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## **The influence of the Ukrainian and Polish population's cultural activity on their economic development**

### INTRODUCTION

Rapid development of the post-industrial society's developing rapidly has influenced considerably the identification and weight of development factors of the world economy. Taking this into consideration, the production structure of goods and services has undergone significant changes. So, it is no surprise, that the creative sector is considered to be an impetus for the progress and, at the same time, an indicator of the potential of national economic development. The problem of determining the character of the creative economy influence both on performance results of individual business entities and on economic development rates of countries on the whole is of current importance. Thus, it follows that the research of the possible connection between the economic performance of a country and a degree of population's activity in art cluster events is utterly important.

In general, at least for the last 20 years scientists have been actively studying the possible variants of how to evaluate the part of the creative constituent in a final product cost as a distinctive financial result of the economic activity. The study with applying of selective factors by Charles Landry of the cultural sector's influence on the economic development of a country is quite indicative. The author focuses on cultural values in projects „City 24/7” studied in the paper „The Art of City Making” [Landry, 2006]. Studies by Alan Scott deserve special attention. He successfully linked scientific elaborations in the field of economy with data regarding cultural industries. In turn, O'Connor came up with an idea that connection between the economy and culture is indissoluble and that it existed always. At the same time, he noted the complexity of the art business building model, since it is very difficult to determine the cultural value of a certain product having the data

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concerning just its economic value. Jeanette Snowball has made a fundamental analysis of the evaluation of the art sector influence on the economy. The author focused on the quantitative evaluation of the art sector and on the effectiveness of investments coming to the culture sector [Snowball, 2008]. Sara Selwood, whose approach is worth of attention, came to a conclusion that even having manifold statistical information one still cannot accurately evaluate the influence of the culture on the economy [Selwood, 2003]. Unfortunately, we did not find any adequate evaluation of a comparative analysis of cultural systems in scientific literature and evaluation of their position taking into consideration economic development and creativitisation of the global processes.

The purpose of this paper is to show a relation between cultural activity of population and development of national economy on the basis of the comparative analysis of statistical indices of Ukraine and Poland. In order to do that, the following tasks have been formulated:

1. To define the features of the Ukrainian and Polish population's cultural activity and to find out a possible connection with the GDP dynamics.
2. Carry out the comparative analysis of the spending patterns of EU, Poland and Ukraine and to define the character and structural dynamics of the culture expenses.

#### COMPARATIVE ANALYSIS OF ECONOMIC POSITIONING OF THE CULTURAL SECTOR OF UKRAINE AND POLAND

Rapprochement of Ukraine with EU in mental, social and economic spheres influences significantly cultural preferences of the population and, thus, organization of business in this sphere. Combined, this inevitably leads to a need for the comparative analysis of a number of factors that reflect a cultural dynamic, characteristics of structural components and special features of needs satisfaction in this specific consumption.

There were three reasons to choose Ukraine and Poland for the systematic analysis of the cultural and economic constituent of their development:

- first of all, the population of Ukraine is mentally similar to that of Poland, and Christian virtues constitute the foundation of social morality with corresponding differentiation on the catholic and orthodox church.
- second of all, common historic traditions are an important factor
- third of all, the influence of the European values on the culture is prevailing in both countries.

Professor Geert Hofstede conducted one of the most comprehensive studies of how values in the workplace are influenced by culture. He defines culture as „the collective programming of the mind distinguishing the members of one group or category of people from others”. The six dimensions of national culture are

based on extensive research done by Professor Geert Hofstede, Gert Jan Hofstede, Michael Minkov and their research teams. If we explore the Ukrainian culture through the lens of the 6-D Model, we can get a good overview of the deep drivers of Ukrainian culture relative to other world cultures.

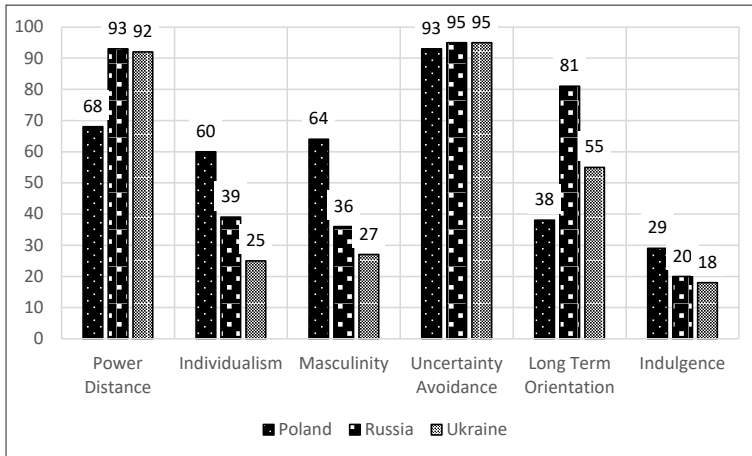


Figure 1. The 6-D model of national culture

1. **Power Distance.** This dimension deals with the fact that all individuals in societies are not equal – it expresses the attitude of the culture towards these inequalities amongst us. Power Distance is defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. Ukraine, scoring 92, is a country where power holders are very distant in society. Being the largest country entirely within Europe and being for almost a century part of the Soviet Union, Ukraine developed as a very centralized country. The discrepancy between the less and the more powerful people leads to a great importance of status symbols. Behavior has to reflect and represent the status roles in all areas of business interactions: be it visits, negotiations or cooperation; the approach should be top-down and provide clear mandates for any task.
2. **Individualism.** The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. It has to do with whether people's self-image is defined in terms of „I” or „We”. In Individualist societies people are supposed to look after themselves and their direct family only. In Collectivist societies people belong to ‘in groups’ that take care of them in exchange for loyalty. If Ukrainians plan to go out with their friends they would literally say „We with friends” instead of „I and my friends”. Family, friends and not seldom the neighborhood are extremely important to get along with everyday life's challenges. Relationships are crucial in obtaining information, getting introduced or successful negotiations. They need to be

personal, authentic and trustful before one can focus on tasks and build on a careful to the recipient, rather implicit communication style.

3. **Masculinity.** A high score on this dimension indicates that the society will be driven by competition, achievement and success, with success being defined by the winner / best in field – a value system that starts in school and continues throughout organizational behavior. A low score (Feminine) on the dimension means that the dominant values in society are caring for others and quality of life. A Feminine society is one where quality of life is the sign of success and standing out from the crowd is not admirable. The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine). Ukraine's relatively low score of 25 may surprise with regard to its preference for status symbols, but these are in Ukraine related to the high Power Distance. At second glance one can see, that Ukrainians at workplace as well as when meeting a stranger rather understate their personal achievements, contributions or capacities. They talk modestly about themselves and scientists, researchers or doctors are most often expected to live on a very modest standard of living. Dominant behavior might be accepted when it comes from the boss, but is not appreciated among peers.
4. **Uncertainty Avoidance.** The dimension Uncertainty Avoidance has to do with the way that a society deals with the fact that the future can never be known: should we try to control the future or just let it happen? This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways. The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the score on Uncertainty Avoidance. Scoring 95 Ukrainians feel very much threatened by ambiguous situations. Presentations are either not prepared, e.g. when negotiations are being started and the focus is on the relationship building, or extremely detailed and well prepared. Also detailed planning and briefing is very common. Ukrainians prefer to have context and background information. As long as Ukrainians interact with people considered to be strangers they appear very formal and distant. At the same time formality is used as a sign of respect.
5. **Long Term Orientation.** This dimension describes how people in the past as well as today relate to the fact that so much that happens around us cannot be explained. In societies with a normative orientation, most people have a strong desire to explain as much as possible. In societies with a pragmatic orientation most people don't have a need to explain everything, as they believe that it is impossible to understand fully the complexity of life. The challenge is not to know the truth but to live a virtuous life. With a moderately score of 55, Ukraine is seen to not express a clear preference on this dimension.
6. **Indulgence.** One challenge that confronts humanity, now and in the past, is the degree to which small children are socialized. Without socialization we do not

become „human”. This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called „Indulgence” and relatively strong control is called „Restraint”. Cultures can, therefore, be described as Indulgent or Restrained. The Restrained nature of Ukrainian culture is easily visible through its very low score of 18 on this dimension. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, Restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are Restrained by social norms and feel that indulging themselves is somewhat wrong.

The cultural sphere has always been of paramount importance for the European population regardless of a country they inhabited, evidence of which are modern dynamics of cultural events attendance, the specific weight of which ranges from 99% (Sweden, former GDR, Netherlands, Denmark, Finland, Luxembourg) to 78% (Portugal). This is distinctly shown in table 1.

**Table 1. EU population attendance activity of cultural events, 2011**

Activity group	Country	Part of the population visiting cultural events, %
<i>1</i>	<i>2</i>	<i>3</i>
High	Sweden	99
	Germany (former German Democratic Republic)	99
	Netherlands	99
	Denmark	99
	Finland	99
	Luxembourg	99
Close to high	Estonia	98
	Latvia	98
	Czech Republic	98
	Slovakia	97
	Great Britain	97
	Germany (former FRG)	96
	Slovenia	96
Considerable	Lithuania	95
	Hungary	95
	Malta	95
	Belgium	94
	North Ireland	94
	France	94
	Austria	92
	Ireland	92

<i>1</i>	<i>2</i>	<i>3</i>
Sufficient	Poland	90
	Italy	88
	Cyprus	87
	Spain	85
	Greece	84
	Romania	82
	Bulgaria	81
	Portugal	78
EU in general		93

Source: International comparisons of public engagement in culture and sport, Orián Brook, ESRC Placement Fellow – 2011 [Department for Culture...] and own calculations.

In the process of the identification of intra-European development trends, we have distinguished 4 population activity groups concerning cultural events attendance:

- high (the part of attendance being higher than 99%) that is characterised by a virtually absolute perception of the need for cultural development, a significant degree of real creative activity and affordability of the cultural needs satisfaction;
- close to high (96%–98%) that demonstrates the utterly important role and weight of the cultural sector in the public life of a country and defines the art industry as the one of the economic development impetuses;
- considerable (92%–95%) a small part of the population does not consider the cultural development to be a necessary component of self-improvement of an individual and evolutionary development of the society;
- sufficient (78%–91%) a vast majority of the population acknowledges a need for the cultural development but for some reason cannot or does not want to attend cultural events.

As shown in the table, specific countries and their regions may differ by their cultural traditions. Thus, for instance, a higher level of activity – 99% – is typical for East Germany (former GDR), however, for West Germany this figure is somewhat lower – 96%. This kind of asymmetries is typical for the UK (97%) and Northern Ireland (94%). In our opinion, the reason for this may be the low level of the walkability of the cultural events for the population inhabiting remote isles.

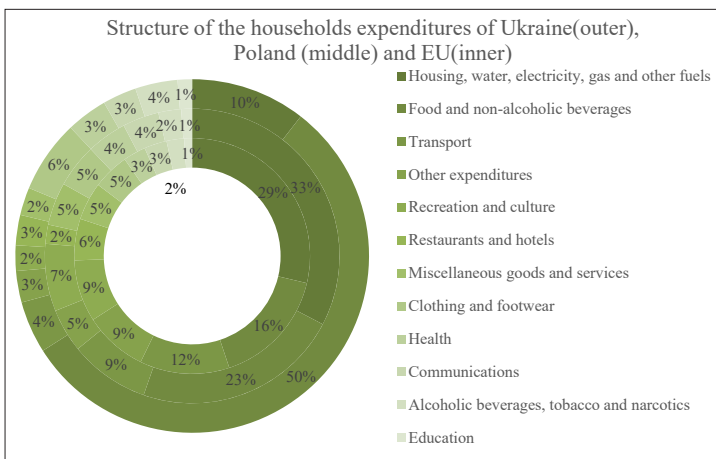
#### ANALYSIS OF THE STRUCTURE OF HOUSEHOLDS EXPENDITURES OF UKRAINE AND POLAND

Similar geographical position and mentality of the two countries, common, though contradictory history, presence of the stable borders and active economical and sociocultural contacts make the comparative analysis rather representative.

At the same time, one should also bear in mind divergent trends, in particular, Poland's being a full-fledged EU member and its being involved in all initiatives of this integrative union, and to resources of the mutual budget, immense Russian influence on the eastern part of Ukraine, military and political expansion of RF, perpetual financial crisis in Ukraine.

Conducting the research in question, we proceeded from that the motivations to attend the cultural events form the expenditures of households, that in accordance with the Maslow's hierarchy may be considered the most important, i.e. as that which satisfy the basic needs and could be given up. This is due to the fact that the attending of art events may help in the fulfilment of needs of all levels simultaneously: physiological ones – a need for rest and safety – ethnic and moral love – as a place or occasion for meetings, self-improvement.

Statistical data shows that Ukrainians spend a half of their earnings on essential goods, unlike Poles who do only a quarter. This is the evidence that the material wealth level of Ukrainian population is significantly lower. One may come to such a conclusion analysing a part of expenditures on products of the cultural sector. The population of Poland spends 7% of their earnings on these products compared to 2% spent by Ukrainians whereas average EU inhabitant does 9%. All-important discordances in the structure of expenditures of specific EU countries are shown in table 1.



**Figure 2. Structure of the households' expenditures of Ukraine, Poland and EU in 2014**

Source: [Eurostat] and graphic interpretation by the author.

## ANALYSIS OF CULTURAL EVENTS ATTENDANCE

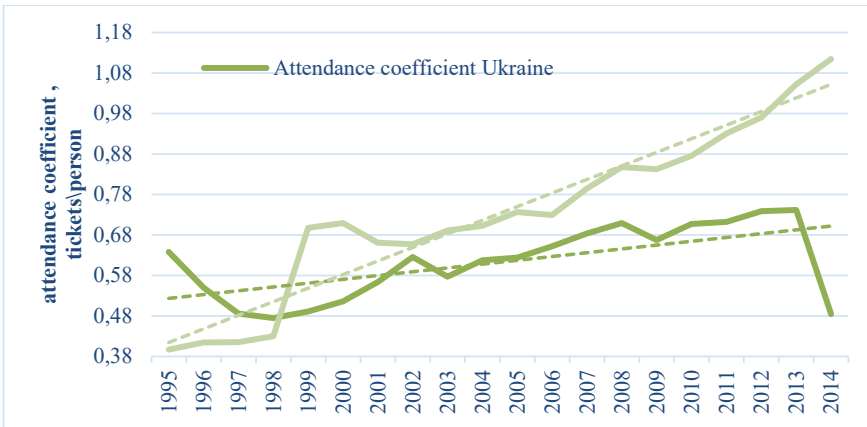
It should be noted that offered category „cultural attendance” on the whole is relative since it contains a rather large list of events that can be identified by Euro-

stat. However, several of these are not taken into account by Statistical Offices due to their indefinite character, for instance, conduction of ethnographic festivals. Exactly due to these reasons accurately identified categories that are common both for Ukraine and EU countries have been included in the analytic assessment and not the gross measures of attendance.

Taking that into consideration, the indicators of the concerts, theatres and museums attendance turned out to be the most valid. Within the framework of this research an index „attendance coefficient” has been offered to be used, which is a correlation between an amount of attendance of cultural events to an annual population index for a respective period:

$$\hat{E}_{\text{attendance}} = \frac{\text{AttendanceAmount}}{\text{Population}}$$

Calculation of the respective coefficients for Poland and Ukraine is shown in figure 3.



**Figure 3. Dynamic pattern of the attendance coefficient of cultural sector events Ukraine and Poland, 1999–2014**

Source: [Eurostat; Central Statistical Office...; State Statistical Office...] and graphic interpretation by the author

The above-presented data is an evidence of similarity of the changes in statistical factors but the deviation level is different from the trend line. This indicates that the need of Ukrainian and Polish citizens for the attendance of cultural events has a common tendency. Polish population was more sensitive to the influence of the factors that exceed the limits of the need for art events. At the same time, Ukrainians have been contenting themselves only with the inner need for cultural events of a certain kind up to 2005, afterwards, they have become closer to Poles on the level of the influence of other factors concerning the cultural events attendance. Factors influencing attendance

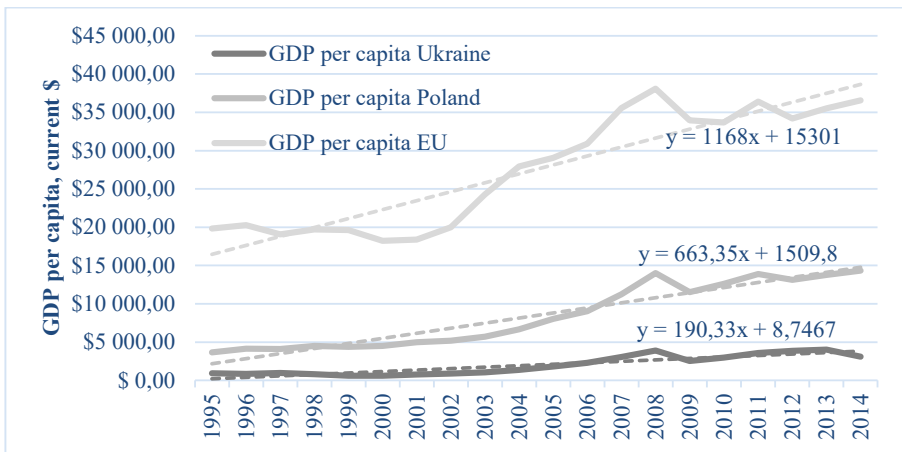


of cultural events are caused first of all by earnings of the Ukrainian and Polish population. It is obvious that the GDP is an important factor that influences cultural events attendance in both countries, thus, its dynamics are worth of studying and contrasting them with changes of the population's cultural activity.

#### INFLUENCE OF ART BUSINESS' CULTURAL DETERMINANTS ON THE ECONOMIC GROWTH

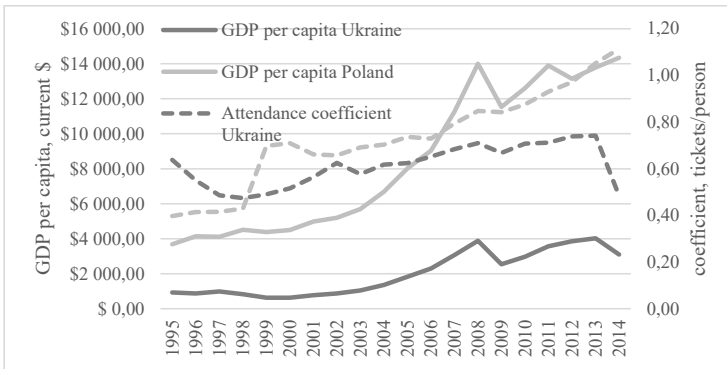
Establishing a correlation between results of economic activity and satisfaction of population's cultural needs has always been a difficult multi structural task for researchers. Along with that, defining of the GDP dynamics allows for distinguishing tendencies of the economic influence on the cultural potential of participants. Figure 4 illustrates this trend. As it follows from the figure, one may speak of a certain harmonisation of the GDP fluctuations beginning since 2002, but numerical differences between relative indicators illustrate rather significantly considerable differences in amounts of produced added value.

The difference in factors during 1990–2000 may be explained by the active transformational processes that had taken place in Ukraine during the reformation of its economy and the switch to market relations. Taking that into consideration, analysis model of two periods appears to be the most logical: prior to and after 2000. Within the framework of this research, analysis of the period after 2000 is appropriate since the task is to correlate attendance of art sector events and the GDP indices in the conditions of global market relations.



**Figure 4. GDP dynamics per capita in Poland, Ukraine and EU-28**

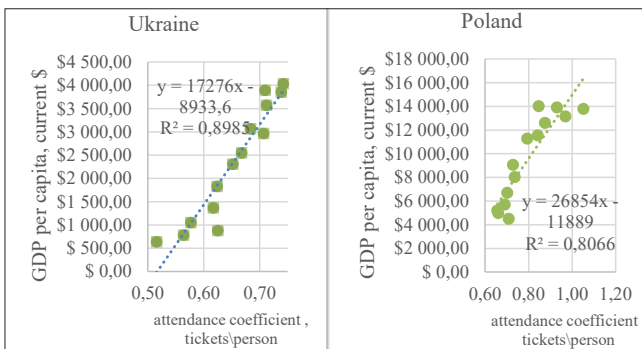
Source: [Eurostat; Central Statistical Office...; State Statistical Office...] and graphic interpretation by the author



**Figure 5. Comparison of the GDP indices and attendance coefficient of art events in Ukraine and Poland, 1995–2014**

Source: [Eurostat; Central Statistical Office...; State Statistical Office...] and graphic interpretation by the author

The above-shown figure is a rather striking evidence of a tight connection and the influence of the GDP level on the attendance of art events. It can be observed that in the conditions of the GDP's growing swiftly, attendance coefficient changes at a low rate, whereas in the case of the GDP's growth rate slowing, attendance coefficient drops down completely. At the same time, a manifestation level of the above-provided trends depends entirely on a level of economic development of the countries. In the process of conducting the comparative analysis, it is extremely important to define a basic mathematical model of correlation relationship between production results (in our case the GDP) and the attendance numbers of the cultural events by an average citizen. Calculations of correlation coefficients allow to rather accurately predict a degree of cultural dependence on economic results of a country. In our opinion, it is appropriate to use the Pearson product-moment correlation coefficient (Figure 6).



**Figure 6. Establishing a correlation between GDP indices and attendance level of art events**

Source: [Eurostat; Central Statistical Office...; State Statistical Office...] and graphic interpretation by the author

The above mentioned calculations allowed to establish that the Pearson product-moment correlation coefficient for Ukraine amounts to 0,94, and dependence between indices can be represented using a formula:

$$GDP_{per\_capita} = 17284 \times \frac{Attendance}{Population} - 8938,1$$

Similar coefficient for Poland amounts to 0,83, and the dependence between indices can be represented using a formula:

$$GDP_{per\_capita} = 26852 \times \frac{Attendance}{Population} - 11911$$

The linear correlation coefficient for Ukraine and Poland  $\sqrt{0,8988} = 0,9481$  and  $\sqrt{0,8104} = 0,9002$  respectively is an evidence of the direct relation between the GDP indices and the population's art activity level. Both indices are close to their extremum, correspondingly this is an evidence of a vast mutual influence of the indices of the GDP and cultural events attendance. At the same time, the correlation coefficient is higher for Ukraine, which is an indicative of a higher interdependence level of indices in question, if compared to the similar dependence for Poland. One can explain this by polish population's having a much higher level of financial welfare, whereas a decision concerning art events attendance is made entirely depending on the income level, however, cultural needs of the Ukrainian population exceed greatly its financial capacity.

## CONCLUSION

Transformational processes in the economy of Central and Eastern Europe contributed greatly to the reformation of the cultural sphere, a considerable part of which turned out to be rather vulnerable to numerous endo- and exogenous shocks. Some cultural events deformed noticeably, other ceased to exist. Economic growth in the first decade of 21st century contributed to the increase in cultural activity of population in the region, however, discovered a distinct dependence of cultural events attendance on reached level of population's welfare. This dependence is illustrated most prominently by Ukraine and Poland, careful analysis of the statistical data in question allowed to ascertain the following:

1. The population of Ukraine and Poland has similar needs in terms of cultural events attendance which is caused by a number of mental, historical, social, intellectual, educational and other value factors. That allows to forecast a reaction to the events being offered. At the same time, Poland's being an EU member for twenty years influenced substantially the formation of its Euro cultural centrality, high cultural mobility and diversified availability of spectacular events.

2. Dynamics of cultural activity factors show that an interrelation between cultural events attendance and population's welfare decreases slightly under the influence of a rapid and stable level of economic growth. This, in turn, shows that there is a primary need for consuming of a cultural product. This need has a state of relative saturation, having satisfied it one may speak of cultural advance of population. The level and dynamic of this advance depend primarily on the factors of economic growth.
3. Ukrainian society is in a state of not satisfied cultural needs. The excessive sensitivity of cultural activity factors to changes of the economic situation confirms this. Accordingly, a vast majority of population forms the level of cultural events attendance not on the grounds of personal preferences and inner needs in culture but according to finances at a particular given moment of time.

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#### *Summary*

Creative sector is considered to be an impetus for the progress and, at the same time, an indicator of the potential of national economic development. The problem of determining the character of the creative economy influence both on performance results of individual business entities and on economic development rates of countries on the whole is of current importance. The purpose of this paper is to show a relation between cultural activity of population and development of national economy on the basis of the comparative analysis of statistical indices of Ukraine and Poland. The six dimensions model of national culture by Professor Geert Hofstede, Gert Jan Hofstede, Michael Minkov was used for determination position of the Ukrainian culture on the way of transformations of state planned economy. The Ukrainian and Polish population's cultural activity features were defined and linked to the GDP dynamics. Calculations of correlation coefficients allow to rather accurately predict a degree of cultural dependence on economic results of a country. Results of the comparative analysis were presented by formulas for each of the analyzed countries. Article carries out the comparative analysis of the spending patterns of EU, Poland and Ukraine and defines the character and structural dynamics of the culture expenses.

*Keywords:* creative economy, cultural activity, cultural determinants, cultural events attendance

## **Wpływ aktywności kulturowej mieszkańców Ukrainy i Polski na rozwój gospodarczy**

### *Streszczenie*

Sektor kreatywny postrzegany jest jako akcelerator postępu, a jednocześnie wskaźnik potencjału rozwoju gospodarczego. Problem określenia charakteru oddziaływania gospodarki kreatywnej zarówno na wyniki działalności indywidualnych podmiotów gospodarczych, jak i tempo rozwoju gospodarczego państw jako całości ma obecnie zasadnicze znaczenie. Celem opracowania jest ukazanie relacji pomiędzy aktywnością kulturową mieszkańców a rozwojem gospodarki narodowej w oparciu o analizę porównawczą statystycznych wskaźników dla Ukrainy i Polski. Szczęśliwymiarowy model kultury narodowej autorstwa Geerta Hofstede, Gerta Jana Hofstede i Michaela Minkova został wykorzystany dla określenia miejsca ukraińskiej kultury na ścieżce transformacji gospodarki centralnie planowanej. Zdefiniowano specyfikę aktywności kulturowej ludności Ukrainy i Polski oraz odniesiono ją do dynamiki PKB. Obliczenia wskaźników korelacji pozwalają dość dokładnie oszacować zależności między poziomem kultury i wynikami gospodarczymi kraju. Wyniki analizy porównawczej zostały zaprezentowane z wykorzystaniem formuł opracowanych dla każdego z analizowanych państw. W artykule przedstawiono ponadto analizę porównawczą wzorców wydatków w UE, Polsce i Ukrainie oraz określono charakter i dynamikę struktury wydatków na kulturę.

*Słowa kluczowe:* gospodarka kreatywna, aktywność kulturowa, kulturowe determinanty, uczestnictwo w wydarzeniach kulturowych

JEL: O10, O40, O57, R21, L82, L83