will be proceed to grow at a faster pace than the rest of economy. Therefore, the sector of creative industries is a niche field for further scientific studies being central to debates about development of the 21st century economy, culture and policy.

REFERENCES

America for arts creative industries the state report. 2008 [on line], [cited 5 June 2016]. Available from Internet: http://www.americansforthearts.org/pdf/information_services/creative_industries/creative_industries2008_no_appendix_state_report.pdf

Bakhshi, H.; McVittie, E.; Simmie J. 2008. Creating Innovation. [on line], [cited 18 June 2016]. Available from Internet: https://www.nesta.org.uk/sites/default/files/creative-innovation.pdf

Blair, T. 1999. *Report to the Secretary of State for education and Employment, and the Secretary of state for Culture, Media and Sport.* [on line], [cited 15 June 2016]. Available from Internet: www.cypni.org.uk/downloads/alloutfutures.pdf

Creative Industries in Estonia, Latvia and Lithuania. 2010. [on line], [cited 13 June 2016]. Available from Internet: http://www.esa.ee/cms-data/upload/files/CreativeIndustries_EstLatLit.pdf

Cunningham, S. 2002. *From Cultural to Creative Industries: Theory, Industry and policy Implications*. Media International. Australia 102 p.

Davis, R.; Sigthorsson, G. 2013. *Creative industries: from theory to practice*. Sage. 245 p.

DCMS. 2015.*Creative Industries Economic Estimates.* [on line], [cited 10 July 2016]. Available from Internet: https://www.gov.uk/government/statistics/creative-industries-economic-estimates-january-2015

DCMS. 2015.*Creative Industries: Focus on Employment.* [on line], [cited 21 July 2016]. Available from Internet: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/439714/Annex_C_-_Creative_Industries_Focus_on_Employment_2015.pdf

DCMS. 2001. *Creative Industries Mapping Document.* (2 ed.), [on line], [cited 18 June 2016]. Available from Internet: https://www.gov.uk/government/publications/creative-industries-mapping-documents-2001

DCMS 2006, *Creative Industries Statistical Estimates Statistical Bulletin*. [on line], [cited 10 July 2016]. Available from Internet: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78107/CreativeIndustriesEconomicEstimates2007.pdf

Dreher, A.; Gaston, N.; Martens, P. 2008. *Measuring Globalisation*. Springer. 209 p.

The Entrepreneurial Dimension of the Cultural and Creative Industries. 2010. [on line], [cited 6 June 2016]. Available from Internet: http://kultur.creative-europe-desk.de/fileadmin/user_upload/The_Entrepreneurial_Dimension_of_the_Cultural_and_Creative_Industries.pdf

European Agenda For Culture. 2014. *Good practice report.* [on line], [cited 18 June 2016]. Available from Internet: http://ec.europa.eu/assets/eac/culture/library/reports/eac-omc-report-ccs-strategies_en.pdf

European Commission. 2013. *Survey on Access To Finance For Cultural and Creative Sectors.* [on line], [cited 10 July 2016]. Available from Internet: http://ec.europa.eu/assets/eac/culture/library/studies/access-finance_en.pdf

European Commission public consultation. 2010. *Green Paper - Unloking the Potential Of Cultural and Creative Industries.* [on line], [cited 10 July 2016]. Available from Internet: http://www.saa-authors.eu/dbfiles/mfile/1500/1535/SAA_Contribution_Green_Paper_CCI_29.7.2010_final.pdf

Flew, T. 2012. *The Creative Industries Culture and Policy*. Sage. 232 p.

Florida, R. 2002. *Creative City*. [on line], [cited 10 July 2016]. Available from Internet: http://www.creativeclass.com/richard_florida

Garnham, N. 2005. *From Cultural to Creative Industries: An Analysis of the Implications of the 'Creative Industries' Approach to arts and media Policy Making in the United Kingdom*. International Journal of Cultural Policy 11(1): 15-29.

Hamilton, L. 2009. *The international Business Environment.* Oxford. 378 p.
Hartley, J.; Potts, J.; Cunningham, S.; Flew, T.; Keane, M.; Banks, J. 2013. *Key Concepts in Creative Industries.* Sage. 160 p.

Hautamäki, A.; Turkki, T.; Brandenburg, C.; Areblad, C. *Creative Economy and Culture in the Innovation Policy.* 2010. Publications of the Ministry of Education, Finland [on line], [cited 18 June 2016]. Available from Internet: http://www.minedu.fi/export/sites/default/OPM/Julkaisut/2010/liitteet/OPM13.pdf

Howkins, J. 2001. *The Creative Economy: How People Make Money From Ideas*. Penguin. 156 p.

Joshi, R. 2014. *International Marketing.* Oxford University Press. 254 p.

Kontrimienė, V. 2016. *Creative Industries in the Contemporary Economy: Globalization Processes*. Viešasis administravimas. Vilnius N1-2.

Lash, S.; Urry, J. 1994. Economies of Signs and Space. Sage. 189 p.

Lis, B.; Niestedt, H.; Proner, P.; Yalazi,; G. Mauch, A. 2012. *SMEs Going Global: A Comparison of the Internationalization Strategies of Publishers and Online Social Networks*. International Rewie of Management and Marketing. [on line], [cited 18 June 2016]. Available from Internet: www.enjournals.com

Masum, M.; Fernandez, A. 2008. *Internationalization Process of SMEs: Strategies and Method.* Mälardalen University Sweden. 41 p. [on line], [cited 18 June 2016]. Available from Internet: http://www.diva-portal.org/smash/get/diva2:121500/FULLTEXT01.pdf

Melnikas, B. 2016. *Šiuolaikinės visuomenės intelektinis potencialas: aukštosios technologijos, tinklaveika bei kūrybinių industrijų plėtra.* Viešasis administravimas. Vilnius N1-2.

Potts, J. 2011. *Creative Industries and Economic evolution.* Edvard Elgar publishing. 199 p.

Pratt, A. 2005. *Cultural Industries and Public Polic*y. International Journal of Cultural policy 11(1): 31-44.

Sekaran, U.; Bougie, R. 2003, *Researching Methods For Bussiness: A Skill Building Approach, 4th Edition*. John Wiley and Sons. 410 p.

Scholte, J. 2005. *Globalization: a critical introduction.* Palgrave Macmillan publishing. 425 p.

Tera Consultants. 2014. *The Economic Contribution of the Creative Industries To EU GDP and Emploeyment.* [on line], [cited 23 September 2016]. Available from Internet: http://www.teraconsultants.fr/en/issues/The-Economic-Contribution-of-the-Creative-Industries-to-EU-in-GDP-and-Employment

UNCTAD. 2008. *Creative Economy Report*. [on line], [cited 8 September 2016]. Available from Internet: http://unctad.org/en/docs/ditc20082cer_en.pdf

UNCTAD. 2010. *Creative Economy Report*. [on line], [cited 23 September 2016]. Available from Internet: http://unctad.org/en/Docs/ditctab20103_en.pdf

UNCTAD. 2013. *Creative Economy Report.* [on line], [cited 12 September 2016]. Available from Internet: http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf

UNCTAD. 2015. *Statistical date on Creative Economy.* [on line], [cited 17 September 2016]. Available from Internet: http://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx

UNESCO. 2009. *Creative Industries - UNESCO Culture*. [on line], [cited 20 September 2016]. Available from Internet: http://www.uis.unesco.org/culture/Documents/framework-cultural-statistics-culture-2009-en.pdf

UNESCO. 2010. *Understanding Creative industrie: Cultural Statistics for Public Policy making*. [on line], [cited 28 September 2016]. Available from Internet: http://portal.unesco.org/culture/en/files/30297/11942616973cultural_stat_EN.pdf/cultural_stat_EN.pdf

World Intellectual Property Organization. 2011. *The Economics of Intelectual Property.* [on line], [cited 10 September 2016]. Available from Internet: http://www.wipo.int/ip-development/en/creative_industry/

APPENDIX A

Questionnaire

The main idea behind asking the following questions was to check out what reasons and which standardized variables (from a set of the internationalization theories) influence the internationalization process of SMEs (small and medium sized companies) in the field of Creative Industries.

General Information
Name of the company:
Country of origin:
Position of the Respondent:
Year of Foundation:
Number of Employees:
Products/Services/Field of business:
Website/email/contact

Interview Questions

1. What is the basis or main reason why your company wants to go international?

2. Please name the target country/countries.

3. What are the reasons for choosing this/these particular country/countries?

5. Which of the following factors do you think will help your company's internationalization process?
Please rate them according to importance.
1- not important, 2- of little importance, 3- moderately important, 4- important, 5- very Important

Example: look at the rating by “Vivatus” from Lithuania

SMEs Variables	Company Vivatus From Lithuania	Company from your country
Previous experience	2-Of litle importance	
Technological advancement	3-3-3 3Moderately important	
Managerial motivation	3Moderately important	
Entrepreneurial activities	5-Very important	
Foreign network	4-Important	
Similar business culture	1-Not important	
Market knowledge	2-Of litle importance	
Market growth oportunity	3Moderately important	
Similar market	4-Important	
Age of firm	1-Not important	

6. Which mode of entry do you plan to use for the internationalization process of your firm?

Exporting

Turnkey projects

Licensing

Franchising

Joint Venture

Wholly owned subsidiaries

None of them

Other, please specify:

Appendix B

Intermediate calculations for implementation of Geometric mean method

$$k^{i}_{gv} = \sqrt[n]{\prod_{i=1}^{n} \hat{r}ij} \qquad (3)$$

m- number of influential variables

n- number of internationalized SMEs

All variables are maximizing.

Table 1. Answers to the Likert scale questions with regard to foreign companies.

SMEs / Variables	Spain	Spain	Poland	Poland	Denmark	Denmark	Turkey	China	Latvia
Previous experience	10	10	10	10	10	10	8	6	4
Technological advancement	10	10	6	4	8	8	8	8	8
Managerial motivation	6	8	8	8	10	10	10	10	10
Entrepreneurial activities	6	6	6	6	6	6	8	8	10
Foreign network	10	10	10	10	10	10	10	8	8
Similar business culture	2	2	2	2	2	2	6	6	8
Market knowledge	10	10	10	10	10	10	8	8	8
Market growth oportunity	10	10	10	10	10	10	6	6	8
Similar market	2	2	2	2	2	6	6	4	10
Age of firm	8	6	2	2	2	2	2	2	2
$\sum_{j=1}^{m} rj$	74	74	66	64	70	74	72	66	76

Source: the Author's findings

Table 2. Implementation of Geometric mean method with regard to foreign companies.

SMEs Variables	Spain	Spain	Poland	Poland	Denmark	Denmark	Turkey	China	Latvia	$\prod_{i=1}^{n} \hat{r}ij$	$\sqrt[n]{\prod_{i=1}^{n} \hat{r}ij}$	**Position III**
Previous experience	0.14	0.14	0.15	0.16	0.14	0.14	0.11	0.09	0.05	0.00000000456382	0.118	***5***
Technological advancement	0.14	0.14	0.09	0.06	0.12	0.11	0.11	0.12	0.11	0.00000000202857	0.109	***6***
Managerial motivation	0.08	0.11	0.12	0.13	0.14	0.14	0.14	0.15	0.13	0.00000000734558	0.125	***3.5***
Entrepreneurial activities	0.08	0.08	0.09	0.09	0.08	0.08	0.11	0.12	0.13	0.00000000056933	0.094	***7***
Foreign network	0.14	0.14	0.15	0.16	0.14	0.14	0.14	0.12	0.11	0.00000001703826	0.137	***1***
Similar business culture	0.03	0.03	0.03	0.03	0.03	0.03	0.08	0.09	0.11	0.00000000000058	0.044	***9***
Market knowledge	0.14	0.14	0.15	0.16	0.14	0.14	0.11	0.12	0.11	0.00000001338721	0.133	***2***
Market growth oportunity	0.14	0.14	0.15	0.16	0.14	0.14	0.08	0.09	0.11	0.00000000730211	0.125	***3.5***
Similar market	0.03	0.03	0.03	0.03	0.08	0.08	0.08	0.06	0.13	0.00000000000323	0.053	***8***
Age of firm	0.11	0.08	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.00000000000019	0.039	***10***

Source: the Author's findings