Cultural and Economic Interaction: Trends in Employment and Business of Cultural Organization in the EU

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Keywords: Cultural and Economics Interaction, Path Dependence Effect, General Trends in Cultural Employment and Business, Value Added of Cultural Enterprises.

Abstract. Studies of the interconnectedness of culture and economy become in a particular importance in the context of economic shocks and turbulence. The problem of "path dependence" is raised as a subjection on the former economic development trajectory. Majority of the scientific researches devoted to socio-economic development and welfare of the country are based on theories of economic growth, democratization of the system, liberalization of the economic regime. However, the long-term statistics and its dynamics across the world negate the validity of prevailing theories. The importance of cultural and economic interconnectedness is emphasized in order ensure socio-economic progress and the successful development of the country.

1. Introduction

In order to answer the question why one country is leading, and the other is lagging behind, modern economic theory does have a "path dependence problem" explanation. A country tries to leave its former status by reaching success, self-realization, material welfare, but cannot find the way to enter new stage, i.e. usually the country slips into the same path. What keeps the country on that path is not about economic growth, not about economic policy, but about values and standards of behavior. The reasons of the differences are cultural attitudes. The economic behavior of nations is determined by cultural attitudes.

2. Problem Statement

The economic situation in Russia, and indeed the EU countries, is alarming for many today. And the matter is not only in the sanctions, in the fall of prices on oil, although of course they play a role, but perhaps in another factor. Responding to the question, why one country becomes highly developed while the other doesn’t, Dean of the Faculty of Economics of Moscow State University, Professor Aleksandr Auzan asserts, that "in economic theory, there is a path dependence problem: the country falls into the track, trying to get out of it, but all the time slipping on the same path. Values and behavioral attitudes, what people consider bad or good, acceptable and unacceptable, hold the country in the path, not the economic growth or political system. For example, what is people’s opinion on paying tax, telling on your neighbor, stealing from the treasury, claiming social benefits, when you're not entitled to them" [1].

3. Theoretical aspects of path dependence

Why do people live differently? The reasons for the difference are in cultural attitudes and the resulting development of institutions. The economic behavior of entire nations is determined by
their cultural attitudes. Historically, the most prosperous in economic terms were countries with "Protestant morality". However, the matter is not in religion, but in the behavioral settings. The well-being is affected by values chosen by the society. The most economically prosperous countries are those who have chosen "Protestant morality". It is not about the choice of religion, but about the world view. Alexander Auzan thinks that the societies, which stop being suspicious about rich people, and poverty is no longer considered a dignity, with time reach a higher level of life. This is true for societies with different cultural backgrounds. In the long run, society itself chooses the values and behavioral patterns. Cultural processes are slow, but very effective and very significant.

There are two paths of economic development. Two paths of development are approximately like the first and second space speeds. Both are connected with growth, with development. But the countries that are in the B-path are growing much more slowly, according to long-term observations, than the countries in the A-path. So B-path is like the first space speed. 200 years of observations show that there have been only five cases of countries switching from the first speed to the second. These are South Korea, Japan, Hong Kong, Singapore and Taiwan. These are all Asian countries, all Buddhist. But it is necessary to notice, that, say, in the end of XX - beginning of XXI century, there was a Catholic boom, as Ireland, Poland, the southern parts of Germany sharply rocketed in development.

There were attempts to explain in different ways, why the country is in a certain path. In this regard, three hypotheses were put forward.

The first hypothesis states that the main goal is to achieve economic growth, and all the rest will be corrected on its own. It is known that countries sometimes achieve economic growth; sometimes they grow even faster than others. Russia grew in the so-called "fat" years at a rate of 7-8% per year. This is a pretty good pace. Russian economy grew in the 1930-s at an incredible pace, starting from 1929, the year of great breakthrough. Lithuania reached 10.3% growth rate in 2003-2004, and 9.8% in 2007, becoming one of the leaders (and got the name of the Baltic Tiger, the Amber Republic), but again returned into the same track. This is a path dependence effect.

This means, that there are some blocks, which prevent countries form moving forward, from making a breakthrough. One of these blocks is unwillingness to get into long periods of transformations, the lack of a strategic approach; another one is impairment and lack of demand for culture and education, giving its place to commercial and monetary targets; and the third one is a complete lack of understanding of these mechanisms and no attention to them. As a result, the country, which struggles for success, self-fulfillment, material prosperity, leaving its former state, can't achieve a new stage.

It was a hypothesis that the point is in economic growth, which is not confirmed in real life. High rates of economic growth can be achieved, but the question arises, what is next.

The second hypothesis claims that the matter in the political system, that it is necessary to change the system, to democratize, and then people will require development, and the development will go. Unfortunately, this hypothesis is also not confirmed. (for example, Singapore is not democratic at all).

There are quantitative researches, including studies on the consequences of revolutions, and it turns out, that if a revolution takes place in a country with poor institutions, where people are not used to comply with the laws, the economic situation of the country worsens. (Egypt, Ukraine). This hypothesis proved wrong, too.

The third version, which is being tested currently, says that the matter is in the culture, but in culture, which can be changed under the influence of education, some kind of long-term work with the population, that it is possible to change the culture in the right direction in the period of 10-15 years, destroying blocks for development. (As is happened in the south of Germany and Poland).

The point is in the interpretation of values, such as labor, wealth, freedom, a long-term view. The fundamental thing is that all countries, that made such a transition, were distinguished by some common features, they all considered important self-realization, and not survival, they counted upon long-term view.
Douglass North, a Nobel laureate in the field of economy, historian John Wallis and analyst Barry Weingast in their book "Violence and social orders" [2] say, that the transition from the behind the time world into the advanced world occurs rarely and requires not less than 50 years. They came to the conclusion, that there are three conditions, on which different countries, like England, France the United States, came to this curve of the 50-year transition.

These conditions are as follows. First, the elites should make laws for themselves and distribute them to others, and not to make laws for others, making exceptions for themselves. This is the first condition. Secondly, economic, commercial, political organizations must exist independently of the lifetime of their creators, not being personalized. Third, the elites should not distribute instruments of violence between themselves, like you get the military air force, and me - the secret police, but collectively control these instruments. That's when a society takes this conception of life, there begins the transition to a high stage of development.

One of the most intelligent politicians in Russia, Vyacheslav Nikonov [3], as opposed to the ‘conflict of civilizations’ by S. Huntington [4] suggested a concept of a “concert of civilizations” as an interaction of cultures and countries. He says that multiculturalism is considered today as the official basis of state policy in many countries, people are increasingly looking for and find sources of strength in their civilizational roots, national self-esteem is growing, pride is being revealed for their country and its culture.

Also, in the book of Samuel Huntington and Lawrence Harrison, “Culture Matters,” the title itself undoubtedly makes the topic undeniable.

4. Purpose of the Study

The purpose of the article—to raise the interconnection between culture and socio-economic progress of the country as a condition for successful and long-term perspective economic development as well as to evaluate the influence of some cultural indicators on economic growth.

5. Methods of Research

There are many theories of culture, of which, it seems important to us, to undermine two main approaches to the definition of culture. According to the first one, culture should be understood as a way of life and a system of world perception inherent in one or another people (group of people). This definition covers all aspects of people's lives, and is essentially identified with the country's culture. In the second approach, culture is perceived as a set of values and norms of a given society [5].

In our opinion, culture is a very broad concept, it is a system of behavioral, moral and ethical values, beliefs, mediated by the mentality of the people, view of the world, education, motivation of the population, and finally, the quality of the elite (thinking globally or, on the contrary, having narrow concepts). Indeed, the meaning of the existence of a nation is culture. A country, a nation is remembered not by economics, but by culture.

According to academician D.S. Likhachev, “culture represents the main meaning and main value of the existence of both individual peoples, small ethnic groups, and states. Without culture independent existence is meaningless. Culture can transcend time, connect the past, present and future... A people’s life is influenced a lot by the environment created by the culture of ancestors and their own” [6].

It’s important to add that D.S. Likhachev spoke about the increased aggressiveness in life. And indeed he looked into the future. The aggression of wars between nations, repressions, and alienation of peoples from each other, hostility and civil wars are aggressiveness that must be fought. How to fight it? This aggressiveness should be overcome by culture, claimed Likhachev. The culture of communication, education, reading, interests, etc. Culture is not aggressive, culture calms and brings some kind of restrained force into a person.

It seems to us that culture is one of the strengths and advantages of a country: it is a source of creating values and identity, self-awareness, sovereignty, the essence of the existence of a nation, a
people. It also contributes to improving the quality of life of the population, cohesion and inclusiveness of a society. Creative and cultural sectors are the driving force for the economy, job creation and foreign trade.

In all civilized countries considerable funds are allocated for the needs of culture. However, it is pointless to expect immediate returns from all cultural institutions and organizations, because culture has a long-term effect. Business on the contrary expects immediate returns. The return, payback of culture is expressed in the material and spiritual development of people, a positive impact on society, raising its morality and intellectual potential.

Cultural values mean not only individual objects, like monuments of architecture, sculpture, painting, writing, printing, archeology, applied art, music, folklore, but also such phenomena as traditions and skills in the fields of art, science, education, behavior, customs of peoples, population groups, individuals.

The following sections of cultural statistics are highlighted in the Eurostat statistical database [7]: employment, entrepreneurship, foreign trade in cultural goods and services, participation in the field of culture (reading books, newspapers, magazines, other publications; visiting cinemas, theaters, museums, concert halls, etc.), the use of IT for cultural purposes (Internet, social networks), spending on culture (households).

In the EU there is a statistical classification of economic activities (NACE) and occupations (ISCO) in the field of culture. Cultural activities by economic sector include the following: "creative, artistic and recreational activities", "libraries, archives, museums, etc.", "publication of books, periodicals and other types of publications", "printing", "creation of programs", "cinema, video production, television, music production", "designer products". As to professions in the cultural sphere, they include writers, architects, composers, journalists, actors, dancers, librarians, artists, graphic designers, and so on.

The world knows the techniques, like techniques of Ronald Inglehart, Geert Hofstede, Schwartz, Trompenaars and others, which allow to measure the dynamics of sociocultural characteristics. And no matter how many discussions there are about the reliability of the technique of the ingenious Geert Hofstede, the first person who came up with how to measure culture with sociological tools, serious study involves the analysis of some statistical indicators on culture from an economic point of view. In this paper we will analyze only some of the available statistical data on the culture of the EU countries, on employment and entrepreneurship in the field of culture.

6. Findings

In our opinion there are two main trends in the EU countries on employment in culture in 2017: 1) about 8.7 million workers are employed in the field of culture in the EU, which is 3.8% of all workers in the EU economy. This proportion is relatively small, but stably unchanged over a long period; 2) the majority of workers are with higher education in almost all EU countries for all professions in the field of culture. Culture, as a rule, is an area of highly educated people, and in a sense it is an elite sphere.

According to Eurostat statistics, in 2017 there were 8.7 million people employed in all types of activities and cultural professions, which is 3.8% of all employees. During the period of 2012-2017 there was a small but steady growth of employed in the cultural sector. In 2017 the number of cultural workers increased by 6.7 % and amounted to 544,000 people. Average annual growth was at 1.3%. However, this does not mean growth in employment in percentage terms. In 2017, the share of employees remained at the same level as in 2012, and amounted to 3.8% of the total number of employees. This means that employment in the field of culture does not lag behind the growth rate of total employment.

The employment rate in the sphere of culture in the EU countries in 2017 varied from 1.6% in Romania to 5.0% in Estonia. In the countries of the European Free Trade Association (EFTA) (Iceland, Switzerland and Norway), this figure is significantly higher than the EU average, while in the EU candidate countries (Monte Negro, Macedonia and Turkey) the percentage of people employed in culture is below the average in the EU. Employment dynamics in the members of the
EU for the period of 2012-2017 is not homogeneous. While in most EU countries there has been a slight growth or a steady level of employment in the field of culture, other countries (Luxembourg, the Netherlands, Germany, Estonia, Greece, Hungary, Finland) are characterized by a decrease in the level of employment. In 2017 compared to 2012 employment in occupations in the culture field increased by 155 000 workers, the UK accounting for 30% of the total growth of cultural employment in the EU, Spain accounting for 22%. Spain is the country with the highest relative growth in culture employment (from 3.1% to 3.6% of total employment).

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The professions in the field of culture are filled mainly by employees with higher education, that is, culture is a branch of highly educated people. In 2017 almost 60% working in this field had tertiary education, only 8% were with lower secondary education, and about one third with upper secondary and post-secondary education. The share of workers with higher education in the field of culture (59%) was twice higher than in general employment (34 %), the gap between these indicators was 25 p.p. Education is the most significant characteristic of cultural employment. And this is not surprising, since most professions in the field of culture require long years of study (e.g. architects, journalists, writers, composers, etc.).

7. Conclusion

1. The path dependence theory gives response to the question, why one country becomes developed, and another one trails behind. A country, which strives for success, fulfillment, material prosperity, leaving its former state, is not able to enter a new stage for some reason, i.e. gets into the common path. What holds the country in this path is not about economic growth or political systems, but is about values and behavioral attitudes. The reasons for the difference are in cultural settings. The economic behavior of peoples is determined by their cultural attitudes. Culture is one of the strengths and advantages of the country: it is a source of creating values and identities, self-awareness, the essence of the existence of a nation, people. It also contributes to improving the quality of life of the population, cohesion and inclusiveness of society. Creative and cultural sectors are the driving force of the economy, job creation and foreign trade. Therefore, the development of relationship between culture and economy should become one of the strategic and backbone areas in achieving social and economic progress.

2. The development of culture, creative technologies, the culture entrepreneurship sector in the EU is given a special place, there is an understanding that the culture sector creates a significant share of value added in total national income. In our opinion, two main trends stand out in culture employment in the EU countries: the first, about 8.7 million people are employed in the field of culture in the EU, which is 3.8% of all workers in the EU economy. This proportion is relatively small, but stably unchanged over a long period. And the second, in almost all EU countries in all cultural occupations, the majority of workers are with higher education. Culture, as a rule, is an area of highly educated people.

3. The cultural sector of entrepreneurship makes a significant contribution to the economy of the EU countries, 1.2 mln cultural businesses functioned in 2015 in the EU, 5% of them worked in non-financial business. Commercial enterprises in the cultural sector accounted for 2.8% of the total
added value of the EU, or about 200 billion euros. Total sales volume in the sector of culture reached 475 billion euros, which is three times higher than the same indicator for wholesale and retail trade (165 billion EUR).

4. Considerable funds are allocated for the needs of culture in all civilized countries. However, it is pointless to expect immediate returns from all cultural institutions and organizations, because culture’s effects are long-term. At the same time business expects immediate returns. The return, payback of culture is expressed in the material and spiritual development of people, a positive impact on society, raising its morality and intellectual potential. The most effective way to change social and culture settings and values of a society is to develop its education, abilities, skills and competence.

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